LUXFER HOLDINGS PLC
2013 Report & Accounts

THE INSTITUTE OF MATERIALS, MINERALS AND MINING

2013 GOLD MEDAL

"a significant contribution to the industrial application of materials"

Contents

The Institute of Materials, Minerals and Mining

About the cover:

Luxfer Gas Cylinders wins 2013 Gold Medal from Institute of Materials, Minerals and Mining

The Institute of Materials, Minerals and Mining, the global network for professionals in materials research and development, awarded Luxfer Gas Cylinders its prestigious 2013 Gold Medal for making "a significant contribution to the industrial application of materials." The Institute noted that during the past two decades, Luxfer had created expertise in carbon fiber composite materials used for applications such as life support and emergency services, which require ultra-lightweight cylinders. The award was presented on July 9 at the annual awards ceremony in London.

STRATEGIC REPORT

Principal Activities and Review of the Business

The principal activity of Luxfer Holdings PLC is that of the holding company for the Luxfer Group.

Luxfer Group is an international materials technology company specialising in the design, manufacture and supply of high-performance materials, components and gas cylinders to customers in a broad range of growing environmental, healthcare, protection and speciality end-markets.

Our area of expertise covers the chemical and metallurgical properties of aluminium, magnesium, zirconium, carbon and rare earths, and we have pioneered the application of these materials in many high-technology industries. For example:

- We were the first to use rare earths to develop and patent a magnesium alloy (EZ33A) for use in high-temperature aerospace applications such as helicopter gearboxes;
- We were at the forefront of the commercial development of zirconia-rich mixed oxides for use in automotive catalysis;
- We were the first to manufacture a high-pressure gas cylinder out of a single piece of aluminium using cold-impact extrusion;
- We developed and patented the superforming process and the first superplastic aluminium alloy (AA2004) and were the first to offer superformed aluminium panel-work commercially;
- We have a long history of innovation derived from our strong technical base, and we work closely with customers to apply innovative solutions to their most demanding product needs.

Luxfer Group is comprised of two divisions:

The **Elektron division** focuses on speciality materials based on magnesium, zirconium and rare earths. We sell our products through two brands. Under our ***Magnesium Elektron*** brand, we develop and manufacture specialist lightweight, corrosion-resistant and flame-resistant magnesium alloys, extruded magnesium products, magnesium powders, magnesium plates and rolled sheets and photo-engraving plates. Our lightweight magnesium alloys and components are used in the aerospace and automotive industries. Our magnesium powders are used in the defence industry for countermeasure flares to protect aircraft against missile attack. Our photo-engraving plates are used in the graphic arts industry.

Under our ***MEL Chemicals*** brand, we develop and manufacture speciality zirconium compounds for use in automotive exhaust catalysts, industrial catalysts, ceramic sensors for electronics, structural ceramics, thermal barrier coatings for aerospace, filters for water purification and dental ceramic crowns and implants.

The **Gas Cylinders division** manufactures products made from aluminium, composites and other materials using technically advanced processes. We sell our products through two brands. Under our ***Luxfer Gas Cylinders*** brand, we develop and manufacture advanced high-pressure aluminium and carbon composite cylinders used to contain medical oxygen, breathing air for fire-fighters and other first-responders, clean-burning compressed natural gas for alternative fuel vehicles and power plants, speciality gases used in microchip and electronics manufacturing, carbon dioxide for fire extinguishers and beverage dispensing, inflation gases for aerospace, air and gas mixtures for scuba diving, and gases used in a variety of general industrial applications.

Under our ***Superform*** brand, we design and manufacture highly complex, lightweight products for a wide range of industries, including aerospace, specialist automotive, rail transport and healthcare.

Strategy and Business Model

Our business strategy is underpinned by the Luxfer Model, which consists of five key themes:

- Building and maintaining strong, long-term customer relationships;
- Achieving high levels of manufacturing excellence by improving processes and reducing operating costs, thus insulating us against competitors in low-labour-cost economies;
- A commitment to innovation that generates products that are well-equipped to address opportunities created by heightened chemical emissions controls, global environmental concerns, public health legislation and the need for improved protection technology;
- Maintaining technical excellence relating both to our products and to the processes needed to make them;
- Selling high-performance products into speciality markets that require products with high-technology content for which customers are willing to pay premium prices.

Each of our businesses has developed a strategic roadmap, based on a balanced scorecard methodology and driven by the Luxfer Model.

These strategic roadmaps contain business-specific initiatives, actions and measures necessary to guide the businesses towards achieving their financial objectives.

Group Key Performance Indicators (KPIs)

The Group has used the following indicators of performance to assess its development against its strategy and financial objectives during the year.

Table 1: Group Key Performance Indicators		**2013**	2012	2011	2010	2009
			Restated under IAS 19(R)			
Operating performance						
Revenue	$m	**481.3**	511.6	510.8	402.7	371.3
Net Revenue (excluding rare earth surcharge)	$m	**472.9**	471.1	441.0	399.5	371.3
Trading profit	$m	**59.2**	68.5	63.7	44.7	28.4
Adjusted net income[1]	$m	**39.8**	44.7	41.1	25.1	10.5
Basic earnings per ADS[7]	$	**1.27**	1.84	2.04	1.17	0.49
Adjusted net income basic earnings per ADS[7]	$	**1.48**	2.08	2.08	1.27	0.53
Adjusted EBITDA[2]	$m	**76.6**	83.2	78.2	58.6	42.2
Revenue per employee	$'000s	**300**	337	353	283	258
Return on revenue[3]	%	**12.3**	13.4	12.5	11.1	7.6
Return on invested capital[4]	%	**21.6**	28.1	28.1	19.6	10.6
Financial performance						
Net cash flow from operating activities	$m	**37.1**	69.0	29.1	37.8	55.5
Net debt to EBITDA	times	**0.5**	0.3	1.4	1.8	2.9
Non-financial performance						
Number of days lost following accidents at work[5]	work-days	**973**	929	734	805	799
ISO14001 environmental management system certification[6]	%	**90.8**	72.8	68.8	60.1	46.1
Economic indicators						
Average aluminium price (three-month LME)	$/tonne	**1,887**	2,049	2,419	2,198	1,701
Average US dollar to pound sterling exchange rate	$:£	**1.57**	1.59	1.61	1.54	1.57
Average euro to pound sterling exchange rate	€:£	**1.18**	1.23	1.15	1.17	1.13

Notes

1. A non-GAAP measure for net income after tax, excluding certain unusual items. Reconciliation to Group measure is disclosed in Note 10 of the financial statements.
2. A non-GAAP measure for earnings before interest, tax, depreciation and amortisation. Reconciliation to GAAP measure is disclosed in Note 26 to the financial statemements.
3. Return on revenue is measured as trading profit divided by revenue.
4. Return on invested capital is defined as the after-tax trading profit divided by shareholders' equity plus net debt.
5. Under regulations issued by the Occupational Safety & Health Administration of the United States Department of Labor, the number of days absent for each accident is capped at 180 days.
6. Percentage of Group revenue originating from ISO14001-certified businesses.
7. Each American Depositary Share ("ADS") listed on the New York Stock Exchange represents one half of an ordinary share.

Review of the Year Ending 31 December, 2013

Set against the backdrop of a very challenging economic environment, the Group delivered a robust trading performance in 2013. Net revenue, excluding the rare earth surcharge and adjusted for FX translation, increased by 0.7% in 2013 from the previous year, however the trading profit in 2013 of $59.2 million represented a 14% decrease over the reported $68.5 million in 2012 (restated under IAS 19R). Net income for 2013 was $34.1 million and Adjusted Net Income was $39.8 million, compared to $44.7 million in 2012 (restated under IAS 19R).

Cash generated from operating activities was positive in 2013; the trading performance has allowed the Group to make considerable investments in expanding the operating capacity in some of its key operations and support expansion with growth in working capital. At the same time the group has made payments to reduce the pension deficit and has returned funds to its shareholders in the form of regular dividends each quarter.

In October 2012 Luxfer Group listed on the New York Stock Exchange through a successful initial public offering (IPO). Using part of the funds generated by the IPO, we re-paid our outstanding bank debt and improved the financial strength of our balance sheet, along with providing funding for our long-term growth strategy. The ratio of Net Debt to adjusted EBITDA at end of 2013 was 0.5x compared to 0.3x at the end of 2012.

Translation Exchange Rates

The consolidated financial statements are presented in US dollars. The two principal currencies used to translate the results of non-US operations are Pound sterling and the Euro. In 2013, the Euro was on average stronger against the US dollar than in 2012, resulting in favourable movements when translating the operating results of European operations into US dollars. However, sterling was on average weaker against the US dollar than in 2012, resulting in adverse movements when translating the operating results of UK operations into US dollars. The net effect was a loss of $1.5 million on revenue and $0.4 million on operating profit when translating the operating results of non-US operations into US Dollars.

Revenue

On an IFRS reported basis, Group revenue for the twelve-month period was $481.3 million compared to $511.6 million for the same period of 2012. The decrease is attributable to a significant reduction in surcharges on rare earths. Net revenue (excluding rare earth surcharges) for the twelve-month period was $472.9 million for 2013, $1.8 million higher than the equivalent period in 2012 of $471.1 million. Adjusting for an adverse translation impact of $1.5 million, underlying revenue increased by $3.3 million or 0.7% in 2013 compared to 2012. In 2013, we reduced our rare earth surcharge by $32.1 million to $8.4 million compared to $40.5 million in 2012 as a result of falling rare earth costs.

The Elektron division's revenue was $219.7 million in 2013, a reduction of $45.6 million from $265.3 million in 2012. Excluding the $1.4 million adverse translation exchange rate impact on revenue and the decrease in revenue relating to the rare earth surcharge, the underlying decrease in revenue at constant translation exchange rates was $12.1 million from 2012. This reduction is the result of a weaker automotive market in Europe combined with reduced spending in US defence - in particular the purchase of counter-measure flares.

The Gas Cylinders division's revenue was $261.6 million in 2013, an increase of $15.3 million from $246.3 million in 2012. Excluding a $0.1 million adverse impact on revenue attributable to exchange rate translation, the underlying revenue, at constant translation exchange rates, was $15.4 million, or 6.3%, higher than 2012. This related to increased sales of large composite cylinders for compressed natural gas ("CNG") containment, along with strong sales demand for composite SCBA cylinders, which offset weaker demand from other industrial sectors, mainly in European markets. In 2013, we sold $50 million of alternative fuel cylinders and systems.

Cost of Sales and Gross Profit

The gross profit margin for 2013 was 24.5% compared to 24.6% in 2012, with little difference year on year.

Against the backdrop of global economic uncertainties, 2013 raw material prices generally stabilised or decreased from previous peak prices. The largest single impact on our business in previous years was that of cerium carbonate. By the end of 2012 we had seen a softening of the price quoted on the Asian Metal Market to approximately $28 per kg (oxide contained) from the peak of $270 per kg. 2013 saw an increase in the supply of cerium carbonate and a return to more stable market conditions. As a result of this, the quoted Asian Metal Index price of cerium carbonate declined progressively during the year, closing at approximately $8 per kg in December 2013.

The average LME price for aluminium was $1,887 per tonne in 2013, a reduction of $162 per tonne, or 8%, from the 2012 equivalent figure. Magnesium costs reduced in 2013 compared to the previous year, following the removal in China of the tax on Magnesium exports. The average price of Chinese magnesium on a free-on-board basis was $2,713 per tonne, a $401 per tonne reduction in 2013 compared to 2012, equivalent to a 13% decrease.

Distribution Costs, Administrative Expenses and Other Trading Items

The net of these costs in 2013 was $58.6 million compared to $57.4 million in 2012. The increase was the result of a full year cost of post-IPO matters, such as implementing measures to comply with the U.S. Sarbanes-Oxley Act, legal and listing fees and the non-cash amortisation cost of equity awards and a full year cost of the former Dynetek operations acquired September 2012. All other costs were tightly controlled.

Trading Profit

Trading profit for 2013 was $59.2 million compared to $68.5 million (restated under IAS19R) for 2012, down 13.6%.

The Elektron division's trading profit of $40.2 million in 2013 was a decrease of $12.6 million from $52.8 million in 2012. Changes in exchange rates used to translate segment trading profit into US dollars led to a $0.5 million decrease in 2013, and therefore profits at constant translation exchange rates decreased by $12.1 million, or 22.9%. There was an adverse trading variance of $12.7 million in 2013 when compared with 2012. $10.0 million of this related to weaker sales volumes and mix of sales, and a further $2.7 million was a result of reduced margins on lower pricing, net of reduced material costs across the division.

For 2013, the foreign exchange transaction rates on sales and purchases had a negative impact of $1.2 million, net of the benefit of utilising foreign currency exchange derivative contracts, compared to 2012. Other costs decreased by a net $1.8 million in 2013 compared to 2012.

Gas Cylinders division’s trading profit of $19.0 million was an increase of $3.3 million from the $15.7 million in 2012. Changes in exchange rates used to translate segment trading profit into US dollars led to a $0.1 million increase in 2013, and therefore profits at constant translation exchange rates increased by $3.2 million, or 20.4%. The input costs of raw materials were lower in 2013 compared to 2012. Despite a reduction in the overall number of cylinders sold, the mix of products was favourable and sales prices achieved in 2013 were higher than in 2012. There was also a full year of trading following the acquisition of Dynetek in September 2012. The net impact of these factors was to increase trading profit by $6.6 million.

In 2013, the foreign exchange transaction rates on sales and purchases had a negative impact of $1.0 million, net of the benefit of utilising foreign currency exchange derivative contracts, compared to 2012. Other costs increased by a net $2.4 million in 2013 compared to 2012, mainly as the result of higher costs to support the expansion of the Alternative Fuel business.

Adjusted EBITDA

Adjusted EBITDA, measured as trading profit before depreciation and amortisation, was $76.6 million in 2013, a margin on sales of 15.9%, compared to $83.2 million (restated under IAS 19R) and 16.3% respectively in 2012.

Operating Profit

Operating profit after restructuring costs and other one-off items, such as a charge under IFRS 2 related to share options granted at the time of the IPO, where the cost is amortised over the vesting period and the costs relating to the settlement of pension liabilities in the U.S, was $56.5 million in 2013, compared to $66.4 million (restated under IAS 19R) in 2012.

Net Acquisition and Disposal Costs

We incurred a non-operating charge of $0.1 million in 2013, compared to $0.8 million in 2012 in relation to the finalisation of the fair value exercise following the acquisition of Dynetek in 2012.

Finance Costs

Net Interest costs were $5.9 million in 2013 compared to $6.5 million in 2012. The lower costs in 2013 reflected the reduced level of indebtedness. The IAS 19 retirements benefits finance charge was $3.8 million compared to $3.6 million in 2012 (restated under IAS 19R).

Profit before Taxation

Our profit before taxation was $46.7 million in 2013, a 15.9% decrease over the $55.5 million in 2012. Our margin on profit before tax was 9.7% in 2013 and 10.8% in 2012.

Taxation

Our 2013 tax expense was $12.6 million on profit before tax of $46.7 million. The effective tax rate was 27.0% on profit before tax. Of the charge of $12.6 million, $9.6 million (an effective rate of 20.6%) related to current tax payable and $3.0 million (an effective rate of 6.4%) was a deferred taxation charge. In 2012, our tax expense was $16.0 million on profit before tax of $55.5 million (restated under IAS 19R). The effective tax rate was 28.8% on profit before tax. Of the charge of $16.0 million, $11.1 million (an effective rate of 20.0%) related to current tax payable and $4.9 million (an effective rate of 8.8%) was a deferred taxation charge.

The effective rate of tax fell despite a greater proportion of the profits being generated in the higher tax jurisdiction of the USA. The reduction was achieved through utilisation of previously trapped losses in the UK and the benefit of lower rates on UK profits generated from patented products under the UK “patent box” tax regime. These benefits are expected to be sustainable into 2014.

