

**ESNT International Limited
(formerly FIL International Limited)**

Directors' report and financial statements

Registered number 1935353

31 December 2012

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Directors' report and financial statements

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Directors' report

The Directors present their Directors' report and the financial statements for the year ended 31 December 2012

Principal activities and business review

The Company is a wholly owned subsidiary of Essentra plc (formerly Filtrona plc) and its principal activity during the year was to act as a holding and investment company. There has been no significant change in the Company's activities since the balance sheet date and none are anticipated.

The activities of the Company are in line with the operational strategy of Essentra plc, of which ESNT International Limited (formerly FIL International Limited) is a subsidiary. Further details of the Group's strategy can be found on pages 12 to 17 of the Business Review of the Essentra plc Annual Report 2012, which do not form part of this report.

Results and dividends

The loss for the financial year was £303,000 (2011 Profit £31,341,000)

Dividends paid during the year were £nil (2011 £41,827,000). The Directors do not recommend the payment of a final dividend for the current year.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Essentra plc Group, which include those of the Company, are discussed on pages 38 to 41 of the Essentra plc Annual Report 2012, which does not form part of this report.

Key performance indicators

The Directors of Essentra plc manage the Group's operations on a divisional basis. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company.

Directors

The Directors who held office during the year and up to the date of this report were as follows:

Jon Green	
Matthew Gregory	(appointed 7 September 2012)
Steve Crummett	(resigned 7 September 2012)

Market value of investments

In the opinion of the Directors, the investments in and amounts owed by the Company's principal subsidiary undertakings are worth at least the amounts at which they are stated in the balance sheet.

Political and charitable contributions

The Company made no political or charitable donations or incurred any political expenditure during the year (2011 £nil).

Directors' report *(continued)*

Directors' indemnities

During the financial year and at the date of this report, indemnities are in force under which the Company has agreed to indemnify the Directors and the Company Secretary to the extent permitted by law and the Company's Articles of Association, in respect of all losses arising out of or in connection with the execution of their powers, duties and responsibilities as a director or officer of the Company

Directors' statement as to disclosure of information to the auditor

The Directors who were members of the Board at the time of approving this Directors' report, having made enquiries of fellow Directors and of the auditor, confirm that

- to the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the auditor is unaware, and
- each Director has taken all steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information

Going concern

The Company participates in the Essentra plc Group centralised treasury arrangements and therefore shares banking arrangements with its parent and fellow UK subsidiaries. The Directors have no reason to believe that a material uncertainty exists that casts significant doubt about the ability of the Group to continue as a going concern or its ability to continue with the current banking arrangements. On the basis that Essentra plc has agreed in writing to provide financial and other support to the Company for the twelve months from the date of approval of these financial statements, the Company's Directors have reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future and have therefore adopted the going concern basis of accounting in preparing the financial statements

Auditor

In accordance with Section 485 of the Companies Act 2006, a resolution for the re-appointment of KPMG Audit Plc as auditor of the Company is to be proposed at the forthcoming Annual General Meeting

By order of the Board



Jon Green
Company Secretary

Registered Office
Avebury House
201-249 Avebury Boulevard
Milton Keynes
MK9 1AU

28 JUNE 2013

Statement of Directors' responsibilities in respect of the Directors' report and the financial statements

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



KPMG Audit Plc

15 Canada Square
Canary Wharf
London, E14 5GL
United Kingdom

Independent auditor's report to the members of ESNT International Limited (formerly FIL International Limited)

We have audited the financial statements of ESNT International Limited (formerly) FIL International Limited for the year ended 31 December 2012 set out on pages 5 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

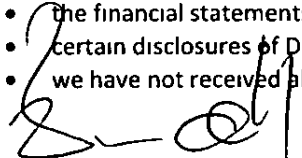
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.


