

ESNT International Limited

Strategic report, Directors' report and financial statements

Registered number 1935353

31 December 2018



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Strategic report

Principal activities and business review

The Company is a wholly owned subsidiary of Essentra plc and its principal activity during the year has been 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 is anticipated.

As shown in the Company's income statement on page 7, the Company reported a profit before taxation of £3,027,000 compared with a profit of £64,630,000 in the prior year. The reduction to profitability was primarily driven by lower dividend income. During the year, impairment of £681,000 (2017: £11,874,000) was incurred following an assessment of values held against investments.

The balance sheet on page 8 of the financial statements shows the Company's financial position at the year end. The net liability position improved from £10,809,000 to £4,950,000 as a result of the reported profit.

The activities of the Company are in line with the operational strategy of Essentra plc, of which ESNT International Limited is a subsidiary. Further details of Essentra plc's strategy can be found in the Group Business Review on pages 4 to 17 of the Strategic Report of the Essentra plc Annual Report 2018. The Essentra plc Annual Report 2018 does not form part of this report, but is referred to where relevant for the purposes of this report.

Principal risks and uncertainties

The principal risks and uncertainties of the Company are integrated with the principal risks of the Essentra Group and are not managed separately. The principal risks and uncertainties of the Essentra Group, which include those of the Company, are discussed on pages 30 to 41 of the Essentra plc Annual Report 2018.

The principal risks faced by the Company are of a financial nature due to its principal activities. The Company is exposed to credit risk, market price risk and liquidity risk. Financial risk management is discussed on pages 145 to 150 of the Essentra plc Annual Report 2018.

Key performance indicators

During the year, the Directors of Essentra plc managed the Group's operations on a Group, and 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.

Environment

The Company is committed to continuous improvement in its environmental performance and applies a structured approach to monitoring its environmental impact through a number of different processes, details of which can be found in the Corporate Responsibility Report of the Essentra plc Annual Report 2018 on pages 26 to 29.

Health and safety

The Company's overriding commitment in the workplace is to the health and safety of its employees and all those who visit the Company's operations. On pages 22 and 23 of the Essentra plc Annual Report 2018 are further details of the health and safety policies in place across the Group and in the Company.

By order of the board


Patricia Kendall
Company Secretary

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

28th June 2019

Directors' report for the year ended 31 December 2018

The Directors present their Directors' report and the audited financial statements for the year ended 31 December 2018.

Results and dividends

The profit for the financial year was £5,859,000 (2017: £66,293,000).

Dividend income in the year of £18,828,000 (2017: £79,138,000) was received from subsidiary undertakings.

During the year no dividends were paid to the holder of the ordinary share capital (2017: £nil). The Directors do not propose the payment of a final dividend (2017: £nil).

Directors

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

J Green

L Liu (appointed 15 November 2018)

S Schellinger (resigned 15 November 2018)

Policy and practice on payment of creditors

The Company is responsible for agreeing the terms and conditions under which business transactions with its suppliers are conducted. It is the Company's policy that payments to suppliers are made in accordance with those terms, provided that suppliers also comply with all relevant terms and conditions.

Future outlook

The investments in trading companies with an international presence is expected to continue in the Company. For further details of the Group's outlook please refer to the Group Business Review section of the Essentra plc Annual Report 2018 on pages 4 to 17.

Going concern

The Company participates in the Essentra Group centralised treasury arrangements and therefore shares banking arrangements with its parent and fellow UK subsidiaries. Despite the net liability position of the Company, the Directors have no reason to believe that a material uncertainty exists that casts significant doubt about the ability of the Company 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.

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 auditors

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' report for the year ended 31 December 2018 (continued)

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an annual general meeting.