Net Income for the Period

Net income for the period was $34.1 million, compared to $39.5 million in 2012 (restated under IAS 19R). The fall was due to the lower trading profit of the business. Adjusted net income, which excludes the after tax impact of exceptional items, was $39.8 million, down on the adjusted net income for 2012 of $44.7 million (restated under IAS 19R).

Cash Flow

Net cash flow from operating activities was an inflow of $37.1 million in 2013, compared to an inflow of $69.0 million in 2012, a reduction of $31.9 million. There was a net working capital outflow of $14.6 million in 2013 as compared to an inflow of $7.5 million in 2012, an adverse variance of $22.1 million. Working capital in 2012 decreased due to the improved availability of rare earths reducing the need for strategic holding of inventory, and the corresponding fall in prices benefited the cash flow. Towards the end of 2013, inventory levels increased significantly due to a large order due for delivery in 2014 for bulk gas transport modules for a virtual pipeline supplying CNG to an Australian mining community. Also, there were sales to automotive customers which were deferred by the customers, into 2014. Lower indebtedness following the repayment of the senior term loan in October 2012 resulted in interest payments of $4.9 million in 2013 being $0.8 million less than the payments of $5.7 million in 2012.

Net cash outflows used in investing activities increased by $4.0 million, or 13.6%, to $33.4 million in 2013 from $29.4 million in 2012. The main reason for this increase was the net capital expenditures of $26.4 million in 2013, an increase of $7.1 million from the $19.3 million expenditure in 2012. An investment of $7.0 million through equity and debt funding into our Gas Cylinders North American joint venture was also made in 2013.

Net cash flows used in financing activities decreased by $7.3 million to $(15.7) million in 2013 from $(23.0) million in 2012. Net cash flows used in financing activities in 2013 were primarily attributable to dividend payments to holders of our ordinary shares resulting in an outflow of $10.8 million. Lower indebtedness resulted in $0.9 million interest expenditure on banking facilities, a decrease of 50% from $1.8 million in 2012. The company has provided debt finance for the Gas Cylinder North American joint venture in 2013 and as a result has received $0.1 million in interest.

Shareholder Equity and Borrowings

Shareholder equity as at 31 December, 2013 was $191.7 million compared to $148.8 million at 31 December, 2012, the increase reflecting the continued profitability and the strengthening of the balance sheet following the IPO in 2012. The Group had total debt of $63.8 million and net debt of $35.4 million as at 31 December, 2013. Invested capital, defined as total shareholder equity plus net debt was $227.1 million as at 31 December, 2013; this compares to an equivalent figure of $172.1 million in 2012, mainly as a result of the increase in shareholder equity. The ratio of the return on invested capital (defined as trading profit for the year, less notional tax, divided into invested capital) was 21.6% in 2013.

IAS 19 (Revised) - Retirement Benefit Accounting Changes

As previously reported, a change to IAS 19, Employee Benefits Revised, requires us to charge (in addition to normal current-year service costs) scheme paid (and self-funded) administration costs to operating profit and to make a notional finance charge, in respect of the level of accounting pension deficit, based upon corporate bond yields. In 2012, profit before taxation and net income was impacted by charges of $3.9 million and $2.9 million, respectively. Results for 2012 have been restated to reflect these changes and make the prior-year figures comparable to the current year (see Note 1 to the attached financial statements for a summary of the 2012 restatement). These charges are non-cash changes to the accounting presentation and do not affect pension deficit calculations, as the additional charges are cancelled out by corresponding positive credits in equity reserves, resulting in no change in the Group’s net assets.

Likely Future Developments

In our Gas Cylinders Division we expect the alternative fuel and SCBA markets to grow further in North America during 2014, which we expect would have a positive influence on our Gas Cylinders Division. In March 2014 we committed to the acquisition of additional CNG cylinder manufacturing assets, which fits with our strategic objective to increase our presence in the alternative fuel market. In our Elektron division, while we are not assuming any recovery in the defense market in 2014, we do expect some recovery in European industrial markets, especially automotive, over the course of the year, and we have won some additional automotive business, which is scheduled to start in Q3 2014.

There are a few unexpected headwinds, however, to be faced in the first half of 2014. Firstly, there has been a delay in regulatory approval of breathing air kits compliant with the new 2013 USA standard. This has been made public by our customers, who are understandably upset with this regulatory delay. While cylinders are still being taken by our customers for a pre-build of 2013-compliant kits for the delayed launch, there is a lull in sales until, it is expected, sometime during Q2 2014.

Secondly, and sadly, on 22 February, 2014 one of our two key customers for counter-measure flare material suffered a fatal explosion at its facility in Tennessee, USA. This is likely to result in a suspension of its production for some months, resulting in a lower demand for our military-grade magnesium powders. It is not yet clear whether the customer will attempt to recover the shortfall once production resumes.

Overall, while these issues and the continuing weakness of European markets are likely to hold us back in Q1 2014 and possibly Q2 2014, we remain optimistic that, over the whole year, both divisions will improve on 2013.

Essential Contracts or Arrangements

Apart from our financing agreements, we do not have contracts or other arrangements which individually are fundamental to the ability of the business to operate effectively.

Environmental Matters and Corporate Social Responsibility

Helping Create a Greener World

One of our three strategic growth markets is 'Environmental'. We produce materials used in automotive catalysts to neutralise noxious gases. Our Isolux® products remove arsenic and other harmful chemicals from drinking water or effluent. Many of our materials, such as magnesium alloys and superformed aluminium sheet are in demand because they are lighter in weight than alternatives, enabling users to improve fuel efficiency and reduce carbon emissions. One of our bigger growth areas is high-pressure containment of cleaner alternative fuels such as compressed natural gas and hydrogen.

Managing Environmental Impact

We, and our predecessor businesses, have been around for a long while, and a number of our sites have been manufacturing at their locations for several decades, including during times when there was less awareness about protecting the environment. Today we are very focused on minimising any on-going environmental impact from our operations and we are also proactively and progressively clearing those legacy issues that we acquired in 1996 with the businesses that now comprise Luxfer Group. We estimate that our expenditures on environmental matters could be approximately $4.0 million in 2014.

Other than for minor violations, the Group has neither created nor uncovered new environmental concerns in more than a decade and we continue to strengthen our controls. All our major sites are expected to achieve ISO 14001 certification to ensure environmental awareness and compliance.

Fourteen of our eighteen sites had achieved certification by the end of 2013. Two more of our large plants achieved certification during the year, and another is scheduled to be audited during 2014. The Group has chosen the proportion of sales revenue generated from ISO 14001-compliant sites as a non-financial key performance indicator, and this figure has now reached 91% compared to 73% in 2012.

Our UK chemicals business is regulated by the European Union regulation concerning the Regulation, Evaluation, Authorisation and Restriction of Chemicals (REACH), which aims, among other things, to provide a high level of protection of human health and the environment from the use of chemicals, and to make manufacturers and importers responsible for understanding and managing the risks associated with their use. As a manufacturer and importer, our chemicals business participates in several REACH consortia (as member or lead member), under which manufacturers and importers of like substances register their substance and work together to collect and collate specified sets of information on those substances, which is then used to assess hazards and risks posed by those substances, and how those risks might be controlled.

Managing Energy Use

Energy is a major requirement for the Group's activities, which involve melting and forming metals, changing the state of chemicals, and running heavy machinery. For the past three years we have had an energy committee encouraging all business units to examine ways to minimise energy usage and looking at innovative ways to reduce our usage and cost.

Our UK operations are regulated under the Carbon Reduction Commitment Energy Efficiency Scheme (CRC). The scheme is designed to target CO_2 emissions not already covered by Climate Change Levy Agreements and the European Union Trading Omissions Scheme. The legislation requires organisations to monitor and report on their energy usage and take action to reduce consumption. We are registered under the scheme. All of our UK operations participate in Climate Change Agreements, with the exception of our gas cylinders plant, due to the nature of its cold-extrusion process.

Greenhouse Gas Emissions

The Greenhouse Gas (GHG) emissions statement below provides a summary of the Group GHG (carbon) emissions for the year ended 31 December 2013. As it is our first year of reporting we have no comparable figure for the year ended 31 December 2012.

We report on both Scope 1 and Scope 2 emission sources:

Scope 1 emissions: Direct emissions from sources owned or operated by the Group such as combustion of gas;

Scope 2 emissions: Indirect emissions attributable to the Group due to its consumption of electricity.

We do not collect details of emissions from travel.

Greenhouse Gas Emission Statement

Baseline year	Full year 2013
Consolidation Approach	Operational control
Boundary	Consolidated factories operated by us to manufacture Group products
Emission factor data source	UK sites: Conversion factors published by the Carbon Trust US sites: Conversion factors published by the US Environmental Protection Agency for the individual state in which the site is situated Sites in other countries have used their relevant countries conversion factor.
Intensity ratio	$C0_2$ equivalent tonnes per $1m of sales value ($1mSV)
Group Metric – Sales value	**$481.3 million**

Greenhouse Gas Emission Source

	2013	
	(tCO_2e) [1]	**(tCO_2e/$1mSV)**
Scope 1 Fuel combustion (natural gas and propane) and operation of facilities	72,015	149.6
Scope 2 Purchased electricity	50,465	104.9
Statutory total (Scope 1 & 2) [2]	**122,480**	**254.5**

Notes:-

1. Tonnes of $C0_2$ equivalent.
2. Statutory carbon reporting disclosure required by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

Industry Engagement

Our divisions are active members of relevant industry associations and standards bodies, both in Europe and North America, where they have a positive influence variously as members and officers and technical advisors. They often participate in and chair committees within those associations on technical and other matters of interest or concern to their relevant industry, including standards, specifications and safety. These organisations include the International Magnesium Association, the Chemical Industry Association, the Zircon Industry Association, the Compressed Gas Association, the Metal Powder Producers Association, the British Standards Institute, the Canadian Standards Association, the American Society of Testing and Materials and many others.

Employee Share Schemes

Until our IPO in October 2012, it was not feasible to offer employee share schemes, but at the end of 2013 we implemented a scheme in our UK subsidiaries and are working to implement similar schemes in other overseas subsidiaries. This will offer as many employees as possible the opportunity to acquire a small holding in the Group's shares, where possible in a tax-efficient manner.

Our People

The knowledge and skills of our people are key competitive advantages, and we endeavour to involve our employees through regular local, divisional and Group communications and training. In 2012 we launched a corporate management development programme aimed at developing junior and middle managers into future leaders. As far as reasonably possible, bonus arrangements are made available to motivate employees towards business targets. Further information on employee polices and engagement can be found in the Director's Report on page 29.

At the 31 December 2013 the number of employees was as follows:

Employees	Male	Female
Executive Directors of Luxfer Holdings PLC	2	-
Senior Managers	45	4
Employees	1,375	191

Health and Safety

We want our sites to be safe places to work, and so we closely monitor near-misses, injuries and lost-time accidents (LTAs). We have chosen days lost from LTAs as a key performance indicator; see Table 1 on page 3.

Whilst the number of days lost through accidents increased during 2013, the number of lost time accidents incurred during the year showed improvement with only 19 accidents in 2013, compared to 32 suffered in 2012. Of the total of 973 total days lost, 386 related to accidents that occurred in 2012.

Customers and Suppliers

While we have multiple sourcing options in almost every area of the Group, our key suppliers are important to us, and we have chosen them for their combination of quality, delivery performance and value for money. We aim to pay them to terms and resolve any issues amicably.

We recognise our customers as the source of our success and that of all of our stakeholders. Our aim is to build and sustain long-term relationships based on mutual cooperation on design and high standards of quality and service. We work closely in collaboration with our customers to find more innovative solutions to their needs for advanced materials and products. Our focus is on demanding applications where our technical know-how and manufacturing expertise combines to deliver a superior product.

Responsible Business Ethics

We expect our employees and associates to apply a high ethical standard in every aspect of business. We have a corporate whistle-blowing policy to facilitate reporting of failures to maintain these standards.

Our systems are designed to ensure compliance with all laws and regulations wherever we operate and we have a number of Group and local policies to ensure compliance and best practice as appropriate. We actively participate on many regulatory bodies that oversee or regulate industries to which we sell our products. We have undertaken training on the UK Bribery Act, the US Foreign Corrupt Practices Act, both European and US Competition law and other areas related to compliance.

All of our businesses take into account the importance of human rights.

Corporate Giving

Our business units are encouraged to support local causes, or business-related charities.

The Group made charitable donations in 2013 amounting to $49,000 (2012: $46,000), consisting of a number of small donations to various community, welfare, health, sport and educational charities local to the businesses that make up the Group both in the United Kingdom and elsewhere.

Principal Risks and Uncertainties

Internal Controls and Risk Management

The Group has in place a comprehensive risk management programme designed to ensure that significant and emerging risks are identified, assessed and managed effectively.

We operate to establish procedures to identify key risks, evaluate their likelihood and size and manage and assess the effectiveness of controls to mitigate the impact and likelihood of these significant risks occurring. Such a system can only provide reasonable and not absolute assurance against material misstatement or loss. Our procedures are reviewed on an on-going basis as considered appropriate and cover both financial and non-financial risks.

Below we describe the Group's principal internal procedures for identifying, evaluating and mitigating risk generally and in certain specific areas. We also discuss our principal risks and uncertainties.

Risk Management - Over the years the Company has developed and implemented a Risk Management Process with the help of external advisors.

Our Risk Management Framework

- On a self-certification and self-monitoring basis, with guidance from head office, local management create a written risk profile for their business by identifying and evaluating the likelihood and magnitude of their key operational, commercial and financial risks. At the same time action plans are developed to mitigate or where possible eliminate identified risks;
- Individual business and divisional risk factors are consolidated to form an overall risk profile for the Group;
- To enable it to review the effectiveness of the Group's risk management and internal controls the Board receives an annual report from the Finance Director on major identified risks, the processes involved in their identification and controls in place to manage those risks;
- Any major new risk to the Group, arising or perceived during the year between reports, is identified to and discussed with the Board at regular Board Meetings;
- Training is undertaken locally and on a Group-wide basis to eliminate or mitigate certain identified or perceived risks that may affect the Group or a business where relevant;
- A range of Group policies to manage specific identified risks.

Health and Safety - As an integral part of good business practice, the Group is committed to achieving and maintaining high standards of health and safety for all its employees, contractors, visitors and all those who may be affected by its operations.

The main elements in our approach to health and safety risk:

- A Group health and safety policy with which all operating units in the Group are required to comply;
- Health and safety is considered as an element in the Group's corporate risk assessment;
- A designated health and safety officer for each operating unit in the Group appropriately trained and responsible for health and safety matters and compliance with relevant legislation;
- A report on site and divisional health and safety by local management as a permanent agenda item at the regular business reviews undertaken by the Chief Executive Officer and the Group Finance Director;
- A designated member of the Executive Management Board to monitor, co-ordinate and report upon the health and safety aspects of specific regions of the Group's international operation;
- Quarterly reporting by the Chief Executive to the Board on health and safety in the quarter along with the reporting of any issue of which the Board should be aware between reports as appropriate;
- Periodic cross-audits between operating units and regional periodic meetings of health and safety officers from operating units across the Group to provide an opportunity for best practice to be shared. Recommendations resulting from audits are reported on and followed up at subsequent business reviews with the Chief Executive;
- Risks identified on a site basis and appropriate training of employees undertaken;
- External professional expertise is sourced as and when appropriate;
- Three Group health and safety awards made annually to the site with the 'Best Overall Safety Performance', the site with the 'Most Improved Safety Performance' and the 'Best Small Plant'. All employees at the award-winning site participate in a reward.

Environment - The Group remains committed to a high standard of environmental management to ensure legislative compliance across all operations.