Mike Barradell (Senior Statutory Auditor)
For and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
KPMG Audit Plc

15 Canada Square
London, E14 5GL
United Kingdom
28 June 2013

Profit and loss account

for the year ended 31 December 2012

	<i>Note</i>	2012 £000	2011 £000
Administrative expenses		(14)	(33)
Other operating costs	5	-	(128)
Operating loss		(14)	(161)
Income from shares in group undertakings		-	2,466
Profit on disposal of subsidiary undertakings	6	-	29,188
Interest payable and similar charges	7	(374)	(172)
(Loss)/profit on ordinary activities before taxation	2 - 4	(388)	31,321
Tax on (loss)/profit on ordinary activities	8	85	20
(Loss)/profit for the financial year		(303)	31,341

All income and expenditure in the current and prior year relates to continuing operations

The Company has no recognised gains and losses other than the gains and losses above and therefore no separate statement of total recognised gains and losses has been prepared

Balance sheet

at 31 December 2012

	Note	2012 £000	2011 £000
Fixed assets			
Investments	9	17,976	17,895
		<u>17,976</u>	<u>17,895</u>
Current assets			
Debtors – due within one year	10	56	3,524
		<u>56</u>	<u>3,524</u>
Creditors, amounts falling due within one year	11	(8,376)	(11,460)
Net current liabilities		<u>(8,320)</u>	<u>(7,936)</u>
Total assets less current liabilities		<u>9,656</u>	<u>9,959</u>
Provisions for liabilities and charges	13	(400)	(400)
Net assets		<u>9,256</u>	<u>9,559</u>
Capital and reserves			
Called up share capital	14	1	1
Profit and loss account	15	9,255	9,558
Shareholders' funds equity		<u>9,256</u>	<u>9,559</u>

The financial statements on pages 5 to 15 were approved by the Board of Directors on 28 JUNE 2013 and were signed on its behalf by



Matthew Gregory
 Director

Reconciliation of movements in shareholders' funds
for the year ended 31 December 2012

	2012	2011
	£000	£000
(Loss)/profit for the financial year	(303)	31,341
Dividends (note 16)	-	(41,827)
	<hr/>	<hr/>
Net reduction in shareholder's funds	(303)	(10,486)
Opening shareholder's funds: equity	9,559	20,045
	<hr/>	<hr/>
Closing shareholder's funds: equity	9,256	9,559
	<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Under Financial Reporting Standard ('FRS') 1 *Cash flow statements* the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements (see note 18)

The Company participates in the Essentra plc Group centralised treasury arrangements and therefore shares banking arrangements with its parent and fellow UK subsidiaries. The Directors have no reason to believe that a material uncertainty exists that casts significant doubt about the ability of the Group to continue as a going concern or its ability to continue with the current banking arrangements. On the basis that Essentra plc has agreed in writing to provide financial and other support to the Company for the twelve months from the date of approval of these financial statements, the Company's Directors have reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future and have therefore adopted the going concern basis of accounting in preparing the financial statements.

Fixed asset investments

Shares in group undertakings are accounted for at cost less any provision for impairment.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or where the transaction is covered by a forward exchange contract, at the contract rate. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19 *Deferred tax*.

Related party disclosures

The Company is a wholly owned subsidiary of Essentra plc. In accordance with Paragraph 3(c) of FRS 8 *Related party disclosures*, the Company is exempt from disclosing transactions or balances with other wholly owned companies in the Group.

Dividends on shares presented within shareholder's funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Notes (continued)

2 Analysis of (loss)/profit on ordinary activities before taxation

All profit before taxation arises from investment activities

3 (Loss)/profit on ordinary activities before taxation

Auditor's remuneration

	2012 £000	2011 £000
Audit of these financial statements	5	5

4 Remuneration of Directors, staff numbers and costs

The Directors did not receive any fees or emoluments from the Company during the year (2011 £nil) directly attributable to their position within the Company. All Directors' fees or emoluments were paid by Essentra International Limited (formerly Filtrona International Limited) and the amount attributable to the qualifying services provided by the Directors to the Company cannot be reliably estimated.

5 Other operating costs

Amounts written off fixed asset investment

On 27 July 2011, the Company purchased a portfolio of Patents from FractureCode Corporation Aps for £128,829. The Company subsequently fully impaired the asset.

Profit on foreign currency movements

The deferred consideration receivable from Itavema Group in respect of the disposal of the Company's investment in Globalpack Industria e Comercio Ltda is denominated in US dollars. During 2011 the Company made a profit, net of losses on associated forward exchange contracts, of £1,110 on the revaluation of this deferred consideration which was recognised in the profit and loss account.