Statement of Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

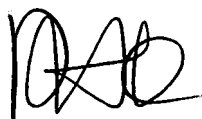
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

By order of the Board



Patricia Kendall
Company Secretary

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

28th June 2019

Independent auditors' report to the members of ESNT International Limited

Report on the audit of the financial statements

Opinion

In our opinion, ESNT International Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Strategic report, Directors' report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2018; the income statement, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Independent auditors' report to the members of ESNT International Limited (continued)

Reporting on other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of ESNT International Limited (continued)

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Katherine Birch-Evans (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans

28 June 2019

Income statement

for the year ended 31 December 2018

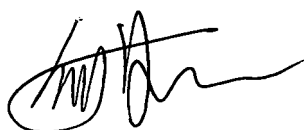
	<i>Note</i>	2018 £000	2017 £000
Administrative (expenses) / income		(1,353)	100
Foreign exchange gains / (losses)		166	(12)
		<hr/>	<hr/>
Operating (loss) / profit before exceptional items		(1,187)	88
Exceptional items	3	-	9,888
		<hr/>	<hr/>
Operating (loss) / profit	4	(1,187)	9,976
Income from shares in group undertakings		18,828	79,138
Amounts written off investments		(681)	(11,874)
Interest payable and similar expenses	6	(13,933)	(12,610)
		<hr/>	<hr/>
Profit before taxation		3,027	64,630
Tax on profit	7	2,832	1,663
		<hr/>	<hr/>
Profit and total comprehensive income for the financial year		5,859	66,293
		<hr/> <hr/>	<hr/> <hr/>

Balance sheet

at 31 December 2018

	Note	2018 £000	2017 £000
Fixed assets			
Investments	8	289,526	284,630
Other investments	8	1,494	1,494
		<u>291,020</u>	<u>286,124</u>
Current assets			
Debtors	9	15,871	18,316
Creditors: amounts falling due within one year	10	<u>(311,841)</u>	<u>(315,249)</u>
Net current liabilities		<u>(295,970)</u>	<u>(296,933)</u>
Net liabilities		<u>(4,950)</u>	<u>(10,809)</u>
Capital and reserves			
Called up share capital	11	58,438	58,438
Accumulated losses		<u>(63,388)</u>	<u>(69,247)</u>
Total Shareholders' deficit		<u>(4,950)</u>	<u>(10,809)</u>

The financial statements on pages 7 to 20 were approved by the board of Directors on 28th June 2019 and were signed on its behalf by:



L Liu
Director

Statement of changes in equity

for the year ended 31 December 2018

	<i>Note</i>	Called up share capital £000	Accumulated losses £000	Total shareholders' deficit £000
Balance at 1 January 2017		1	(135,540)	(135,539)
Profit for the financial year		-	66,293	66,293
		<hr/>	<hr/>	<hr/>
Total comprehensive income for the year		-	66,293	66,293
Conversion of preference share capital into ordinary share capital	11	58,437	-	58,437
		<hr/>	<hr/>	<hr/>
Balance at 31 December 2017		58,438	(69,247)	(10,809)
Profit for the financial year		-	5,859	5,859
		<hr/>	<hr/>	<hr/>
Total comprehensive income for the year		-	5,859	5,859
		<hr/>	<hr/>	<hr/>
Balance at 31 December 2018		58,438	(63,388)	(4,950)
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements for the year ended 31 December 2018

1 Accounting policies

The Company is incorporated and domiciled in the United Kingdom under the Companies Act. The address of the registered office is Avebury House, 201-249 Avebury Boulevard, Milton Keynes, MK9 1AU, England. The Company is a private company limited by shares.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

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

The Company's ultimate parent undertaking, Essentra plc, includes the Company in its consolidated financial statements. The consolidated financial statements of Essentra plc are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from the registered office of Essentra plc at Avebury House, 201-249 Avebury Boulevard, Milton Keynes, MK9 1AU.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- the requirements of paragraph 45(b) and 46-52 of IFRS 2 *Share-Based Payment*;
- the requirements of paragraphs 62, B64(b), B64(e), B64(g), B64(h), B64(j) to B64(m), b64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 *Business Combinations*;
- the requirement of IFRS 7 *Financial Instruments: Disclosures*;
- the requirement of paragraphs 91-99 of IFRS 13 *Fair Value Measurement*;
- the requirement in paragraph 38 of IAS 1 *Presentation of Financial Statements* to present comparative information in respect of paragraph 79(a)(iv) of IAS 1, paragraph 73(e) of IAS 16 *Property, Plant and Equipment* and paragraph 118(e) of IAS 38 *Intangible Assets*;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 *Presentation of Financial Statements*;
- the requirements of IAS 7 *Statement of Cash Flows*;
- the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*;
- the requirements of paragraph 17 of IAS 24 *Related Party Disclosures*;
- the requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 *Impairment of Assets*.