The main elements in our approach to environmental risk:

- A designated member of the Executive Management Board to monitor, co-ordinate and report upon the environment and environmental issues relevant to the Group and its activities for specific regions of the Group's international operations;
- Each operating site has a designated manager responsible for environmental matters who has appropriate knowledge and expertise;
- All operating sites are required to comply with the Group Environmental Policy and their site-specific environmental management system;
- External expertise and advice is sought as necessary and appropriate;
- The Group is committed to achieve ISO14001 certification globally at larger manufacturing sites, and the majority of these sites have now attained the certification, as have some smaller sites;
- All UK manufacturing sites requiring IPPC permits have attained them;
- An appropriate environmental investigation and report for all new sites acquired by the Group.

Internal Financial Controls

The key controls consist of:

- The preparation of comprehensive monthly financial accounts, forecasts and reviews comparing performance to budget with a summary submitted to and discussed with the Directors at regular Board meetings;
- Hedging policies approved by the Board and operated by a hedging committee chaired by the Group Finance Director. The policy covers the Group's exposure to and management of metal costs and foreign exchange rates as appropriate. The Board also receives regular monthly reports on such activities. Policies are reviewed periodically as circumstances dictate;
- A Group Accounting Manual and Group Authority Manual incorporating clearly defined operating guidelines and procedures with authorisation limits set at appropriate levels requiring proper, consistent and legally compliant financial management at all levels;
- Regular performance reviews with divisional management carried out by the Chief Executive and the Group Finance Director at site;
- Periodic internal audits carried out by Head Office finance staff targeting pre-defined specific areas of financial reporting in any year on a rotational basis;
- Self-certification by divisional management of the adequacy of, and compliance with, financial controls.

Internal Audit - During 2013, the internal audit function was tasked with overseeing the implementation of the internal controls over financial reporting in accordance with section 404 of the Sarbanes-Oxley Act, which formed the majority of the internal audit work completed during the year.

As at 31 December, 2013, the two Executive Directors in their capacity as Chief Executive and Group Finance Director have carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures under the supervision and the participation of the Executive Management Board, which is responsible for the management of the internal controls, and which includes the Chief Executive and the Group Finance Director. In accordance with the requirements of section 404 of Sarbanes-Oxley and as included in the Form 20-F filed with the SEC, management conducted an evaluation of the effectiveness of internal control over financial reporting based on the framework in Internal Control – Integrated Framework (1992 Framework) issued by the Committee of Sponsoring Organizations of the Treadway Commission. As at 31 December, 2013, management has assessed the effectiveness of internal control over financial reporting and has concluded that such internal control over financial reporting was effective. In addition, there have been no changes in the Group's internal control over financial reporting during 2013 that have materially affected, or are reasonably likely to affect materially, the Group's internal control over financial reporting.

Treasury and Financial Risk - The Group operates a central treasury function that controls all borrowing facilities, investment of surplus funds and management of financial risks. The Group's financial risk management is described in detail in Note 26 of the Group financial statements.

We set out in the tables below our principal risks and uncertainties and how we seek to mitigate or eliminate them.

Area of Risk	Mitigating Activity
Reliance on major customers - If the Group fails to maintain its relationships with its major customers, or fails to replace customers, or if there were reduced demand from such customers or for the products produced by such customers, it could reduce the Group's sales and have an adverse effect on the Group's financial position. The Group's top ten customers accounted for, in aggregate, approximately 30% of Group revenue in 2013.	Long-term relationships with customers are especially important, and the Group's operations work closely with customers to ensure customer service is the best in the industry and aim to support our customers in their development of new products through our own product innovations and technical know-how.
Competition - Markets for many of the Group's products are now increasingly global and highly competitive, especially in terms of quality, price and service. The Group could lose market share as a result of these competitive pressures, which could negatively impact profit margins. More generally, the Group may also face potential competition from manufacturers of products similar to the Group's aluminium and magnesium-based products using other materials, such as steel, plastics or composite materials.	The Group continues to invest in new and better products and aims to focus its resources in speciality markets that need high-performance products and a reliable partner.
Risks relating to the Group's retirement benefit funds - The Group operates defined benefit arrangements in the United Kingdom, the United States and France. These are further explained in Note 28 of the Group Financial Statements. Their funding requirements are subject to fluctuations in investment markets and changes in the life expectancy of members and, as a result, these plans have significant deficits. Increased regulatory burdens have also proved to be a significant risk, with taxes such as the UK's Pension Protection Fund Levy, which cost £0.8 million during 2013. Regulations in this area can also constrain the level of debt taken on and restrict the Company's ability to pay dividends.	The Group and the Trustees of the Schemes closely monitor the financial performance of the Schemes, taking actuarial and investment advice as appropriate. These are long-term liabilities, and we have a programme in place to contribute cash to our defined benefit plans over a number of years. This is based on affordability and is varied according to our net earnings. These plans are funded and the bulk of the assets are invested in 'growth' assets.
Protection and development of intellectual property rights and changing industry requirements - As a result of the nature of the competition faced by the Group, its ability to remain profitable depends on its ability to protect intellectual property and to invest in research and development, which requires funding.	The Group tries to protect its intellectual property through patents and by reducing the disclosure of commercially sensitive information. It also invests long term in new products and manufacturing processes and maintains this investment through the business cycle.
Environmental costs and liabilities - The Group may be exposed to substantial environmental costs and liabilities, as its operations are subject to a broad range of environmental laws and regulations in each of the jurisdictions in which it operates. An increase in environmental costs and liabilities could have a material adverse effect on the Group in any given year, which could negatively affect the Group's cash flows.	To mitigate this risk the Group seeks to operate best practice procedures in this area and is in the process of attaining the ISO14001 qualification at all of its larger manufacturing sites. The bulk of the Group's known environmental issues are legacy problems that arose many years ago. Management have a programme in place to progressively improve and eliminate these historic issues.

Area of Risk	Mitigating Activity
Product liability and regulatory risks - The Group is exposed to possible claims for personal injury, death or property damage that could result from a failure of a product manufactured by the Group or of a third party integrating a Group product. Many factors beyond the Group's control could lead to liability claims, which may in turn lead to product legal claims or disruption in sales to customers. The Group could be required to pay a material amount if a claim is made against it that is not covered by insurance or otherwise subject to indemnification, or that exceeds the insurance coverage that the Group maintains. Moreover, the Group does not currently carry insurance to cover the expense of product recalls, and litigation involving significant product recalls or product liability could have a material adverse effect on the Group's financial position.	The Group uses its operating and technical expertise to mitigate these risks, with a strong emphasis on high levels of product quality and rigorous testing, and by ensuring that products are designed to meet or exceed the regulatory design standards of the markets they serve. The Group has also obtained insurance coverage for most of these types of liabilities.
Risks relating to interruption of operations - The Group's production facilities are located worldwide. Any of its facilities could suffer an interruption in production, either at separate times or at the same time, because of various and unavoidable occurrences including major equipment failure. Although the Group carries insurance, the cover on certain catastrophic events or natural disasters, including earthquakes and certain other events is limited.	The Group performs routine maintenance on its production equipment on all its operating sites. These maintenance programmes are carefully planned to keep all plants operating at a high level of efficiency, and to reduce the risk of breakdowns and failure of equipment. Health and Safety is also a major consideration in the operation of the Luxfer Group manufacturing facilities and is carefully monitored. The Group carries comprehensive business interruption insurance.

The Group also has a number of financial risks that are summarised below. The management of these financial risks and mitigating actions are explained further in Note 26 of the Group financial statements.

Area of Risk	Mitigating Activity
Exposure to fluctuations in raw material and utility prices - The Group is exposed to fluctuations in prices of the raw materials and utilities that are used to manufacture its products and can incur unexpected cost changes. The primary raw material used in the manufacturing of gas cylinders and superformed panels is aluminium, and though our operations use specialist alloys, their prices are pegged directly or indirectly to the quoted London Metal Exchange prices for primary aluminium. This makes the costs subject to speculative commodity cost changes, as well as fundamental supply and demand cost pressures. We have also experienced significant price fluctuations in other raw material costs such as primary magnesium, carbon fibre, zircon sand and rare earths. The Group's operations also buy and sell goods in regional markets that may be protected by tariff barriers. Changes in these tariffs could have an adverse impact on the profitability of the operations. In addition, the Group's energy costs, which constitute another major input cost of the Group's total expenses in 2013, may be subject to significant variations.	In the long term the Group has sought to recover the cost of increased commodity and utility costs through price increases and surcharges. The Group has sought to provide its customers with a stable surcharge price on the increasing costs of rare earths by buying forward rare earths in bulk. Short term fluctuations in the price risk on aluminium are mitigated by agreeing fixed prices with the suppliers, along with the use of LME derivative contracts. Increasingly in recent years we have included in our sales agreements an ability to share cost increases with our customers.
Effect of international currency markets - Changes in foreign exchange rates or interest rates could cause sales to drop or costs to rise. The Group conducts a large proportion of its commercial transactions, purchases of raw materials and sales of goods in various countries and regions outside of the United Kingdom, including the United States, continental Europe and Asia. Changes in the relative values of currencies can decrease the profits of the Group's operations through both the translation of profits into Pound sterling or on import and export transactions.	The Group regularly enters into forward currency contracts to manage currency risks and a Hedging Committee, overseen by the Group Finance Director, oversees the implementation of the Group's hedging policy.

Approval

The Strategic Report is set out on pages 1-18 and incorporates the sections titled *Environmental Matters, Corporate Social Responsibility* and *Principal Risks and Uncertainties.*

Signed on behalf of the Board by:

B G Purves
CHIEF EXECUTIVE
31 March, 2014

FORWARD-LOOKING STATEMENTS

This strategic report contains forward-looking statements. Examples of such forward-looking statements include:

(i) statements regarding the Group's results of operations and financial condition,
(ii) statements of plans, objectives or goals of the Group or its management, including those related to financing, products or services,
(iii) statements of future economic performance, and
(iv) statements of assumptions underlying such statements.

Words such as "believes", "anticipates", "expects", "intends", "forecasts" and "plans" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved.

The Group cautions that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements.

These factors include, but are not limited to:

(i) future revenues being lower than expected;
(ii) increasing competitive pressures in the industry;
(iii) general economic conditions or conditions affecting demand for the services offered by us in the markets in which we operate, both domestically and internationally, being less favourable than expected;
(iv) the amount of indebtedness we have incurred and may incur and the obligations to service such indebtedness and to comply with the covenants contained therein;
(v) fluctuations in the price of raw materials and utilities;
(vi) currency fluctuations and hedging risks; and
(vii) worldwide economic and business conditions and conditions in the industries in which we operate.

The Group cautions that the foregoing list of important factors is not exhaustive. When relying on forward-looking statements to make decisions with respect to the Group, investors and others should carefully consider the foregoing factors and other uncertainties and events. Such forward-looking statements speak only as of the date on which they are made, and the Group does not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

GOVERNANCE

The Board of Directors

Members of the Board of Directors - 1 January, 2013 to 31 December, 2013:

Name	*Age*	*Position*
Peter Joseph Kinder Haslehurst	73	Non-Executive Chairman, Chairman of Remuneration and Audit Committees
Brian Gordon Purves	59	Executive Director and Chief Executive Officer
Andrew Michael Beaden	46	Executive Director and Group Finance Director
Joseph Allison Bonn	70	Non-Executive Director, member of Remuneration and Audit Committees
Kevin Sean Flannery	69	Non-Executive Director, member of Remuneration and Audit Committee
David Farrington Landless (appointed 1 March, 2013)	54	Non-Executive Director

Biographies:

Peter Haslehurst

Peter was appointed to the Board as a Non-Executive Director in June 2003. He became Non-Executive Chairman on March 31, 2006 when he was also appointed chair of the Audit and Remuneration Committees. Peter was appointed chair of the Nomination Committee on 23 July 2013.

Experience: Peter has been a Managing Director, Chief Executive and/or Chairman in international manufacturing industry for over 40 years, including most recently as Chairman and Chief Executive of the Brunner Mond Group from 2000 to 2008, Chairman of Imago at Loughborough Ltd from 2003 to 2009. He was appointed President emeritus of VAI Industries (UK), following chairmanship of VA Tech (UK) from 1999 to 2002. Prior to that he was Chief Executive of the EIS Group PLC from 1985 to 1999. He holds a number of appointments, including Chairman of the Audit Committee of the Institute of Materials, Minerals and Mining where he was formerly Treasurer and Senior Vice President, a member of the advisory board of Liverpool John Moores University and chairman of the Leonard Cheshire Hill House appeal fund. He was proud to be made an honorary chief of the Maasai following his services to their tribe as chairman of Magadi Soda Company in Kenya from 2001 to 2008.

Peter is a Chartered Engineer, a Companion of the Chartered Management Institute, a Fellow of the Institution of Mechanical Engineers, a Fellow of the Institution of Engineering and Technology, a Fellow of the Royal Society of the Arts and also a Fellow of the Institute of Materials, Minerals and Mining. He was made Eisenhower Fellow from Britain in 1980 and awarded an honorary Doctor of Science at Loughborough University in 2008. He is a Freeman of the City of London.

Brian Purves

Brian was a member of the management buy-in team in 1996, at which time he was appointed Group Finance Director and was appointed to the Board. He was appointed Chief Executive on January 2, 2002.

Experience: Before joining the Company, Brian held several senior positions in Land Rover and Rover Group covering financial, commercial and general management responsibilities.

Brian is a qualified accountant, holds a degree in physics and a Masters degree in business studies. He is also a Companion of the Chartered Management Institute.

Andrew Beaden

Andrew joined the Group in 1997 and became Group Financial Controller in 2002, becoming a member of the Executive Management Board in January 2006. He worked as Director of Planning and Finance from 2008 to 2011 and was appointed as an Executive Director on the Board and Group Finance Director on June 1, 2011.

Experience: Andrew has worked for KPMG, as well as several UK FTSE 100 companies in a variety of financial roles.

Andrew is a Chartered Accountant and holds a degree in economics and econometrics.

Joseph Bonn

Joseph was appointed as a Non-Executive Director on March 1, 2007, at which time he was also appointed to both the Audit and Remuneration Committees. Joseph was appointed to the Nomination Committee on 23 July 2013.

Experience: Joseph has extensive experience in the aluminium and speciality chemical industry, having worked for Kaiser Aluminium and Chemical Corporation for over 35 years in various senior capacities. Among other appointments in the United States, he has served on the Board and Executive Committee of the Aluminium Association, the Board of the National Association of Purchasing Management and the International Primary Aluminium Institute Board. He is currently a consultant with Joseph Bonn RE&C Corp.

Joseph holds a BS degree from Rensselaer Polytechnic Institute and an MBA degree in Finance from Cornell University.

Kevin Flannery

Kevin was appointed as a Non-Executive Director on June 1, 2007, at which time he was also appointed to both the Audit and Remuneration Committees. Kevin was appointed to the Nomination Committee on 23 July 2013.

Experience: Kevin has over 40 years of experience in both operational and financial management roles in a variety of industries and has also served in the capacities of Director, Chairman and Chief Executive Officer of several companies in the United States. He is currently the President and Chief Executive Officer of Whelan Financial Corporation, a company he founded in 1993 that specialises in financial management and consulting. He was formerly the Chairman and Chief Executive Officer of several companies, including RoweCom, Inc., Telespectrum Worldwide and Rehrig United Inc. He currently serves as a director of FPM Heat Treating LLC, a leading provider of heat-treatment processes and Energy XXI, a Bermuda-based oil and gas company. He also served as a Director of a number of other corporations between 2005 and 2011. Kevin began his career at Goldman Sachs & Co and was a senior managing partner of Bear Sterns & Co.

David Landless

David was appointed as a Non-Executive Director on March 1, 2013 and was appointed to the Audit Committee on 28 March 2013 and the Nomination Committee on 23 July 2013.