Notes (continued)

6 Profit on disposal of subsidiary undertakings

On 28 July 2011, the Company disposed of its shareholding in FractureCode Corporation Aps with a book value of £895,927 to ITO Technologies Aps for deferred cash consideration of £284,483. During 2011, expenses of £500,000 relating to the disposal of Fracture Code Corporation Aps were expensed in the profit and loss account.

On 23 December 2011, the Company disposed of its shareholding in Filtrona International GmbH with a book value of £11,795,709 to Filtrona Deutschland GmbH for consideration of £42,245,273.

On 23 December 2011, the Company disposed of its shareholding in Skiffy GmbH with a book value of £2,441,005 to Filtrona Deutschland for consideration of £2,441,005.

During 2011 additional professional fees of £150,000 relating to the disposal on 29 June 2007 of Globalpack Industria e Comercio Ltda were expensed to the profit and loss account.

7 Interest payable and similar charges

	2012 £000	2011 £000
Payable to group undertakings	215	172
Realised net foreign exchange losses	159	-
	<hr/>	<hr/>
	374	172
	<hr/>	<hr/>

Notes (continued)

8 Taxation

Analysis of credit in year

	2012 £000	2011 £000
<i>UK corporation tax</i>		
Current tax on income for the period	(56)	(54)
Adjustments in respect of prior periods	4	25
	<hr/>	<hr/>
	(52)	(29)
<i>Foreign tax</i>		
Withholding tax for the period	(33)	9
	<hr/>	<hr/>
Tax on (loss)/profit on ordinary activities (see below)	<hr/> (85) <hr/>	<hr/> (20) <hr/>

Factors affecting the tax credit for the current year

The current tax credit for the year is different to the standard rate of corporation tax in the UK of 24.5% (2011 26.5%). The differences are explained below

	2012 £000	2011 £000
<i>Current tax reconciliation</i>		
(Loss)/profit on ordinary activities before tax	(388)	31,321
	<hr/>	<hr/>
Current tax (credit)/charge at 24.5% (2011 26.5%)	(95)	8,300
<i>Effects of</i>		
Income/expenses not chargeable for tax purposes	39	(7,879)
Exempt overseas income	-	(647)
Overseas withholding tax	(33)	9
Non-taxable profit on disposal of subsidiary undertaking	-	172
Adjustments in respect of prior periods	4	25
	<hr/>	<hr/>
Total current tax credit (see above)	<hr/> (85) <hr/>	<hr/> (20) <hr/>

The UK corporate tax rate was reduced from 28.0% to 26.0% on 1 April 2011 and a further reduction in the rate to 24.0% with effect from 1 April 2012 has been announced. The UK government has also announced its intention to further reduce the rate to 21.0% from 1 April 2014.

Notes (continued)

9 Fixed asset investments

	Shares in subsidiary undertakings £000
<i>Cost</i>	
At beginning of year	17,895
Additions	81
	<hr/>
At end of year	17,976
	<hr/>
<i>Provisions</i>	
At beginning and end of year	-
	<hr/>
<i>Net book value</i>	
At 31 December 2012	17,976
	<hr/>
At 31 December 2011	17,895
	<hr/>

On 11 June 2012, the Company increased its investment in Filtrona PFP Commercial & Service Kft by £81,064

The principal companies in which the Company's interest at the year end is more than 20% are as follows

	Country of incorporation	Principal activity	Proportion of nominal value and class of shares held at 31 December 2012
<i>Subsidiary undertakings</i>			
Filtrona Special Fiber Products Ningbo Co Ltd	China	Trading	100% Registered capital
Filtrona BV	The Netherlands	Holding company	100% Ordinary shares €453 78
Moss Overseas Limited	England & Wales	Holding company	100% Ordinary shares £1 00
Filtrona PFP Commercial and Service Kft	Hungary	Trading	100% Ordinary Shares HUF1 00
Filtrona Brasileira Industria e Comercio Ltda	Brazil	Trading	100% Ordinary shares BRL1 00
Filtrona Plasticos S A	Spain	Trading	100% Ordinary shares €6 01
Filtrona Italia SpA	Italy	Trading	25% Ordinary shares €1 00
Moss Ceska Republika SRO	Czech Republic	Trading	100% Ordinary shares CZK1 00
Filtrona Paraguay S A	Paraguay	Trading	99 926% Ordinary shares PYG1,000,000
Filtrona Deutschland GmbH	Germany	Holding company	100% Ordinary shares €1 00
Rich Acquisition Sub Inc	USA	Holding company	100% Ordinary shares with no par value
FPP France SAS	France	Holding company	100% Ordinary shares €10 00