Where required, equivalent disclosures are given in the consolidated financial statements of Essentra plc.

Notes to the financial statements for the year ended 31 December 2018 *(continued)*

1 Accounting policies (continued)

Going concern

The Company participates in the Essentra Group centralised treasury arrangements. Despite the net liability position of the Company, the Directors have no reason to believe that a material uncertainty exists that casts significant doubt about the ability of the Company 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.

New standards, amendments and IFRIC interpretations

No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2018 have had a material impact on the Company.

Exceptional items

The exceptional operating items are separated from other items by virtue of their size and incidence. They are shown as a separate line item within operating profit on the face of the income statement in order for the reader to obtain a clearer understanding of the results from ongoing operations.

Taxation

Income tax in the income statement comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, using the balance sheet liability method, on temporary differences arising between the tax bases and the carrying amounts of assets and liabilities in the financial statements. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future. Deferred tax is determined using tax rates that are expected to apply when the related deferred tax asset or liability is settled, using the applicable tax rates enacted or substantively enacted at the balance sheet dates.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against liabilities and when they relate to income taxes levied by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Investment in subsidiary undertakings

Investment in subsidiary undertakings is held at cost less any provision for impairment. The Company assesses at each balance sheet date whether the investment in its subsidiaries has been impaired.

Notes to the financial statements for the year ended 31 December 2018 *(continued)*

1 Accounting policies (continued)

Impairment

The carrying amounts of the entity's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial assets

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. The Company's loans and receivables comprise receivables in the balance sheet.

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Interest income is recognised accordingly using the effective interest method.

Financial liabilities

Interest bearing loans and borrowings and other financial liabilities (excluding derivatives) are initially recognised at fair value net of transaction costs incurred. They are subsequently held at amortised cost using the effective interest method.

Dividends

Dividends are recognised as a liability in the period in which they are approved by the shareholders of the Company (final dividend) or paid (interim dividend).

Dividends from subsidiary undertakings and associated undertakings are accounted for in the period in which the shareholders' right to receive payment has been established and when, in the Directors' opinion, sufficient funds are available for payment. Dividends receivable are shown net of any underlying overseas taxation.

2 Critical accounting judgements and estimates

The Directors consider that there are no significant accounting judgements or estimates that are critical in the preparation of these accounts.

Notes to the financial statements for the year ended 31 December 2018 (continued)

3 Exceptional items

	2018 £000	2017 £000
Profit on disposal of business	-	9,705
Reversal of deferred liability	-	183
	<u>-</u>	<u>9,888</u>

During the prior year, the profit on disposal of business related to the investment in Porous Technology Business, that was divested on 6 March 2017.

The reversal relates to the release of deferred consideration from the acquisition of Abric in 2014.

4 Operating (loss) / profit

Auditors' remuneration:

	2018 £000	2017 £000
Audit of these financial statements	5	5

5 Remuneration of Directors, staff numbers and costs

The Company had no employees in either the current or prior years and the Directors did not receive any fees or emoluments from the Company directly attributable to their position within the Company. All Directors' fees or emoluments were paid by Essentra International Limited and Essentra Pte. Limited (a Company based and incorporated in Singapore) and the amount attributable to the qualifying services provided by the Directors to the Company cannot be reliably estimated. No recharge has been made in the current or prior years for the services of the Directors.