Experience: David started his career with Bowater and Carrington Viyella and joined Courtaulds Plc in 1984. He was appointed a Finance Director in UK and US divisions of Courtaulds Plc from 1989 to 1997 and Finance Director of Courtaulds Coatings (Holdings) Limited from 1997 to 1999. He is currently Group Finance Director of Bodycote Plc.

David is a Chartered Management Accountant. He graduated from the University of Manchester Institute of Science and Technology.

Executive Management Board

Members of the Executive Management Board - 1 January, 2013 to 31 December, 2013.

Name	*Age*	*Position*
Brian Gordon Purves	59	Executive Director and Chief Executive Officer
Andrew Michael Beaden	46	Executive Director and Group Finance Director
Christopher John Hilary Dagger [1]	64	Divisional Managing Director of Magnesium Elektron (stepped down as Divisional MD 1 September, 2013)
Edward John Haughey	58	Divisional Managing Director of MEL Chemicals
David Terence Rix	45	Divisional Managing Director of Magnesium Elektron (appointed Divisional MD 1 September, 2013)
John Stephen Rhodes	64	President Luxfer Gas Cylinders
Linda Frances Seddon	63	Company Secretary and General Counsel

Notes:
1. Christopher Dagger retired from the Group at the end of January 2014.

Andrew Butcher joined the Executive Board on 1 January, 2014 as President Designate of Luxfer Gas Cylinders, a position he will assume when John Rhodes steps down in April 2014.

Biographies:

Brian Purves and Andrew Beaden

Please refer to the main Board biographies on pages 20 and 21.

Christopher John Hilary Dagger
Managing Director of Magnesium Elektron

Christopher has been a member of the Executive Management Board since 2001. He joined Luxfer Group in 1999 as Managing Director of Magnesium Elektron UK and became Divisional Managing Director in 2001. Prior to this he held a number of positions within British Alcan Aluminium over the course of 20 years in a number of fields, including smelting, gas cylinder manufacture, extrusions and stockholders. He stepped down as Divisional MD on 1 September 2013 and retired from the business on 31 January, 2014.

Edward John Haughey
Managing Director of MEL Chemicals

Edward has been a member of the Executive Management Board since 2003. Prior to joining Luxfer Group, he was managing director of Croda Colloids Limited for Croda International Plc from 1994 to 2003, and has held a series of senior management positions in the Croda Group, BASF and Rhone Poulenc.

David Terence Rix
Managing Director of Magnesium Elektron *(appointed 1 September, 2013)*

David was appointed to the Executive Management Board in 2013 on assuming responsibility for Luxfer's Magnesium businesses. David was formerly Managing Director of Luxfer Gas Cylinders in Europe after serving as European Sales Director. He joined Luxfer Gas Cylinders in 1994, holding various sales and marketing positions in Germany, France and Dubai, UAE, before returning to the UK. David holds a BA (Honours) in business studies, and a diploma from the Institute of Marketing. He is fluent in French and German.

John Stephen Rhodes
President of Luxfer Gas Cylinders

John became a member of the Executive Management Board in 1996 upon the Management buy-in. He has been President of the Luxfer Gas Cylinders business since 1998. He joined Alcan in 1974 following three years with The British Council. He initially worked in HR and, after post-graduate studies at Cranfield, he moved into sales & marketing within the Alcan Distribution business, becoming Managing Director in 1986. In 1989 he became Director of Business Development for the Enterprise Division of British Alcan Aluminium and, following that, Managing Director of Superform in 1991.

Linda Frances Seddon
Company Secretary and General Counsel

Linda has been a member of the Executive Management Board since 2001. She has been Secretary of the Group holding company and legal adviser to the Luxfer Group since 1997. After qualifying as a solicitor in England and Wales in 1976, she spent 14 years in private practice as a solicitor before becoming a legal adviser with Simon Engineering PLC and subsequently legal adviser and company secretary at British Fuels upon its privatisation, focusing on general commercial, property, intellectual property, mergers and acquisitions and general corporate matters.

Andrew William John Butcher
President Designate of Luxfer Gas Cylinders North America

Andrew joined the Executive Management Board on 1 January, 2014 and will become President of Luxfer Gas Cylinders on 2 April, 2014. He joined Luxfer Gas Cylinders in Nottingham in 1991, before moving to California in 2002, where he led our composite businesses. He has been President of Luxfer Gas Cylinders North America since 2009. Andrew holds a MA degree in Engineering from Cambridge University, a MBA from Keele University and is a US citizen.

Corporate Governance

The Directors support principles of corporate governance and have over the years adopted many principles from the corporate governance code in the UK in so far as they have considered it appropriate, relevant and practical for a company of Luxfer's status and size. As the Company has ADSs listed on the NYSE, we are also subject to the rules of NYSE as well as the US securities rules in so far as and to the extent they apply to a foreign private issuer. We explain below how we practise corporate governance.

Board Members

In March 2013 we increased the Board of Directors from five to six members with the appointment of an additional Non-Executive director, David Landless. From March 2013 the Board comprised a Non-Executive Chairman, three Non-Executive Directors and two Executive Directors. The maximum number of directors permitted under the Articles of the Company is eight. All Directors have an interest in the shares of the Company as set out on pages 54 and 55.

Our Articles contain a provision requiring a third of the Directors to retire by rotation each year. Joseph Bonn and Kevin Flannery, both Non-Executive Directors will seek re-election at the 2014 AGM.

Roles

The Board

The Board has responsibility for the overall leadership of the Company, its long-term success and helping to develop and approve its strategic aims. The Directors have determined a schedule of matters reserved to the Board. Reserved matters are comprehensive and reviewed as the Board considers appropriate. A review was undertaken during the year in the context of a listed Company.

These reserved matters include:

- Approval of strategy and long-term objectives, annual operating budget, major capital expenditure, significant contracts and acquisitions and disposals;
- Approval of financial statements, annual reports, release of financial information and significant changes to accounting policies;
- Approval of resolutions put to shareholders and communications sent to shareholders;
- Approval of certain statutory and compliance matters and approval of the dividend and any dividend policy;
- Board and Committee membership, delegations and certain other senior appointments;
- Changes in structure and capital of the Company;
- Approval of treasury policies, borrowing facilities and funding;
- Maintenance and monitoring through the Audit Committee of internal controls and risk management;
- Approval of executive benefits such as pension plans, share options and share incentive plans and broad framework of executive remuneration.

Executive Management Board

The Executive Management Board meets ten or eleven times a year. It is chaired by the Chief Executive. This Board consists of the Group Finance Director and senior management at Group and divisional level. The members of the Executive Management Board during 2013 are listed on page 22. The Executive Management Board provides a forum where matters of interest or concern to the Group can be reviewed and discussed, policies agreed and appropriate measures implemented. It also provides an opportunity for senior management to update themselves with progress in other areas of the Group outside their remit.

Division of Responsibilities

As the Board is small it considers there is no need to appoint a senior independent Director. The appointment of a third Non-Executive Director did not change this view.

The division of responsibilities between the Chief Executive and the Chairman is clear and it has not been considered necessary to record it in writing.

- The Chief Executive is responsible to the Board for the management and performance of the business within the framework of the matters reserved to the Board and for developing strategy and then implementing the strategy he has agreed with the Board;
- The Chairman is responsible for the leadership of the Board and ensuring its effectiveness He ensures that Board discussions are conducted taking into account all views, promoting openness and debate by facilitating the effective contribution of the Non-Executive Directors and ensuring no individual or group dominates the Board.

The Chairman maintains a dialogue with the Non-Executive Directors in the absence of the Executive Directors, where appropriate canvassing their opinion on issues and meeting with them in the absence of the executive directors.

The Board reviews succession planning for senior appointments in the Group annually.

Meetings

There are normally six main scheduled meetings of the Board each year and additional scheduled telephone meetings timed to approve dividend and the release of financial information. Additional meetings are called as appropriate. The Board will normally meet at least twice a year at one of the Group's operational plants, including overseas locations, as part of their monitoring role and to ensure a better understanding of the Group's operations. At these meetings the Board tours the plant and has an opportunity to meet local and divisional management on both a formal and informal basis and discuss the progress of their operations with them.

Attendance at Board and Committee Meetings

	Board	**Audit Committee**	**Remuneration Committee**
Peter Haslehurst	12	8	4
Andrew Beaden	12	8	-
Joseph Bonn	12	8	4
Kevin Flannery	12	8	4
David Landless (appointed 1 March 2013)*	9	8	-
Brian Purves	12	-	-
Total number of meetings	12	8	4

Notes:

* David Landless was unable to attend one board meeting due to commitments made before his appointment and two meetings were held prior to his appointment. David was an attendee at two of

the eight Audit Committee meetings prior to becoming formally appointed to the Audit Committee. David attended the remaining six meetings as a member of the Audit Committee.

In 2013 the Board held six main scheduled meetings and six additional meetings where some members were present by telephone. Two were held at overseas plants and one at a UK plant.

Information and Support

The Company Secretary normally distributes Board and Committee agendas and materials to the Board and Committees seven days before a scheduled meeting.

There is a written procedure for decisions to be taken between scheduled Board and Committee Meetings that also deals with information distribution in such cases.

The Board receives both financial and operational information to assist it in discharging its duties. The Chief Executive and the Group Finance Director provide monthly reports to the Board which together cover all aspects of the business and which are then elaborated or commented upon at scheduled Board Meetings as appropriate. Additional topics for review and discussion are added in these reports from time to time at the request of the Directors. In addition, specific items are scheduled into the Board agenda for report and review on a regular basis, such as health and safety and environmental matters and current topical issues.

There is a written procedure in place to cover circumstances when the Directors either individually or collectively determine that they require independent professional advice at the Company's expense.

The Company Secretary updates the Board on issues and changes of a legal and regulatory nature of which it and the individual Directors should be aware to refresh their skills and knowledge. There is a culture of information exchange on various matters of interest to the Group and its operations between Directors and senior managers to keep Directors abreast of relevant developments. In addition to meetings held at sites as described above, the Non-Executive Directors will independently visit operational sites to enlarge their knowledge of the individual businesses that make up the Group. The Executive Directors have regular business reviews at operational sites throughout the year and any appropriate information gathered on those visits will be reported to the Board.

David Landless, our new Non-Executive Director, underwent an induction programme on appointment including, among other things, presentations on the Group businesses and Group finance, site visits and an opportunity to meet senior management.

During 2013 the Board evaluated its information and support procedures to ensure they were appropriate.

Accountability

The Directors are responsible for preparing the annual report and accounts to satisfy UK law. This responsibility is explained further in the Directors' Responsibilities Statement on page 59 and the Independent Auditor's Report on pages 61 and 123.

Audit Committee

The members of our Audit Committee during the year were:	
Peter Haslehurst	Non-Executive Director and Chairman (Chair)
Joseph Bonn	Non-Executive Director
Kevin Flannery	Non-Executive Director
David Landless	Non-Executive Director *(appointed with effect from 28 March, 2013)*

The Company Secretary acts as secretary to the Committee. The Group Finance Director and the Chief Executive attend as required.

The responsibility and duties of the Audit Committee are set out in written terms of reference which appear on the Company's website. The terms of reference were reviewed during the year. The Committee has the responsibility of overseeing corporate accounting and financial reporting.

Its duties include:

- **External Auditors:** Engagement and retention of our independent auditors, pre-approval of audit and non-audit services, approving fees paid, monitoring independence and performance, discussing audit findings with auditors;
- **Financial Reporting:** Monitoring the integrity of the financial information to be included in all financial statements and announcements, reviewing and challenging critical accounting policies, the manner in which major elements of judgement are reflected in the financial statements, disclosures, significant adjustments and compliance with standards;
- **Internal Controls and Risk Management System:** Reviewing systems of internal control and risk management and adequacy of disclosure controls and procedures. Maintaining a record of complaints regarding accounting and audit matters;
- **Whistleblowing**: Establishment and monitoring of the Group whistleblowing policy and procedures;
- **Oversight of the Code of Ethics**.

The Chairman, Peter Haslehurst, also chairs the Audit Committee. The Board considers that all the members have appropriate financial experience to enable them to contribute to the Committee's work. The Board also consider that each of the members satisfies the independence, experience and expertise requirements of NYSE as a Foreign Private Issuer (FPI). David Landless is the 'Audit Committee Financial Expert' satisfying SEC and NYSE requirements.

The Committee has established a schedule of meetings to coincide with the key events in the Company's financial reporting and audit cycle. Agendas and appropriate papers are issued for each meeting. The Chairman speaks to the external auditors as he considers appropriate and necessary in preparation for meetings at which matters are discussed that have been audited by auditors or are relevant to them.

During the year the Committee met on eight occasions and among other matters:

- Undertook a specific review of auditor's independence with the external auditors and the Company's management, which confirmed the independence of the auditors;
- Reviewed the performance of the external auditors and lead audit partner with management;
- Discussed matters pertaining to and approved work to be undertaken by the external auditors under the pre-approval policy for audit and non-audit work;
- Reviewed with management the internal audit work, the system of internal controls and monitored progress of the implementation of the SOX 404 programme throughout the Group;
- Reviewed the Company's annual SEC filing, statutory report and accounts and the quarterly financial releases made by the Company;
- Discussed and reviewed the engagement of the external auditor, the external audit engagement letter and audit fees;
- Undertook an evaluation of the work of the Audit Committee.

Remuneration Committee

Membership of the Remuneration Committee, its terms of reference and details of its work appear in the Remuneration Report on page 33.

Nomination Committee

The Company constituted a standing Nomination Committee during the year. Members of the Committee consist of the Non-Executive Directors. The Chairman of the Board chairs the Committee. As the Committee was newly constituted there were no meetings of the Committee during 2013.

The Committee operates to written terms of reference under which its main duties are to:

- Identify and review individuals qualified to become board members and fill vacancies;
- Select and approve directors to stand for re-election pursuant to the retirement provisions under the articles;
- Develop a process for annual evaluation of the Board and Committees;
- Develop and recommend to the Board a succession plan, and review management's succession plan.

Whistleblowing Arrangements

We have an established policy which encourages and enables employees to report in confidence any possible impropriety in either financial reporting or, where permitted in the relevant jurisdiction, other matters. An independent third party call line is provided where permissible.

Anti-Corruption Policy

We have an established policy and procedures in place to ensure compliance with current legislation.

Greenhouse Gas Emissions

Information on the Company's greenhouse gas emissions is set out in the *Environmental Matters and Corporate Social Responsibility* section of the Strategic Report on page 9.

Relations with Shareholders

Members of the Board seek to develop an understanding of the views of shareholders of the Company in various ways, always taking into account the need to treat shareholders equally. The Chief Executive and the Group Finance Director hold quarterly investor conference calls as part of the Company's reporting cycle. From time to time, meetings are held either at Investors' premises or at one of the Company's sites and the Chief Executive and the Group Finance Directors also attend investor conferences. They attended three investor conferences during the year.

AGM documentation is normally sent out at least 20 working days before the meeting. Separate resolutions are proposed and proxy votes for the ordinary shares are recorded. Results for, against and withheld are posted to the Company's website. All Directors attend the AGM. ADS holders are given the opportunity through procedures agreed with the depository, the Bank of New York, to vote the number of ordinary shares that represent their holding of ADSs at the AGM, provided they have submitted valid instructions to the depository by the date set by the depository for receiving such instructions.

Directors' Report

The Directors of Luxfer Holdings PLC (the Company) present their annual report together with the audited financial statements of Luxfer Group and the Company for the year ended 31 December, 2013. This Director's Report should be read together with the Corporate Governance section on pages 24 to 28.

Results

The profit for the year, after taxation, amounted to $34.1 million (2012: $39.5 million restated).