Notes (continued)

10 Debtors

	2012	2011
	£000	£000
Corporation tax	56	-
Other debtors	-	3,524
	56	3,524

Other debtors at 31 December 2011 represent amounts due from the Itavema Group and ITO Technologies ApS for the purchase of Globalpack Industria e Comercio Ltda and FractureCode Corporation ApS respectively

11 Creditors amounts falling due within one year

	2012	2011
	£000	£000
Amounts owed to group undertakings	8,203	10,600
Corporation tax	-	176
Accruals and deferred income	173	228
Derivative liabilities (note 12)	-	456
	8,376	11,460

Included in the amounts owed to group undertakings is an amount of £8,202,517 (2011 £10,578,000) owed to Essentra Finance Limited (formerly Filtrona Finance Limited) which carries on the business of financing Essentra plc. The balance is repayable on demand, unsecured and interest is charged at a rate set with reference to the Bank of England Base Rate. Other amounts due from or to group undertakings are trading balances under normal commercial terms and interest is not charged.

12 Derivatives

The Company used derivatives to hedge its exposure to foreign exchange risk. It does not hold or issue derivatives for trading purposes.

	Financial liabilities			
	Fair value	Contractual or notional amount	Fair value	Contractual or notional amount
	2012	2012	2011	2011
	£000	£000	£000	£000
<i>Fair value hedges</i>				
Forward foreign exchange contracts	-	-	456	2,213

Fair value hedges are hedges of the currency risk exposure to changes in the fair value of recognised assets or liabilities. The fair value has been calculated at year end forward exchange rates compared to contracted rates.

Notes (continued)

13 Provisions for liabilities and charges

	2012
	£000
At beginning and end of year	400

The provision relates to warranties given on the disposal of FractureCode Corporation ApS

14 Called up share capital

	2012	2011
	£	£
<i>Allotted, called up and fully paid</i>		
1,000 (2011 1,000) ordinary shares of £1 (2011 £1) each	1,000	1,000

During 2011, pursuant to Section 641(1)(a) of the Companies Act 2006, the share capital of the Company was reduced from £16,923,239 to £1,000 by cancelling and extinguishing 16,922,239 ordinary shares of £1 each. The reduction was transferred to the profit and loss reserve.

15 Reserves

	Profit and loss account £000
At beginning of year	9,558
Loss for the financial year	(303)
At end of year	9,255

16 Dividends

The aggregate amount of dividends comprises

	2012	2011
	£000	£000
Interim dividends paid in respect of current year	-	41,827

The aggregate amount of dividends proposed and recognised as liabilities as at the year end is £nil (2011 £nil)

Notes *(continued)*

17 Contingent liabilities

On 16 August 2011, the Company, together with certain other fellow subsidiary undertakings, agreed to provide an unsecured guarantee to The Royal Bank of Scotland plc, Lloyds TSB Bank plc and other third parties in respect of the Term Loan and Revolving Credit Facility agreement signed by Essentra plc on 16 August 2011. The new facility replaced the existing facility which had been made available under an agreement dated 16 April 2009.

18 Ultimate parent company and parent undertaking of larger group of which the Company is a member

The Company's immediate parent undertaking is Essentra International Limited (formerly Filtrona International Limited), a company incorporated in England and Wales.

The ultimate parent company is Essentra plc, a company incorporated in England and Wales. This is the only group in which the results of the Company are consolidated.

The Annual Report of Essentra plc is available to the public from the registered office of Essentra plc at Avebury House, 201-249 Avebury Boulevard, Milton Keynes, MK9 1AU.