6 Interest payable and similar expenses

	2018 £000	2017 £000
Payable to group undertakings	13,933	12,610

Notes to the financial statements for the year ended 31 December 2018 (continued)

7 Tax on profit

a) Amounts credited in the income statement

	2018 £000	2017 £000
Current tax	2,873	2,663
Adjustments in respect of prior years	(41)	(34)
Foreign tax suffered	-	(966)
	<hr/>	<hr/>
Tax credit on profit	2,832	1,663
	<hr/>	<hr/>

b) Factors affecting the tax credit for the year

The total tax credit on profit before tax differs to the theoretical amount that would arise using the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The tax credit is lower than (2017: lower than) the standard rate and the differences are explained below:

	2018 £000	2017 £000
Profit before taxation	3,027	64,630
	<hr/>	<hr/>
Tax charge on profit at 19% (2017: 19.25%)	(575)	(12,441)
Effects of:		
Non taxable dividend income	3,577	15,490
Expenses not deductible for tax purposes	(129)	(2,286)
Permanent differences	-	32
Adjustments in respect of prior years	(41)	(34)
Profit on disposal of investment	-	1,868
Foreign tax suffered	-	(966)
	<hr/>	<hr/>
Total tax credit reported in the income statement (see above)	2,832	1,663
	<hr/>	<hr/>

c) Change in corporation tax rate

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2017 (on 6 September 2017). These include reductions to the main rate, to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Notes to the financial statements for the year ended 31 December 2018 (continued)

8 Investments

	Investments in subsidiary undertakings £000	Other investments £000	Total £000
Cost			
At beginning of year	563,767	1,494	565,261
Additions	5,577	-	5,577
Disposals	-	-	-
At end of year	569,344	1,494	570,838
Provision for impairment			
At beginning of year	279,137	-	279,137
Impairment charge	681	-	681
At end of year	279,818	-	279,818
Net book value			
At 31 December 2018	289,526	1,494	291,020
At 31 December 2017	284,630	1,494	286,124

During the year, the Company increased its investments in Essentra Pty Ltd (AUS\$ 5,831,000) and Essentra Components SAS (EUR€ 2,600,000). Relevant amounts after conversion into the functional currency of the Company are presented as additions.

The subsidiary companies in which the Company's interest at the year end is more than 20% of the ordinary share capital are as follows:

Subsidiary undertakings	Country of incorporation	Principal activity	Address of registered office
Essentra (Bangor) Limited	UK	Manufacturing	Avebury House, 201-249 Avebury Boulevard, Milton Keynes, Buckinghamshire, MK9 1AU, United Kingdom
Essentra (Great Harwood) Limited	UK	Non-trading	Avebury House, 201-249 Avebury Boulevard, Milton Keynes, Buckinghamshire, MK9 1AU, United Kingdom
Essentra (Hull) Limited	UK	Non-trading	Avebury House, 201-249 Avebury Boulevard, Milton Keynes, Buckinghamshire, MK9 1AU, United Kingdom
Essentra (Kilmarnock) Limited	UK	Manufacturing	Avebury House, 201-249 Avebury Boulevard, Milton Keynes, Buckinghamshire, MK9 1AU, United Kingdom
Essentra (Kimbolton) Limited	UK	Non-trading	Avebury House, 201-249 Avebury Boulevard, Milton Keynes, Buckinghamshire, MK9 1AU, United Kingdom
Essentra (Northampton) Limited	UK	Non-trading	Avebury House, 201-249 Avebury Boulevard, Milton Keynes, Buckinghamshire, MK9 1AU, United Kingdom
*Essentra Packaging B.V.	Netherlands	Distribution	Celsiusweg 37, 8912 AM, Leeuwarden, Netherlands
*Essentra Packaging Spółka z o.o.	Poland	Manufacturing	Tokarska 25, 20-210, Lublin, Poland

Notes to the financial statements for the year ended 31 December 2018 (continued)