Dividends per Share

Quarterly interim dividends totalling $10.8 million were paid in 2013 (2012: $5.8 million).

The Directors do not recommend a final dividend for 2013. A further interim dividend was paid in February 2014 of $0.20 per ordinary share in aggregate of $2.7 million.

Directors

The names of the persons who were Directors during the year and their brief biographical details are set out on pages 20 and 21.

Capital Structure

As at 31 December, 2013, the Company's issued share capital comprised of 13,500,962 ordinary shares of £1 each and 769,413,708,000 deferred shares of £0.0001 each as set out in note 18 to the financial statements. 12,319,782 of the ordinary shares were represented by 24,639,564 ADS, one ordinary share being represented by two ADS.

Directors' Interests and Related Party Transactions

No Director had a material interest in, nor was any Director party to, any contract or arrangement to which the Company or any subsidiary is or was party either during the year or at the end of the year, with the following exceptions: in the case of the Executive Directors, their individual service contract; in the case of the Non-Executive Directors, their engagement letters.

The interests of the Directors who held office at 31 December, 2013, and those of their families, in the share capital of the Company, including share options are set out in the Remuneration Report on pages 54 and 55. All of the interests were beneficial. There has been no change in the interests of the directors between the Balance Sheet date and the date of approval of the accounts except as follows:

On the 4 February, 2014, 2,633 time-based options over ADS of Brian Purves and 1,066 of Andrew Beaden vested and 5,250 Performance Options of Brian Purves and 2,167 of Andrew Beaden vested and became exercisable.

On 15 March, 2014, 640 time-based options over ADS held by David Landless became vested. On the 2 March, 2014 Brian Purves was awarded performance options over 42,000 ADS and Andrew Beaden performance options over 17,700 ADS. Further details are set out in the Remuneration Report on page 53.

Going Concern

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources and borrowing facilities to continue operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Research and Development

During the year the Group invested $9.8 million (2012: $8.9 million) in research and development on new and improved products and processes. The Group continues to maintain links in fields of research with both leading universities in various countries and outside agencies to support and supplement its own in-house expertise.

Likely Future Developments

An indication of the likely future developments of the business of the Group can be found in the Strategic Report on Page 7.

Disabled Employees

Where an employee has developed a disability whilst employed in his or her business that impacts on his or her ability to carry out a certain job effectively, the relevant business unit will make arrangements where possible to retain that employee and continue his or her employment. Applicants for job vacancies who are disabled are given full and fair consideration, bearing in mind requirements of the particular job and the particular aptitude and abilities of the candidate.

Employee Involvement

Many employees are directly involved in the performance of the Group and divisions through the use of various incentive schemes. These include bonus schemes and, for senior management, share incentive schemes, share ownership and other performance-related incentives. We also implemented an All Employee Share Scheme in the UK (details of the plan can be found on page 38 of the Remuneration Report). We are reviewing what can be implemented for employees in the other countries in which we operate.

A combination of newsletters, regular line manager and team briefings, exchanges and consultations, at both Group and site level (as appropriate) are used to systematically communicate with employees and develop their awareness of matters that concern them, their business unit, division and the Group. As required, employees are consulted on matters that concern them in an appropriate manner and through appropriate channels.

The Group continues to offer training and development opportunities to employees at all levels and to all abilities, providing benefit to both the Group and the individual employee. Periodically we undertake a succession planning review to ensure that we develop suitable candidates for critical leadership roles within the Group.

For more senior management we hold an annual management conference at the beginning of the year where the Luxfer Group strategy for the ensuing year at Group and divisional level is presented and discussed and workshops undertaken on subjects that have been determined will be of topical interest during the year. Meetings of employees carrying out the same function within the Group companies are also held to convey Group policy, to exchange best practice and to undertake training.

In 2012 we launched the Luxfer Group Professional Management Development Programme, which will take place over a period of three years and is aimed at developing certain middle and junior management in the Group.

We have an equal opportunities policy, which is intended to promote good employment practices throughout the Group in the treatment of both employees and job applicants.

Political Donations

The Company and its subsidiaries made no political donations in either 2012 or 2013.

Directors' Liabilities

The Company maintains liability insurance for Directors and officers that gives appropriate cover for any legal action brought against Directors. During the year the Company had in force provision in the Articles allowing the Company to indemnify the Directors against liability incurred in the proper conduct of the Company's business, subject to the conditions set out in the Companies Act 2006.

Treasury and the Use of Financial Derivatives

Details of our financing and treasury policies, along with the management of treasury risks and use of financial derivatives can be found in Notes 26 and 27 to the Financial Statements.

Directors' Statement as to Disclosure of Information to the Auditors

The Directors who were members of the Board at the time of approving this Directors' Report are listed on page 20. Having made enquiries of fellow Directors and of the Company's auditors, each of those Directors confirms 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 Company's auditors are unaware;
- Each Director has taken all steps a Director may be reasonably expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

Post-Balance Sheet Events

Acquisition of Additional CNG Cylinder Manufacturing Facility

We have acquired a small composite cylinder business and the associated production assets in Utah. This provides our North American gas cylinder business with a facility purpose-built for the manufacture of Type 4 (polymer-lined) composite cylinder products, which will be targeted initially at the class 8 heavy-duty truck market, where a high rate of conversion from diesel to CNG is widely anticipated. The initial cost is $3 million with a deferred consideration element linked largely to the success of the operation in the next three years and estimated at $6 million. We are in the final stages of developing a new range of larger-diameter Type 4 cylinders for growing CNG markets to complement our existing lightweight range of Type 3 (aluminum-lined) cylinder products and systems, and our plan is for the new range to be made in Utah.

Newly Extended Banking Arrangements

On March 25, 2014 the Group amended its banking facilities, which are currently a £70 million ($116 million) revolving credit facility. The new arrangements will provide an expanded $150 million of committed revolving credit facilities, at slightly lower costs to previous terms, and also provide up to an additional $50 million via a standby accordion facility. The current facilities were due to mature in early May 2015, but the amended facility will now be extended to the end of April 2019. The cost of extending these facilities was an additional $1.3 million commitment fee plus legal costs estimated at $0.3 million.

Allotment and Issue Shares

Since the balance sheet date, the Company has allotted and issued 6,036 ordinary shares of £1 each pursuant to an ordinary resolution empowering the directors to allot equity securities for cash up to an aggregate nominal amount of £20,000,000 passed by shareholders on 26 October, 2011. The ordinary shares were allotted and issued to satisfy share awards which vested under the Company's Long-Term Umbrella Incentive Plan.

Executive Share Awards

In March 2014, 201,870 Restricted Stock Units and Options over ADSs, equivalent to 100,935 ordinary shares were granted under the Company's Long-Term Umbrella Incentive Plan.

Auditors

A resolution will be put to the Annual General Meeting of the Company to re-appoint Ernst & Young LLP as auditors.

By order of the Board:

L F Seddon
SECRETARY
31 March, 2014

DIRECTORS' REMUNERATION REPORT

Chairman's Statement

Dear Shareholder,

I am pleased to present our 2013 Remuneration Report which has been prepared in accordance with the new UK regulations governing the way remuneration for directors of UK companies is reported and voted upon.

The new UK regulation requires the Remuneration Report to be divided into two sections:

- The Annual Report on Remuneration which sets out how we remunerated our director in 2013. This report will be proposed for an advisory vote at the Company's 2014 Annual General Meeting;
- The Remuneration Policy Report setting out the Remuneration Committee's policy and framework for executive remuneration. In accordance with the new regulation this report will be proposed for a binding vote by shareholders at the same meeting.

Context of Luxfer Remuneration Report

The Company successfully completed an Initial Public Offering (IPO) of American Depository Shares (ADS) on the New York Stock Exchange in October 2012. A number of its shareholders were US based prior to the IPO and the listing in New York (the Company's sole listing) has increased this number. With its equity quoted in US dollars in New York and this large US shareholder base in mind, the Company chose to report in US dollars. All of the 'comparable' companies chosen by Research Analysts are US listed businesses, and a basket of these US companies is used to benchmark the Company's performance.

The Committee remains focused on ensuring our remuneration policy and procedure is right for our business and is capable of attracting and retaining our executives to create long-term value for our shareholders. The price of the Luxfer ADS has made significant gains since the IPO reaching more than twice the IPO price of $10 by the close of 2013.

In the context of a recent IPO, the focus of the Committee during the year has been:

- To ensure stability of senior management over the next few years whilst the Group matures as a listed Company with all the necessary changes that involves, through a remuneration structure that is designed to retain senior management;
- To promote increased involvement in the ownership of shares by all levels of management in the Group to promote and strengthen alignment of the interests of management with the interests of shareholders;
- To create a remuneration environment that will facilitate growing the Group.

In the area of remuneration, there are differences between the USA and the UK both in what is considered best practice and in the standard practice of companies. In considering the structure of remuneration for the executive directors and senior management, the Committee has taken account of the US listing and the large US shareholder base, particularly in relation to long term incentives, resulting in remuneration packages which have some elements of what the Committee believe is usual in the US but may not necessarily be best practice in the UK. They remain convinced however that these elements are appropriate for the Company in the context explained above.

Major Decisions on Remuneration during the Year

Following advice from Mercers in January 2013, and building on what we reported for 2012, the Committee has continued to adjust the remuneration of the executive directors and other managers to bring it more into line with market practice for comparable listed companies. Advice had indicated that the overall remuneration package of Brian Purves was below the lower quartile and that of Andrew Beaden, was well below the lower quartile for the comparable listed companies. The Committee took the advice into consideration when determining the overall remuneration package for Brian Purves and Andrew Beaden for 2013. The major decisions and changes are summarised below.

Base Salary - Both of the Executive Directors were awarded a 20% increase in their base salaries in 2013 in recognition of their additional responsibilities in a listed environment. The increase in Andrew Beaden's base salary still left him below the median of the comparator group but was a significant move towards bridging the gap, and he was still a relatively recent appointment. The Committee has partly addressed this in 2014 by awarding him a higher than inflation increase of 5%.

Annual Bonus - The Committee decided to continue with an annual bonus based on profit and net cash flow measured against the approved budget for 2013, weighted in 2013 heavily towards achieving budget profit which formed two thirds of the bonus potential in the year. The remaining third was equally divided between cash and a non-financial element. The maximum potential bonus for Brian Purves remained at 100% of base salary with 60% awarded for achieving on-target performance. The maximum potential bonus for Andrew Beaden was increased from 75% to 80% to make it more competitive, with 48% being awarded for on-target performance. The pensionable element of the bonus was removed for the Executive Directors to align with best practice in a listed environment. The targets were not achieved, resulting in no bonus being payable to either Brian Purves or Andrew Beaden for 2013.

Share Incentive Awards - In order to provide more flexibility, particularly in relation to less senior management, the requirement in the executive LTIP that at least 50% of the awards would be performance based and at least 25% would be made in market value options to buy the Company's ADS was removed. However, the Committee used their discretion under the rules of the plan and determined the 2013 mix of awards to the Executive Directors and the Executive Board would follow this principle. The awards made to the Executive Directors for 2013 are set out in the Remuneration Implementation Report on pages 47 and 48. These were a mixture of time-based options vesting over three-years to further consolidate retention, and market-based and performance-based options to strengthen alignment of the executives and other senior management with the interests of shareholders. The Committee believe they set challenging but, importantly, attainable EPS and TSR targets for the performance based awards to motivate the executives and the management. The first TSR target measured at the end of 2013 has resulted in one-sixth of the performance awards vesting.

Although under the rules of the LTiP the maximum value of the awards granted in any calendar year is not to exceed in the aggregate 150% of base salary at date of grant for the Chief Executive Brian Purves and 120% of base salary for our Group Finance Director Andrew Beaden, and mindful that there are only a limited amount of the total share capital that is available to grant awards under the LTiP for all levels of management, total awards made by the Committee for 2013 were based on a value at the date of grant of 63% of the Chief Executive's base salary and 50% of the Group Finance Director's base salary.

Pursuant to the Non-Executive Directors Equity Incentive Plan (EIP), the first non-discretionary awards of 50% of annual fees were made to the Non-Executive directors. A one-time mandatory award under the EIP was made to David Landless on joining the Board.

Particulars of the 2013 awards appear in the Annual Report on Remuneration.

To further strengthen alignment with the interests of shareholders we also granted time based options vesting over three years to a wider group of managers and we have introduced an All Employee Share Scheme for our UK employees. We plan to introduce appropriate schemes for the rest of the Group.

In considering our future remuneration policy set out in the Remuneration Policy Report, the Committee remain of the belief that because of the particular circumstances applying to the Company: a single listing on the New York Stock Exchange; the US shareholder base; the substantial part of its reporting being in compliance with the US requirements and the US companies against which the Company's performance is measured, that it is appropriate for them to structure incentives according to US market practice to ensure it is able to attract and retain high calibre management both now and for the future. The Future Remuneration Policy has been framed on this basis. The Committee recommend that the shareholders approve the Remuneration Policy Report and the Annual Report on Remuneration.

P J K Haslehurst

CHAIRMAN OF THE REMUNERATION COMMITTEE
31 March, 2014

Remuneration Policy Report
(Information not subject to audit)

The table below sets out the main components of the remuneration packages for the Executive Directors. This policy will take effect immediately following approval at the 2014 annual general meeting and will apply until a further policy is approved by an ordinary resolution of the shareholders.

Since the IPO, the Remuneration Committee has been working to review and restructure remuneration packages for the Executive Directors and senior management to reflect that following the IPO, it is deemed more appropriate to align them with the type and level of package paid to executives in comparable (by size and industry) companies in a listed environment. The Committee determined that to maintain top performance levels in the Company they should be targeting at least median level remuneration packages for key executives. However, the Committee recognised that it was unfeasible and undesirable to move to this position immediately. Adjustments to the remuneration packages will be considered over a number of years with the medium-term objective to position them on or about the median to enhance the prospect of the Group attaining top quartile performance.

Under the Remuneration Policy, the Committee has discretion in a number of areas as set out in the relevant section of the policy. In addition, certain operational and administrative discretions may be exercised under relevant standalone deeds of grant or plan rules, including LTiP and EIP implemented for the IPO, the rules of which are on file at the SEC.

EXECUTIVE DIRECTORS Fixed Remuneration

Base salary

Purpose and Link to Strategy:
To attract, retain and incentivise high calibre individuals who can deliver the company's strategy and reward performance.
To be competitive.

Operation:

Reviewed annually and normally fixed for 12 months from 1 January in each year. Paid in 12 equal monthly instalments.

Reviews take account of a variety of different factors including:

- The rise in the cost of living, market rates, responsibility of the position, experience and contribution of the individual, the scale of the Group's operations, group performance and affordability, remuneration levels and increases in the rest of the Group;
- Following the IPO, the Committee's objective is to adjust the remuneration packages of the executive directors over the next few years to at least the median of an external comparator (broadly by size and industry) group drawn from the S & P Small Cap 600 or any other comparator group in the UK or the US the Committee deem appropriate to remain competitive;
- Pay and practices in both the US and the UK.

Maximum Opportunity:

No prescribed maximum to avoid setting expectations.

The Committee retain discretion to re-adjust salaries as part of the overall package to, at or about median of the external comparator group deemed appropriate by them to maximise the Group's top quartile performance. Where it is satisfied that salaries are at or about the median of the external comparator group it will increase them in line with the cost of living as implemented for the general work force in the country in which the executive is based, other than exceptional circumstances or where there is a change in the role or an increase in the responsibilities of the role where it will increase salaries in its discretion.

Performance Metric:

None

Provisions for Recovery or Withholding of Payment:

None

Benefits in kind

Purpose and Link to Strategy:
To aid recruitment and retention of high calibre individuals and to remain competitive in the market.

Operation:

Benefits received by directors will generally include car allowance, medical and dental insurance. Additional benefits may be provided where required by legislation or to align the remuneration package with market practice where these are not significant in value.

The company may introduce new benefits that are or become prevalent in the jurisdiction in which it operates or in which the director is based.

Where an individual director is relocated benefits such as relocation expenses, travel expenses, accommodation, tax equalisation; professional advice, and post-retirement medical expenses may be provided.

Benefits are reviewed annually.

Maximum Opportunity:

No maximum value is set but the Committee periodically monitors the overall cost of the benefits to ensure they are affordable, competitive and in line with market practice in the UK and the US.

Performance Metric:

None

Provisions for Recovery or Withholding of Payment:

None

Pension

Purpose and Link to Strategy:
To provide funding for retirement and aid recruitment and retention of high calibre individuals.

Operation:

For directors based in the UK and who joined the Group prior to the closure of the defined benefit scheme to new entrants, contributory pension arrangements are provided partly by defined benefit arrangements up to a specific earnings cap and partly by registered defined contribution arrangements. Directors who joined the Group after the defined benefit scheme was closed will have benefits provided by the registered defined contribution scheme.

For those who exceed one or more tax allowance, an equivalent allocation or payment may be made to an unregistered alternative savings vehicle.

Arrangements are reviewed annually to ensure consistency with market practice and take account of the effect of regulatory change on an individual's benefits.

For directors based in other jurisdictions they will be offered arrangements appropriate to that jurisdiction.

Maximum Opportunity:

For those directors who are still members of the defined benefit scheme accrual is on a career average basis of 1.50% of pensionable earnings for a member contribution of 9.8% of salary or 1.31% for a member contribution of 7.4% of pensionable earnings. Pensionable earnings are limited to a scheme specific earning cap of £76,000 from 6th April 2014, which increases by wage inflation in the UK group. Inflationary increases will continue to accrue benefits in accordance with the scheme rules to deferred members.

Under the Defined contribution arrangements the Company makes an annual contribution into the personal pension plan which increases on an age related basis up to a maximum of 25% in accordance with the rules of the plan.

The maximum contribution into or allocations to any alternative savings vehicle will not exceed the contributions the Company would have made to the defined benefit and defined contribution schemes had the executive been a member of one or both of those pension schemes.

Contributions or allocations in respect of Brian Purves rise with age and may be as much as 30% of base salary due to prior contractual commitments.

Performance Metric:

None

Provisions for Recovery or Withholding of Payment:

None

EXECUTIVE DIRECTORS Variable Remuneration

Annual bonus

Purpose and Link to Strategy:
To retain, motivate, incentivise high calibre individuals and promote the achievement of key financial and strategic goals and targets of the Company in the financial year to which it relates.

Operation:

Cash bonus paid in March for performance over the previous financial year.

Targets are set at the beginning of the financial year and normally based on achievement of a mix of financial targets (typically profit before tax and net cash flow) measured against the approved annual budget for the bonus year and usually awarded for achieving on a sliding scale between Threshold, Target, and Stretch. The Committee has retained the flexibility to determine one or more elements may be earned for attaining target and stretch or a single target.

The Remuneration Committee has flexibility to use non-financial and personal targets if deemed appropriate in addition to financial targets.

In addition the Committee has reserved discretion to offer an Additional Percentage Bonus (APB) on achievement of specific additional targets set by them at their discretion aligned with the strategic goals of the Company for that year.

The bonus for achieving threshold is at the discretion of the Committee but will normally be 1/6th of the potential but may be more.

Maximum Opportunity:

Maximum bonus is capped (excluding APB) at:

- 100% of salary for the Chief Executive;
- 80% of salary for the Group Finance Director.

The APB discretionary award offered may be up to an additional 50% of salary. This additional discretionary award could increase the maximum bonus achievable to 150% of salary for the Chief Executive and 130% of base salary for the Group Finance Director.

Performance Metric:
Weighting of measures and between measures for achieving financial and non-financial targets are adjusted annually and are discretionary being driven by the Company's strategy, financial goals and requirement to maintain and improve operating efficiencies.

The APB performance metric is discretionary based on the associated strategic objective for which the APB is offered.

Provisions for Recovery or Withholding of Payment:

None. If the Director leaves during the year to which the bonus relates, it is not payable.

Long-term incentive plan ('LTiP')

Purpose and Link to Strategy:
Attract and retain high quality senior employees in an environment where compensation levels are based on a global market.
Align rewards for employees with returns to shareholders through personal financial investment.
Reward achievement of business targets and key strategic objectives.

Operation:

The type and level of award made and the criteria for vesting are considered annually to ensure they continue to support shareholder alignment and group strategy.

The LTiP provides the Remuneration Committee the discretion to grant time-based, market value or performance based awards in the form of Options, Stock Appreciation Rights (SAR's) Restricted Stock, Restricted Stock Units (RSU's) and Other stock based awards or a combination of such awards. The discretion over what type or combination of types of award to be made will be exercised by the Remuneration Committee based on what they consider to be the market norms in the UK and US and the particular circumstance in which the award is made.

Awards are made over ADS primarily through the issue of new shares.

Participants are required to pay at a minimum the nominal cost of the ordinary shares underlying the ADS.

The Committee has the discretion (which will be used as deemed appropriate to a particular circumstance, such as retirement of long serving employees or leaving due to sickness or disability) to:

- Accelerate vesting and exercise dates;
- Waive conditions to vesting or exercise or transferability;
- Extend exercise periods after termination of employment.

RSU's can be settled in cash or shares or a combination of both at the discretion of the Committee. This discretion will be exercised based on what is in the best interests of the Company.

Awards may accrue dividends either under the rules of the Plan or at the discretion of the Committee, payable in cash or shares. Options and RSU's that vest accrue a dividend until vesting payable in cash or shares as determined at the discretion of the Committee. The Committee reserves the right to make this decision based on the needs of the Company.

Maximum Opportunity:

The LTiP maximum awards in any calendar year may not exceed:

- Chief Executive 150% of base salary;
- Group Finance Director 120% of base salary.

The maximum amount of dividend paid will be the dividends paid on the ADS over which the awards are granted between grant and vesting.

Performance Metric:
Under the LTiP the Committee has the discretion to use a range of performance targets. Performance targets for performance awards will be those deemed appropriate by the Committee to support the long term strategy of the group set at the time of grant and in the best interests of the Company. For recent performance awards the Committee has used EPS or TSR or a combination of both.

Provisions for Recovery or Withholding of Payment
There are no provisions for recovery of awards. Leavers are treated as set out in the section of this report titled Policy on *Payment for Loss of Office.*

All employee share incentive plans

Purpose and Link to Strategy:
To encourage share ownership by all employees in the group and increase alignment with shareholders.

Operation:

The UK all employee share incentive plan is an HMRC approved plan, subject to prescribed limits, to provide all eligible employees (including executive directors) with a tax-efficient way of purchasing ADS out of monthly savings over a 6 monthly accumulation period. The Company currently provides 1 matching share free for every 1 share purchased.

It is proposed to implement additional share incentives for all employees and where practical on a tax favourable/efficient basis.

Maximum Opportunity:

Participants in the UK plan, including the executive directors, can invest up to £125 per month (£1,500 p.a.) or 10% of salary, if lower, in any tax year to purchase ADS. ADS are purchased using the participants' contributions at the end of each accumulation period at the lower of the price at the start of the accumulation period and the price immediately before purchase. The maximum number of shares matched is 1:1. Dividends on both purchased shares and matching shares are used to purchase additional shares.

The plan or plans implemented for other jurisdictions in which the Group operates may have maximum opportunity commensurate with the UK plan or their legislation if deemed appropriate by the Committee.

Performance Metric:

None

Provisions for Recovery or Withholding of Payment:
Under the UK plan, matching shares are forfeited if not held for 3 years except if the participant leaves employment through redundancy, retirement, disability, or TUPE transfer.

Legacy Long-Term Incentives

The following section of the policy sets out details of the legacy share awards granted prior to the policy that will continue to vest and become exercisable pursuant to the plan rules or grant agreements under which they were granted.

EXECUTIVE DIRECTORS Legacy Long-Term Incentives

Standalone options grants made prior to the IPO (IPO options)	**Purpose and Link to Strategy**: To retain key personnel after the IPO and align rewards for employees with returns to shareholders through personal financial investment.
Operation: Time-based market value options to purchase the Company's ADS at a price of $10 each ADS. 60% of the options have already vested and become exercisable. 20% of the remaining options vest in 2014 and the final 20% vest in 2015. Grants were made to the Executive and Non-Executive Directors.	**Maximum Opportunity:** The option awards granted to Brian Purves were valued at 120% of base salary on grant and those of Andrew Beaden and the Non-Executive Directors were valued at an average of 93% of base salary or annual fee on grant.
Performance Metric: None	**Provisions for Recovery or Withholding of Payment:** None
2013 grants made under the LTiP	**Purpose and Link to Strategy**: To attract and retain high quality senior employees in an environment where compensation levels are based on a global market. Align rewards for employees with returns to shareholders through personal financial investment. Reward achievement of business targets and key strategic objectives.
Operation: In 2013 awards consisting of a mix of time based nominal cost options, time based market value options and performance based nominal cost options were made. Details of these awards are set out in the Annual Remuneration Report on page 49.	**Maximum Opportunity:** Total awards made to Brian Purves were valued at 63% of base salary at date of grant and to Andrew Beaden 50% of base salary at date of grant.
Performance Metric: 50% of the performance nominal cost options vest on the achievement of defined EPS targets and 50% on defined TSR targets. Performance period: EPS target - 4 years with one-sixth vest on achievement of defined EPS targets for the first time measured at 31 December; TSR (Total Shareholder Return) targets- 3 years with ability to extend to 4 years if unvested awards remain available after third year – one-sixth vest if TSR is at or above the median TSR of defined comparator group measured at 31 December.	**Provisions for Recovery or Withholding of Payment:** None
Luxfer Holdings Executive Share Options Plan	**Purpose and Link to Strategy**: To attract and retain high quality senior employees. Align rewards for employees with returns to shareholders through personal financial investment. Option grants made under this plan were made to support the strategy pre-IPO.
Operation: Options granted under this plan are vested and exercisable on payment of the option price.	**Maximum Opportunity:** Difference between the option price of £4 per ordinary share and the price of the ordinary share in the form of ADS on exercise.
Performance Metric: None	**Provisions for Recovery or Withholding of Payment:** None

Notes to the Policy Tables:

1. *Annual Bonus:* The targets selected and the weighting given to those targets are chosen annually and reflect the goals and priorities of the Group for the year in which they are earned. Discretion will be exercised in a manner that supports these goals and priorities and in the best interest of the Company. The financial targets are usually based on management trading profit and cash flow measured against the approved annual budget. These measures are also Group KPI's. Non-financial targets are based on group strategic goals.
2. *Long Term Incentive Plan:*
   - For the purpose of the maximum opportunity limits to determine the award size, awards are valued at the date of grant as follows: time based restricted stock and RSU's FMV (Fair Market Value); Options and SAR's 1/3 of FMV, performance restricted stock and performance RSU's 50% of FMV of the target awards; cash incentives the maximum value of cash; and other stock base awards such as the UK option granted to the executive directors, as determined in good faith by the Committee at the date of grant by reference to the FMV. FMV is defined as the closing price on the NYSE on the trading day before grant;
   - The LTiP performance measures are chosen to align the interests of directors with those of shareholders. The EPS performance criterion is selected by the Committee on the basis that it encourages a focus on and rewards delivery of earnings growth, which is the key driver of long-term returns to shareholders. TSR further reinforces the directors' alignment with shareholder interest. The targets set are considered to be challenging, with the stretch target representing only outstanding performance in order to be rewarded with the maximum pay out. The main EPS targets for 2014 are based on budgeted earnings;

- Performance targets are generally set in the context of the strategic objectives of the Group and at such a level that they are challenging but achievable in the context of the economic environment in which they are set so as to incentivise the directors;
- Comparator groups for TSR purposes are reviewed regularly to ensure they remain appropriate;
- Time-based and time-based market value options were awarded for the IPO standalone grants and included in the first awards under the 2013 LTiP awards consistent with advice to the Committee on US practice.

3. *Legacy Long-Term Incentives:* All legacy grants will be honoured going forward as set out in this policy and the Annual Remuneration Report in accordance with the rules of the plan under which they were granted and the approval of this policy will be approval of those awards yet to be vested.

Non-Executive Directors

Fees	**Purpose and Link to Strategy**: Reflects the time commitment required for the role. To attract and retain executive directors with the skill set and experience required by the Company. To be in line with UK and US market practice.
Operation: Fees are paid part in cash and part in shares under the EIP. Neither the Board Chairman nor the Non-Executive Directors are paid supplemental fees for any of their committee responsibilities, however, the discretion is reserved to do so if it is deemed appropriate and in line with market practice. The cash element of the fees is reviewed annually. Reviews take account of a variety of different factors including: • Inflation, market rates, affordability, remuneration levels and increases in the rest of the Group; • Pay and practices in both the US and the UK. Fees for the Non-Executive Directors are set in USD. The fees for the Chairman are set in sterling. The share based element of the fees is a non-discretionary grant of share awards in the form of options, restricted stock or restricted stock units. Awards are made annually immediately after the Annual General Meeting (AGM) and vest the following year immediately before the next AGM. David Landless was awarded restricted stock under the EIP during 2013, 2/3rds of which still remain to vest.	**Maximum Opportunity:** There is no prescribed maximum for the cash element for the fees to avoid setting expectations. Fees are and will be increased in line with the market. Non-Executive Directors serving for at least six months from appointment receive share based fee awards valued at 50% of annual fees at date of award. New Non-Executive Directors, upon appointment or election, receive a one-time award valued at $30,000 at date of award and having served 6 months the annual fee award pro-rated.
Performance Metric: None	**Provisions for Recovery or Withholding of Payment:** None

Differences Between Policy for Directors and Employees

There are differences in the remuneration policy for executive directors who are both UK based and the approach to remuneration of other employees which reflect differing levels of responsibility and seniority within the organisation and market norms in the jurisdictions in which the employees are employed. The following are differences in the remuneration policy for executive directors and the approach to remuneration for other employees generally:

- The bonus arrangements for the executives, directors and senior, middle and lower management are structured broadly on the same basis to ensure commonality of objectives but at a lower percentage level depending on the seniority of the manager in the group. There is a greater emphasis on performance-related pay for management levels, and lower levels of bonus opportunity or no bonus opportunity may apply to other employees in the group, depending on local policies;
- Benefits are generally offered that meet market norms in the jurisdiction in which employees are employed and take into account the position in which they are employed;
- Pension arrangements are offered where it is the market norm to offer such arrangements in the jurisdiction in which the employee is employed. Where such arrangements are in place membership is encouraged. Where local regulation permits, top-up arrangements may be put in place for more senior management if that is the market norm. The main pension schemes that the group operates are described in Note 28 of the financial statements;
- Participation in the LTiP is limited to executive directors and a selected number of senior and other managers. Whilst the Committee has determined for 2014 to grant only performance awards to the executive directors, less senior managers may be granted market value awards or time based awards over ADS to encourage share ownership and retention. UK employees, if eligible, can participate in the UK SIP.

Approach to Recruitment Remuneration

Executive Directors

When setting a remuneration package for new executive directors, including internal promotions, the Committee will apply similar principles to those set out in the most recent approved remuneration policy for both short term and long term incentives depending on the experience of the new executive. The table below sets out the maximum variable pay opportunities.