8 Investments (continued)

Subsidiary undertakings	Country of incorporation	Principal activity	Address of registered office
*Essentra St Petersburg Limited Liability Company	Russia	Distribution	4a Finlyandskiy Prospect, 194044, St. Petersburg, Russian Federation
*Essentra Packaging SA	Spain	Manufacturing	Carrer dels Fusters 18-20, Poligono Industrial Can Cuyas, Montcada I Reixac, 08110, Barcelona, Spain
Blue NewCo 1 B.V.	Netherlands	Holding Company	Gustav Mahlerplein 68, 1082 MA, Amsterdam, Netherlands
*Blue NewCo 2 B.V.	Netherlands	Holding Company	Gustav Mahlerplein 68, 1082 MA, Amsterdam, Netherlands
*Blue NewCo 3 B.V.	Netherlands	Holding Company	Gustav Mahlerplein 68, 1082 MA, Amsterdam, Netherlands
*Blue NewCo 4 B.V.	Netherlands	Holding Company	Gustav Mahlerplein 68, 1082 MA, Amsterdam, Netherlands
*Boxes Prestige Poland Sp. z o.o.	Poland	Holding Company	Tokarska 25, 20-210, Lublin, Poland
*Clondalkin Pharma & Healthcare (Spain) S.A.	Spain	Holding Company	Carrer dels Fusters 18-20, Poligono Industrial Can Cuyas, Montcada I Reixac, 08110, Barcelona, Spain
*ESNT Group Limited	UK	Holding Company	Avebury House, 201-249 Avebury Boulevard, Milton Keynes, Buckinghamshire, MK9 1AU, United Kingdom
*C.B. Packaging Limited	Ireland	Non-trading	8 Airways Industrial Estate, Dublin 17, Ireland
*ESNT (Cherry Orchard) Holdings Limited	Ireland	Holding Company	Unit 629 Ida Industrial Park Northern Extension, Old Kilmeaden Road, Watherford, Ireland
*ESNT (Cherry Orchard) Limited	Ireland	Non-trading	8 Airways Industrial Estate, Dublin 17, Ireland
ESNT (Clonshaugh) Limited	Ireland	Non-trading	8 Airways Industrial Estate, Dublin 17, Ireland
*ESNT (Cork) Limited	Ireland	Non-trading	8 Airways Industrial Estate, Dublin 17, Ireland
*ESNT (Glasnevin) Limited	Ireland	Non-trading	8 Airways Industrial Estate, Dublin 17, Ireland
*ESNT (Tallaght) Limited	Ireland	Non-trading	8 Airways Industrial Estate, Dublin 17, Ireland
Essentra Packaging Ireland Limited	Ireland	Manufacturing	8 Airways , Industrial Estate, Dublin 17, Ireland
*Venture Laminate Limited	Ireland	Non-trading	8 Airways Industrial Estate, Dublin 17, Ireland
Wilkes-Cerdac Limited	Ireland	Non-trading	8 Airways Industrial Estate, Dublin 17, Ireland
*Linde Vouwkartonnage B.V.	Netherlands	Non-trading	Hanzeweg 14, 7591 BK, Denekamp, Netherlands
*US Limited Liability Company	US	Non-trading	The Corporation Services Company, 2711 Centreville Road, Ste 400, Wilmington, Delaware 19808, United States
Essentra Packaging Limited	UK	Manufacturing	Avebury House, 201-249 Avebury Boulevard, Milton Keynes, Buckinghamshire, MK9 1AU, United Kingdom
*Essentra Components Inc.	US	Distribution	Two Westbrook Corporate Center, Suite 200, Westchester IL 60154, United States
Essentra Components Japan Inc.	US	Distribution	Two Westbrook Corporate Center, Suite 200, Westchester IL 60154, United States
Essentra Pty Ltd	Australia	Manufacturing	32 Clyde Street, Rydalmere NSW 2116, Australia

Notes to the financial statements for the year ended 31 December 2018 (continued)