Maximum Variable Pay Opportunities

Element of Remuneration	Approach	Maximum Opportunity
Base salary	Set in line with policy at a level appropriate to the role and experience of the new executive. This may include, if appropriate, an agreement to increase base salary over a defined period up to a pre-defined level on acquiring experience and having delivered satisfactory performance in the role, in which case the salary increases may exceed inflation or general increases in the work force in the country in which the executive is based.	In line with existing policy.
Benefits	In line with existing policy.	In line with existing policy.
Pension	In line with existing policy.	In line with existing policy.
Annual Bonus	In line with existing policy but pro-rated to reflect the proportion of the year served.	Up to 100% of base salary depending on the seniority of the role (150% in exceptional circumstances under the APB).
Long-terms Incentives	In line with existing policy.	Up to 150% of salary at date of grant depending on the seniority of the role.

In relation to external appointments, the Committee may consider compensating candidates in cash or shares for remuneration relinquished on leaving their former employment if they consider it to be in the best interests of the Company and the shareholders. In considering such payments, the Committee would take into consideration the amount of remuneration foregone, the nature, vesting dates and performance requirements attached to the remuneration foregone.
If a new executive director (either an internal or external appointment) is required to relocate, relocation payments may be offered at the Committee's discretion if they consider it to be in the best interests of the Company and the shareholders.

In respect of internal promotions, any commitments made to the new executive before his/her promotion will continue to be honoured by the Committee even if not consistent with the approved policy outlined above in terms of short term and long term incentives awarded but yet to be earned.

Newly appointed directors will be required to hold shares (ordinary shares or the equivalent in ADS) to the value of one hundred percent of base salary which can be built up over three years from appointment.

Non-Executive Directors

New Non-Executive Directors will be paid fees on the same basis as the existing Non-Executive Directors. They will also participate in the Non-Executive Directors Incentive Plan under which the annual awards are non-discretionary. The plan does provide on election, a new Non-Executive Director will receive a one-time award of or in respect of ADS to the value of $30,000. The form of the award which can either be Options, Restricted Stock, or Restricted Stock Units at the discretion of the Board, based on the value of each type of award and the number of shares left in the plan. The vesting period is in the discretion of what the relevant committee of the Board believe is in the best interests of the Company.

Service Contracts

Executive Directors

The Company has entered into service contracts with the Executive Directors that are not for a fixed term. The Executive Directors have service contracts that ordinarily are terminable by twelve months' notice by either the Company or the director, which notice can be given at any time. The Company may terminate an Executive Director's contract without notice on the occurrence of certain events identified in their contract which would normally consist of conduct justifying summary dismissal, including gross misconduct.

Executive Directors' Service Contracts

Director	Date of Current Contract	Notice Period	Remuneration Entitlement
Brian Purves	9 April 1999 continuity of service from 1996	12 months	Payment in lieu of notice in the event of early termination. This may include base salary benefits and pension payable for the notice period. A bonus may be paid if the period for which pay in lieu of notice is made extends past the year end subject to targets being met.
Andrew Beaden	5 August 2011 continuity of service from 1996	12 months	Payment in lieu of notice in the event of early termination. This may include base salary benefits and pension payable for the notice period. A bonus may be paid the period for which pay in lieu of notice is made extends past the year end subject to targets being met.

The Executive Directors have the same employment rights as any other employee in the case of redundancy or if the termination of their employment was determined by a relevant tribunal to be unfair under English law.

On the IPO at the end of 2012, the contracts of both Brian Purves and Andrew Beaden were amended to provide enhanced payments in the event of a change of control as agreed with each of them at the start of the IPO process in 2011. If their contract is not assumed by the acquiring entity or a materially different position is offered to either of them, on termination of their contract a severance payment based on the group standard severance policy is payable, but calculated using two times highest annual base salary prior to the change of control instead of twelve months' salary under their normal notice provisions.

The relevant rules for both the IPO standalone options and the LTiP provide that upon a change in control, all unvested time-based awards will fully vest and become exercisable as applicable and unless determined by the Committee, shall lapse on the first anniversary of the change of control if not exercised as applicable. Under the rules of the LTiP all performance-based awards will vest pro-rata based on the performance results to the date of change and the elapsed portion of the performance period.

Service agreements for new recruits to the board and internal promotions will be on the same basis as the current Executive Directors with no fixed term and will be terminable by either party on twelve months' notice. They may make provision, at the discretion of the Company for pay in lieu of notice for early termination which will include base salary, benefit and pension contributions and may include payment of the annual bonus. They may also make provision for similar change of control provisions as offered to the current Executive Directors if the Committee consider it is market practice or in the best interests of the Company.

Non-Executive Directors

The Company has entered into letters of appointment with the Non–Executive Directors and the Chairman that are not for a fixed term.

Non-Executive Directors' Letters of Appointment

	Date of Current Letter of Appointment	Notice Period and Entitlement to Fees
Peter Haslehurst	27 June, 2012	3 months, except if the director fails to be re-elected at an AGM when the contract terminates immediately without notice or compensation.
Joseph Bonn	28 February, 2007	3 months, except if the director fails to be re-elected at an AGM when the contract terminates immediately without notice or compensation.
Kevin Flannery	11 May, 2007	3 months, except if the director fails to be re-elected at an AGM when the contract terminates immediately without notice or compensation.
David Landless	20 February, 2013	3 months, except if the director fails to be re-elected at an AGM when the contract terminates immediately without notice or compensation.

Neither the Non–Executive Directors nor the Chairman has any employment rights. New appointees to the Board will generally be appointed on the same basis as the current non-executive directors.

Directors' service agreements and letters of appointment are available for inspection at the registered office of the Company.

Policy on Payment for Loss of Office

Contractual entitlements to the date of termination will be honoured and the Company will pay any amounts it is required to pay in accordance with the directors statutory employment or contractual rights and to settle those rights. The Company will seek to apply the principles of mitigation to ensure it is not paying more than is required. In the event of a compromise or severance agreement, the Committee may make payments it considers reasonable in settlement of potential legal claims. It may include in such payments reasonable incidental and professional fees paid by a director.

There is no entitlement to annual bonus on termination of employment and leavers during the calendar year, for whatever reason, are not eligible. Leavers departing after the year-end, but before completion of the audit, will be paid the actual bonus earned on the normal bonus payment date. Leavers are not eligible for bonus payments if they are in breach of any obligations of their contract of employment, including the period of notice. The Committee may, where the individual is, in the Committee discretion, considered a good leaver, pay a time pro-rated bonus.

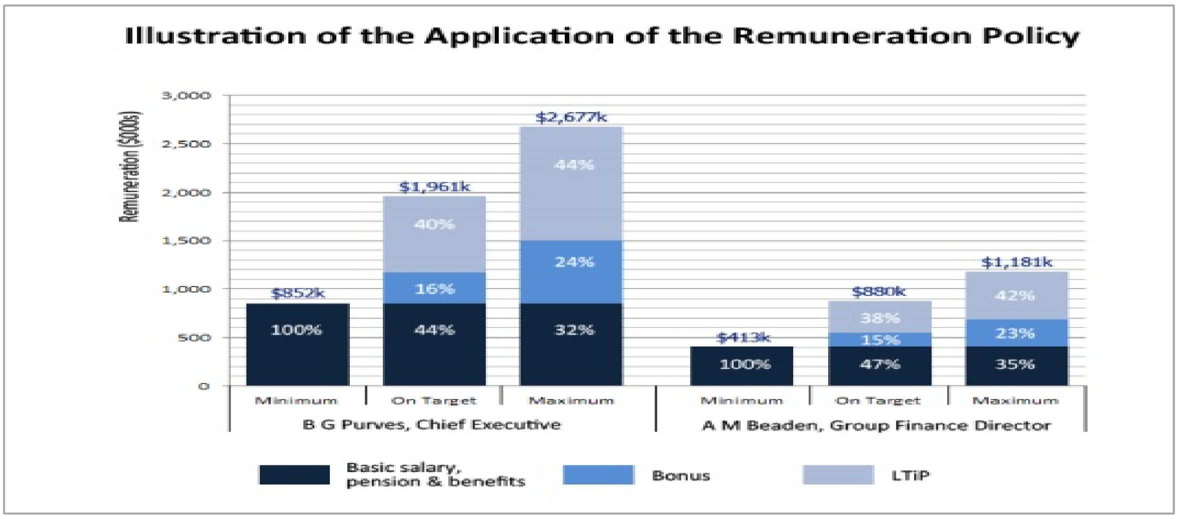
On termination of employment, outstanding share awards will be treated in accordance with the relevant plan rules:

LTiP: The default treatment under the LTiP is that subject to the Committee's discretion, after a participant's termination of employment with the Company, for any reason other than for Cause, all unvested time-based awards will immediately lapse or be forfeited and all vested unexercised options and stock appreciation rights (SARs) will lapse on the first anniversary of the date of termination. In the case of termination of the participant's employment for Cause, all time based awards will immediately lapse or be forfeited as at the date of termination and all unexercised options will immediately lapse or be forfeited as at the date of termination. If employment of a participant is terminated for any reason, other than for Cause, performance-based awards will vest pro-rata based on the performance results to the date of termination and the elapsed portion of the performance period. In case of termination of employment for Cause, all unvested performance-based awards will lapse as of the date of termination.

IPO Options: The default treatment under the IPO standalone option grants for both Executive and Non-Executive Directors is that subject to the relevant Committees' discretion, after a participants termination of employment for any reason other than for Cause, the unvested portion of the option will immediately lapse and the vested unexercised portion of the options will lapse on the first anniversary of the date of termination unless exercised beforehand. If a participant's employment is terminated for Cause, all unexercised options will immediately lapse.

The definition of Cause for both the IPO standalone options and the LTiP is as defined in the participants' service contract or, if not so defined, would be conduct that would constitute grounds for summary dismissal.

The Committee has the discretion to accelerate vesting and exercise dates, waive conditions to vesting or exercise or extend exercise periods after termination of employment. The Committee may exercise their discretion to allow accelerated vesting or extended exercise periods, which discretion it may exercise in such circumstances as long serving directors retiring before the last vesting date or leaving employment through ill health or redundancy.



Notes:

1. The base salary of the Executive Directors used is the 2014 confirmed salary which has been converted at the average USD rate for the year ended 31 December, 2013 of $1.5663:£.
2. The value of the benefits and pensions for 2014 is the same value as used for the benefits and pensions in the 2013 single figure table.
3. The Remuneration Committee set bonus targets early in 2014. Annual cash bonus is earned only when company performance exceeds a threshold level. 'On plan' bonus is generally set to be half the potential and is paid for achievement of the annual budget. Maximum bonus is earned for hitting a stretch target considerably above the board-approved budget, and represents exceptional performance. The illustration of maximum bonus does not include the APB as it was not part of the 2014 bonus.
4. The LTiP is entirely performance-based, with targets being set by the Committee for each of 2014, 2015 and 2016. Within each year, there is a threshold level, an 'on plan'; level, and a stretch level. Performance below the threshold each year would mean no LTiP award would vest. Hitting the plan targets in each year would result in vesting awards at 100% of the value of that year. Each subsequent year's target represents a material improvement on the prior-year target. Reaching stretch targets in each of the three years, which would mean that the Company had considerably out-performed the board's expectations, would result in a maximum vesting, at 150% of the value anticipated when awarded. The availability of the LTiP is spread evenly over the three year vesting period, and if any target is missed, the associated award lapses. The maximum award shown in the above chart as 2014 remuneration is therefore actually only determined and earned over the three-year period 2014-2016.

Consideration of Conditions Elsewhere in the Group

While the major influence in setting the executive directors' pay and benefits is benchmarking of comparable companies, consideration is given to pay and benefits throughout the Group, so that there is a clear structure of pay and benefits layer by layer. Benchmarking studies commissioned by the Committee normally include other senior executive positions. When undertaking annual reviews of basic salary, the general level of cost-of-living increases throughout the Group is taken into account.

The Committee has commissioned two external benchmarking reports within the last fifteen months, one using a database of UK-based comparable companies, and one using a database of US-based comparables.

The Committee does not consult with employees when drawing up the Directors' Remuneration Policy. No internal comparison metrics were used, but the Committee is aware of average pay and benefits packages within the Group.

Shareholders' Views

In formulating the terms of the 2014 LTiP awards to Executive Directors, the Committee took into consideration the views expressed by the institutional shareholder bodies at the time of the 2013 Annual General Meeting concerning the grant of awards to the Executive Directors, some of which were time-based and market value awards, not performance based, and without holding periods.

Remuneration Implementation Report

2013 Annual Report on Remuneration
(subject to advisory vote by the shareholders at the 2014 AGM)

This section of the report has been compiled in accordance with *The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013).* As required by the Regulations, the report will be proposed for an advisory vote at the 2014 AGM.

The members of the Remuneration Committee during the Year did not change and were:

Peter Haslehurst	Non-Executive Director and Chairman (Chair)
Joseph Bonn	Non-Executive Director
Kevin Flannery	Non-Executive Director

The Company Secretary acts as secretary to the Committee and Brian Purves and Andrew Beaden attend all the meetings other than when their own remuneration is being discussed.

Responsibilities

The Remuneration Committee is responsible for determining and agreeing with the Board the framework on executive remuneration and its costs.

The Committee operates to written terms of reference under which its main duties are to:

- Determine a remuneration policy taking into account such factors as it deems necessary;
- Approve the design of and determine targets for any performance-related pay schemes for the Executive Directors, which in turn provide the framework for related pay schemes around the Group. They also determine whether or not such targets have been met;
- Review the on-going appropriateness and relevance of the remuneration policy, having regard to market comparisons and practices, and ensure that the policy facilitates the employment of senior executives and managers. To the extent necessary, commission surveys and reports to establish relevant market practices and positions;
- Determine Executive Director pay and packages and on appointment only, specific remuneration packages for the divisional heads;
- Determine fair compensation packages for Executive Directors on early termination of their contracts;
- Review the design of and monitor any Company share schemes and determine grants of awards and other issues under any Company share option plan and any related performance criteria.

Meetings are held at least twice a year to consider the remuneration packages for the year ahead and to consider remuneration reporting requirements as a minimum.

During 2013, the Committee met on four occasions to:

- Consider whether and to what extent the Executive Directors' bonus targets for 2012 had been met;
- Determine and approve the Executive Directors' annual bonus targets for 2013;
- Perform their annual review of the Executive Directors' salaries and packages in January;
- Grant annual awards under the LTiP;
- Consider new legislation on Directors' remuneration and discuss terms of the proposed Remuneration Policy.

Advisors to the Committee

The Committee has access to independent advice when is considers it requires such advice. The Committee appointed Mercer Limited in 2012 to provide comparative data on salaries and the variable elements of remuneration packages paid by a range of comparative US listed and FTSE 250 companies in preparation for ensuring that the remuneration packages for the Directors were appropriate, bearing in mind their increased responsibilities brought about by the 2012 IPO on the NYSE. The comparative data was updated in early 2013 by Mercer and used by the Committee to restructure and re-position the remuneration of executives during the year. The cost of advice during 2013 was $28,977. The Committee is satisfied that Mercer provides independent objective advice as the human capital business of the Group provide no other services to the Group. However, Mercer do provide pension administration and actuarial services to the trustees of the UK defined benefit pension scheme through another division of their group, and insurance broking and consultancy through Marsh, another member of their group. The Chief Executive Officer Brian Purves provides information and his views on executive remuneration packages for the Executive Directors which the Committee take into consideration in the course of their deliberations.

Remuneration received by the Directors for the year ended 31 December 2013

Information in this part of the Remuneration Report is audited unless stated otherwise

Single Figure

The new disclosure regulations for directors requires the Company to provide in tabular form a single total figure of remuneration for each director, broken down by each distinct component of remuneration and compared to prior year. For clarity we have set out separate tables for the Executive and Non-Executive Directors.