8 Investments (continued)

Subsidiary undertakings	Country of incorporation	Principal activity	Address of registered office
Essentra Industria E Comercio LTDA	Brazil	Manufacturing	Rua Alvares Cabral, 979, Serraria, City of Diadema, State of Sao Paulo, 09980-160, Brazil
*Essentra Components International Trading (Shanghai) Co Ltd	China	Distribution	Room 347, Xinmao Building, 2 Taizhong South Road, China
*Essentra Plastic Trading (Ningbo) Co. Ltd	China	Distribution	99 Huanghai Road, Beilun District, Ningbo, Zhejiang, China
*Essentra Trading (Ningbo) Co. Ltd	China	Distribution	No.99 Huanghai Road, Beilun District, Ningbo, Zhejiang Province, China
Essentra Components sro	Czech Republic	Distribution	Dornych 47, Brno, 617 00, Czech Republic
Essentra Components SAS	France	Distribution	280 rue de la Belle Étoile - 95700 Roissy en, France
*Essentra Packaging S.a.r.l.	France	Manufacturing	F-27200, Sarreguemines, Rue Guillaume, Schoettke, France
*Essentra Components GmbH	Germany	Distribution	Herrenpfad Süd 36, 41334, Nettetal, Germany
Essentra Components Kft	Hungary	Distribution	2040 Budaors Gyar u. 2., Hungary
Essentra Co.,Ltd.	Republic of Korea	Manufacturing	5 th Floor, One IFC 10, Gukjegeumyung-ro, Youngdeungpo-gu, Seoul 07326, Republic of Korea
Essentra Asia Sdn Bhd	Malaysia	Manufacturing	Unit 1110 Block A, Pusat Dagangan Phileo Damansara II, 15 Jalan 16/11 Off Jlna Damansara, 46350 Petaling Jaya, Selangor, Malaysia
Essentra Malaysia Sdn Bhd	Malaysia	Distribution	Unit 1110 Block A, Pusat Dagangan Phileo Damansara II, 15 Jalan 16/11 Off Jlna Damansara, 46350 Petaling Jaya, Selangor, Malaysia
*ESNT Holdings Cooperatie 1 W.A.	Netherlands	Non-trading	Beatrixstraat 7, 9285 TV, Buitenpost, Netherlands
*ESNT Holdings Cooperatie 2 W.A.	Netherlands	Non-trading	Beatrixstraat 7, 9285 TV, Buitenpost, Netherlands
*Essentra Components B.V.	Netherlands	Distribution	Den Belleman 9, 5571 NR Bergeyk, Netherlands
*Essentra Extrusion B.V.	Netherlands	Manufacturing	Beatrixstraat 7, 9285 TV, Buitenpost, Netherlands
Essentra B.V.	Netherlands	Holding Company	Beatrixstraat 7, 9285 TV, Buitenpost, Netherlands
Essentra Filter Products S.A.	Paraguay	Manufacturing	Calle 12, Acacary, Ciudad del Este, Paraguay
Essentra Components SRL	Romania	Distribution	Burcuresti Sectorul 1, Strada Polana, Nr. 68-72, Etaj 2, Biroul NR.5, Romania
Essentra Components Pte. Limited	Singapore	Distribution	51 Lorong 17 Geyland, 05-02, Superior Industrial Building, 388571, Singapore
*Essentra Components (Pty) Limited	South Africa	Distribution	PriceWaterhouseCoopers, 32 Ida Street, Menlo Park, Pretoria 0081, South Africa
*Essentra Components S.L.U	Spain	Manufacturing	Calle Roure Gros 1-11, Poligono Industrial Mas d'En Cisa, 08181, Spain
Essentra Components AB	Sweden	Distribution	Askims Verkstadsvag 13Sweden, 436 34 Askim, Vastra Gotalands lan, Goteborg kommun, Sweden
*Essentra Eastern Limited	Thailand	Manufacturing	111/5 Moo 2 Tambon Makamku, Amphur Nikom Pattana, Rayong Province, Thailand
Mesan Kilit A.S.	Turkey	Manufacturing	Ilitelli Organzie Sanayi , , Bolgesi Metal Is San,Sit.7.Blok No24 Basaksehir, Istanbul, Turkey

Notes to the financial statements for the year ended 31 December 2018 (continued)

8 Investments (continued)

Subsidiary undertakings	Country of incorporation	Principal activity	Address of registered office
*Essentra International GmbH	Germany	Holding Company	Gutenbergstrasse 5-9, 21465 Reinbek, Germany
Essentra Overseas Limited	UK	Holding Company	Avebury House, 201-249 Avebury Boulevard, Milton Keynes, Buckinghamshire, MK9 1AU, United Kingdom
ESNT Holdings Inc.	US	Holding Company	Two Westbrook Corporate Center, Suite 200, Westchester IL 60154, United States
*Essentra Packaging Waterford Limited	Ireland	Non-trading	8 Airways Industrial Estate, Dublin 17, Ireland
*Essentra Packaging Luxembourg Sarl	Luxembourg	Non-trading	1, Zone Industrielle Bombicht, L-6947, Niederanven, Luxembourg
*Abric Encode Sdn Bhd	Malaysia	Non-trading	Unit 1110 Block A, Pusat Dagangan Phileo Damansara II, 15 Jalan 16/11 Off Jalan Damansara, 46350 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Essentra Components SEA (M) Sdn Bhd	Malaysia	Non-trading	Teamwork Management Services Sdn Bhd, 83a Jalan SS 15/5A, 47500 Subang Jaya, Selangor, Malaysia
*Fijnmechanica Surhuisterveen B.V.	Netherlands	Non-trading	Beatrixstraat 7, 9285 TV, Buitenpost, Netherlands
*Richco Benelux B.V.	Netherlands	Non-trading	Beeldschermweg 5-3, 3821 AH Amersfoort, Netherlands
*Skiffy B.V.	Netherlands	Non-trading	Den Belleman 9, 5571 NR, Bergeijk, Netherlands
*ESNT Components Limited	UK	Non-trading	Avebury House, 201-249 Avebury Boulevard, Milton Keynes, Buckinghamshire, MK9 1AU, United Kingdom
*ESNT Components Inc.	US	Non-trading	Two Westbrook Corporate Center, Suite 200, Westchester IL 60154, United States
Abric Shanghai Co. Ltd.	China	Non-trading	8, Furong Road, Yexie Town, Songjiang District, Shanghai, 201609, China
Essentra Precision Machinery Components (Ningbo) Co. Ltd.	China	Manufacturing	99 Huanghai Road, Beilun District, Ningbo, Zhejiang Province, China

* indicates shares held indirectly

The investments in the companies above relate to ordinary shares or common stock. The principal country in which each company operates is the country of incorporation.

All entities above are wholly owned subsidiaries of the Company except Essentra Filter Products SA which is 99.926% owned by the Company through holding of ordinary shares in these companies.

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

Other investments were as follows:

Other investments	Country of registration or incorporation	Principal activity	Class and percentage of shares	Address of registered office
Essentra Packaging GmbH	Germany	Trading	10% Ordinary shares	D-06766 Wolfen, Edisonstrasse, Germany

Notes to the financial statements for the year ended 31 December 2018 (continued)

9 Debtors

	2018 £000	2017 £000
Amounts due from group undertakings	12,998	15,653
Corporation tax	2,873	2,663
	<u>15,871</u>	<u>18,316</u>

Amounts due from group undertakings are balances held under normal commercial terms and interest is not charged. These undertakings are unsecured and repayable on demand.

10 Creditors: amounts falling due within one year

	2018 £000	2017 £000
Amounts owed to group undertakings	310,842	315,171
Accruals and deferred income	999	78
	<u>311,841</u>	<u>315,249</u>

Included in amounts owed to group undertakings is an amount of £310,389,000 (2017: £310,109,000) owed to Essentra Finance Limited, which carries on the business of group financing for Essentra plc, the Company's ultimate parent company. 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 owed to group undertakings are trading balances under normal commercial terms and interest is not charged.

Notes to the financial statements for the year ended 31 December 2018 (continued)

11 Called up share capital

	2018 £000	2017 £000
Ordinary shares of £1 (2017: £1) each	1	1
	<u>1</u>	<u>1</u>
	2018 No.	2017 No.
Number of ordinary shares in issue		
At beginning and end of year	1,000	1,000
	<u>1,000</u>	<u>1,000</u>
	2018 £000	2017 £000
Ordinary shares of £58,437,000 (2017: £58,437,000) each	58,437	58,437
	<u>58,437</u>	<u>58,437</u>
	2018 No.	2017 No.
Number of ordinary shares in issue		
At beginning of year	1	-
Issue of shares	-	1
	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>

During the prior year as part of the disposal of the Porous Technology Business on 6 March 2017, the Company and Essentra International Limited jointly agreed to convert the 71,877,000 \$1 preference shares into 1 £58,437,000 ordinary share.

12 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, 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 consolidated accounts of Essentra plc are available to the public and may be obtained from the registered office of Essentra plc at Avebury House, 201-249 Avebury Boulevard, Milton Keynes, MK9 1AU.