Executive Directors' Remuneration

$		Salary	Taxable Benefits[1]	Annual Bonus	Long Term Incentive Awards [2&3]	Pensions	Total
B G Purves	**2013**	**592,061**	**30,292**	**0**	**198,070**	**164,653**	**985,076**
	2012	501,701	28,444	379,129	0	141,604	1,050,878
A M Beaden	**2013**	**305,428**	**23,314**	**0**	**81,019**	**62,860**	**472,621**
	2012	258,820	21,140	132,451	0	49,895	462,306

Notes to the Executive Directors' Single Figure Table:

1. Benefits for Brian Purves comprised car allowance, medical and dental insurance cover. Benefits for Andrew Beaden comprised car allowance and medical insurance cover.
2. Annual Bonus - For the 2013 financial year, the annual cash bonus was based on the achievement of two financial targets, management trading profit and pre-interest cash flow measured against the annual budget and a non-financial objective. The table below summarises the bonus potential for each of the Executive Directors for 2013:

	Maximum annual bonus (% of salary)	Trading profit	Pre-interest cash flow	Non-financial objective
B G Purves	100%	66.7%	16.7%	16.6%
A M Beaden	80%	53.3%	13.4%	13.3%

The performance of the Company during the year included trading profit of $59.2 million (a 13.6% reduction on the previous year) and pre-interest cash flow of $22.7 million (a 62% reduction on last year).

In the light of the above performance, the Committee concluded that no bonus is payable to either Brian Purves or Andrew Beaden. The Board has considered whether to include targets which applied to the bonus arrangements for the Executive Directors in 2013 and which will apply for 2014 but determined that these figures are commercially sensitive. It is the Committee's intention to include the 2013 targets in a future remuneration report, once the figures are no longer commercially sensitive. Personal objectives for Brian Purves and Andrew Beaden broadly cover driving growth and implementing major projects.

3. The Long-term Incentive:

The 2012 single figure: Standalone market value options were granted over ADS at the IPO on 2 October 2012 40% of which vested on grant and 20% of which vest or vested on each of the three successive anniversaries of grant. The ADS price on grant was $10 producing a nil value for 2012 after the deduction of the $10 exercise price.

The 2013 single figure: A combination of market value, nominal cost time-based and performance options were granted to both Brian Purves and Andrew Beaden during 2013. The price of each ADS at the date of grant was $12.91.

As the exercise price of the 22,100 market value options granted to Brian Purves and the 9,100 market value options granted to Andrew Beaden was the equivalent figure of $12.91 there is no value ascribed in the single figure for these options.

Time based options were granted with an exercise price of $0.79 each ADS (using an exchange rate for the date of grant of $1.5855:£). Included in the single figure for Brian Purves is the sum of $95,748 being the value of the 7,900 options over ADS at the date of grant at an ADS price of $12.91 less the exercise price of each ADS. The sum included for the 3,200 time based options granted to Andrew Beaden based on the same calculation is $38,784. Under the plan an additional 179 ADS will accrue to Brian Purves and an additional 72 ADS to Andrew Beaden. As they are not credited under the plan until the options are exercised, no value has been ascribed to them in the single figure.

Brian Purves was granted performance based options over 31,500 ADS and Andrew Beaden 13,000 such options. The first TSR target which was the Company TSR attaining the median or above of the comparator group measured over a 15 months period from the date of the IPO to the measurement date, 31 December, 2013 was confirmed met in February 2014 as at the measurement date leading to the vesting of one-sixth of the options. 5,250 of the performance options of Brian Purves vested. The sum of $102,322 has been included in the single figure for Brian Purves based on the ADS price at the date of vesting of $20.30 and after deducting the exercise price for each option of $0.81 (using an exchange rate of 1.6295:£ for the date of vesting). 2,167 of the performance options of Andrew Beaden vested and using the same calculation a sum of $42,235 has been included in the single figure for him. Under the terms of the LTiP at vesting Brian Purves has been credited with an additional 722 ADS and Andrew Beaden an additional 297 ADS representing dividends earned on the ADS since the grant. One sixth of these dividends also vest but they are not credited under the LTiP until the options are exercised so no value has been ascribed to them in the single figure.

Non-Executive Directors' Remuneration

$	Fees		Fees in the form of share awards under the Non-Executive Director Equity Awards [3]		Total	
	2013	2012	**2013**	2012	**2013**	2012
Peter Haslehurst[1]	**156,630[1]**	143,343	**73,978**	-	**230,608**	143,343
Joseph Bonn[2]	**75,200**	72,818	**35,825**	-	**111,025**	72,818
Kevin Flannery[2]	**75,200**	72,818	**35,825**	-	**111,025**	72,818
David Landless[2]	**62,667**	-	**28,547**	-	**91,214**	-

Notes to Non-Executive Directors' Single Figure Table:

1. The Chairman's fees are converted at the average USD rate of 1.5663:£ for 2013 and at an average of USD$1.5927:£ for 2012.
2. The fees of the Non-Executive Directors are determined in USD. The single figure amount for David Landless in 2013 was for ten months as he joined the Board on 1 March, 2013. His fees are determined in USD and received by him in sterling.
3. Non-Executive Directors' Equity Awards:
   2012 single figure: Standalone market value options were granted to Peter Haslehurst, Joseph Bonn and Kevin Flannery over ADS at the IPO on 2 October 2012 40% of which vested on grant and 20% of which vest or vested on each of the three successive anniversaries of grant. The ADS price on grant was $10 producing a nil value for 2012 after the deduction of the $10 exercise price.

   The 2013 single figure: The single figure for the Chairman is calculated in respect of the 4,700 time based restricted stock units awarded to him during the year. They vest immediately before the 2014 AGM. The price of each ADS on the date of grant was $16.52. The issue price of each ADS converted into US dollars at the grant date exchange rate of $1.5598 was $0.78 which has been deducted from the price of each share. Joseph Bonn and Kevin Flannery were also each awarded 2,276 restricted stock units on the same date and the sum in the single figure for them is calculated on the same basis. David Landless was awarded time-based restricted stock ADS to the value of $30,000 vesting in equal tranches on the anniversary of the date of grant in the following three years. He paid in sterling as an issue price the nominal value of the underlying ordinary shares in aggregate $1,453 which was deducted from the single figure shown above.

Awards granted under the long-term umbrella incentive scheme (LTiP) during the year – Grant date 31 January, 2013

Brian Purves

Basis of Aggregate Awards Granted	Share Price at Date of Grant $	Type of Award	Number of Shares Over Which Award Granted	Face Value of Award $	Exercise Price of Award Each ADS[1]& in Aggregate $	Vesting	% of Face Value That Would Vest	Expiry Date of Option Once Vested	Vesting determined by performance over
63% of base salary	$12.91	Performance nominal cost options	31,500	$406,665	$0.79 each ADS Aggregate $24,825	EPS: 1/6 vest on achievement of each of three adjusted EPS targets for the first time measured at 31 Dec and TSR: 1/6th vest on in each of 3 performance years if company TSR is at or above the TSR of comparator group on 31 Dec in each performance year	At threshold performance EPS 16.67% TSR 16.67%	30 Jan 2020	4 years for the EPS targets and 3 years with the ability to extend to four if unvested awards remain available after the third vesting date
		Time based nominal cost options	7,900	$101,989	$0.79 each ADS Aggregate $6,241	1/3rd vest on each of 31 Jan 2014/2015 and 2016	Each vesting date 33.3%	30 Jan 2018	N/A
		Market price nominal options	22,100	$285,311	$12.91 each ADS Aggregate $285,311	1/3rd vest on each of 31 Jan 2014, 2015 and 2016	Each vesting date 33.3%	30 Jan 2018	N/A

Awards granted under the long-term umbrella incentive scheme (LTiP) during the year – Grant date 31 January, 2013

Andrew Beaden

Basis of Aggregate Awards Granted	Share Price at Date of Grant $	Type of Award	Number of Shares Over Which Award Granted	Face Value of Award $	Exercise Price of each ADS[1]& in Aggregate $	Vesting	% of Face Value That Would Vest	Expiry Date of Option Once Vested	Vesting determined by performance over
50% base salary	$12.91	Performance nominal cost options	13,000	$167,830	$0.79 each ADS Aggregate $10,270	EPS: 1/6 vest on achievement of each of three adjusted EPS targets for the first time measured at 31 Dec and TSR: 1/6 vest on in each of 3 performance years if company TSR is at or above the TSR of comparator group on 31 Dec in each performance year	At threshold performance EPS 16.67% TSR 16.67%	30 Jan 2020	4 years for the EPS targets and 3 years with the ability to extend to four if unvested awards remain available after the third vesting date
		Time based nominal cost options	3,200	$41,312	$0.79 each ADS Aggregate $2,528	1/3rd vest on each of 31 Jan 2014/2015 and 2016	Each vesting date 33.3%	30 Jan 2018	N/A
		Market price nominal options	9,100	$117,481	$12.91 each ADS Aggregate $117,481	1/3rd vest on each of 31 Jan 2014, 2015 and 2016	Each vesting date 33.3%	30 Jan 2018	N/A

Notes:

1. The exercise price is £0.50 each ADS. The exercise price is converted into USD at the rate of USD $1.6487:£ for 31 January, 2013 the date of grant.
2. The Performance awards comparator group consists of Hexcel Corp., Globe Speciality Metals Inc., RTI International Metals Inc., Haynes International Inc., Ametek Inc., Chart Industries Inc., Worthington Industries Inc., Curtis-Wright Corp., Mine Safety Appliances Co., Dynamic Materials Inc., Barnes Group Inc., and TriMas Corporation. If more than 4 companies are removed from the group for bankruptcy or takeover the Remuneration Committee will identify replacement companies.

Awards Granted Under the Director Equity Incentive Plan (EIP) to Non-Executive Directors During 2013

Chairman or Non-Executive Director	Date of Grant	Basis of Aggregate Awards Granted	Share Price at Date of Grant	Type of Award	No. of Shares Granted	Face Value of Award $	Issue Price per ADS & in Aggregate $	Vesting Date	% of Face Value That Would Vest	Vesting determined by performance over
Peter Haslehurst	11 Jun '13	50% of annual fee for 2013	16.52	Restricted Stock Unit	4,700	77,644	0.78 each ADS Aggregate 3,666	Day before 2014 AGM	On vesting date 100%	N/A
Joseph Bonn	11 Jun '13	50% of annual fee for 2013	16.52	Restricted Stock Unit	2,276	37,600	0.78 each ADS Aggregate 1,775	Day before 2014 AGM	On vesting date 100%	N/A
Kevin Flannery	11 Jun '13	50% of annual fee for 2013	16.52	Restricted Stock Unit	2,276	37,600	0.78 each ADS Aggregate 1,775	Day before 2014 AGM	On vesting date 100%	N/A
David Landless	15 Mar '13	$30,000 in value	15.59	Restricted Stock	1,924	30,000	0.75 each ADS Aggregate 1,453	1/3 on each of 15 March 2014-2016	Each vesting date 33.3%	N/A

Notes:

1. The issue price of £0.50 each ADS for Peter Haslehurst, Joseph Bonn and Kevin Flannery has been converted at the USD rate for 11 June 2013, the date of grant, of $1.5598 : £.
2. The issue price of £0.50 each ADS for David Landless has been converted at the USD rate for the 15 March 2013, the date of grant, of $1,5106 : £.

Outstanding Scheme Interest Awards During 2013

IPO Option Awards (Executive and Non-Executive Directors)

As part of the IPO in October 2012, stand-alone option grants were made over our ADSs to the Executive Directors, Non-Executive Directors and certain other key executives seen as critical to our future success on completion of the IPO.

Value of options granted: The options were granted at the IPO price. To determine the number of IPO Options to be granted, the IPO Options were valued at one-third of the IPO price of the ADSs. The IPO Options granted were valued at: (i) 120% of base salary to Brian Purves; (ii) an average 93% of base salary to the Group Finance Director, Andrew Beaden; and (iii) an average 93% of annual fee to our Non-Executive Directors Peter Haslehurst, Joseph Bonn and Kevin Flannery.

IPO Option Awards

	Grant Date	Exercised Price Each Option	No of Options 31 Dec '12	Exercised During the Year	No of Options 31 Dec '13	No of Options Vested on Grant[1]	No of Options Vested During Year [2]	Total No Vested Options[3]	No of Unvested Options[4]	Remaining Vesting Dates	Exercise Period
Executive Directors											
Brian Purves	2 Oct '12	$10	179,200	0	179,200	71,680	35,840	107,520	71,680	2/10/2015 2/10/2016	Grant date to 1 Oct '19
Andrew Beaden	2 Oct '12	$10	69,000	0	69,000	27,600	13,800	41,400	27,600	2/10/2015 2/10/2016	Grant date to 1 Oct '19
Non-Executive Directors											
Peter Haslehurst	2 Oct '12	$10	40,400	0	40,400	16,160	8,080	24,240	16,160	2/10/2015 2/10/2016	Grant date to 1 Oct '19
Joseph Bonn	2 Oct '12	$10	20,000	0	20,000	8,000	4,000	12,000	8,000	2/10/2015 2/10/2016	Grant date to 1 Oct '19
Kevin Flannery	2 Oct '12	$10	20,000	0	20,000	8,000	4,000	12,000	8,000	2/10/2015 2/10/2016	Grant date to 1 Oct '19

Notes:

1. 40% of options vested on grant.
2. 20% of options vested.
3. 60% options are vested to date.
4. 40% of the options remain to vest on each of the next two anniversaries of grant provided the Director is still acting as a Non-Executive Director or if an Executive Director, he remains employed by the Company on each of the anniversary dates.

The Luxfer Group Employee Share Ownership Plan (ESOP) (Executive Directors only).

Executive Directors	Grant Date	Exercise Price each option $[1]	Number of Options 31 Dec '12	Exercised during the year	Number of Options 31 Dec '13	Number of options vested	Number of options vested during year	Total number vested options	Number of unvested options	Remaining vesting dates	Exercise period
Andrew Beaden	3 Aug '11	3.31	59,020	0	59,020	59,020	0	59,020	0	0	Grant date to 3 Aug '21

Notes:

1. The options under the ESOP as originally granted were granted over ordinary shares of £1 at an exercise price of £4 each option over ordinary shares. For comparative purposes the table has been prepared setting out the corresponding number of ADS that would result from an exercise of options over the ordinary shares at the rate of 2 ADS for each ordinary share. The exercise price for each ADS of £2 has been converted to USD at the 2013 year end USD rate of $1.6565 to £. The Trustees of the ESOP have converted the ordinary shares held by them to satisfy options under the ESOP to ADS. Participants will be required to reimburse the cost of conversion including stamp duty and issuance fees on exercise of their options.

Pension arrangements for the Executive Directors are reviewed annually to ensure that the benefits are consistent with market practice. The Group's contributory pension arrangements consist of both defined benefit and defined contribution arrangements. The pensions for the Executive Directors who were directors during the year were provided partly by the defined benefit and partly by registered defined contribution arrangements and an allocation to an unfunded unregistered retirement benefit scheme (UURBS) accrued by the Company.

The main features of the defined benefit arrangements are currently:

- A normal retirement age of 65;
- Accrual on a career average basis each year of 1.50% of pensionable earnings for a member contribution of 9.8% or 1.31% for a member contribution of 7.4%;
- Pensionable earnings are limited to a scheme-specific earnings cap of £74,000 p.a. from 6 April 2013 (£72,000 p.a. for 2012/13);
- A spouse's pension on death and a lump sum payment on death in service.

Details of the accrued pension entitlements of the Executive Directors under the defined benefit arrangements during 2013 and payments made to the defined contribution arrangement during 2013 are set out in the tables below.

Directors' Remuneration and Benefits for the Year Ended 31 December 2013

2013				
Executive Directors	**Defined Benefit**	**Funded Defined Contribution**	**Unfunded Defined Contribution**	**Total**
Brian Purves	**-**	**-**	**$164,653**	**$164,653**
Andy Beaden	**$17,062**	**$45,798**	**-**	**$62,860**
2012				
Executive Directors	**Defined Benefit**	**Funded Defined Contribution**	**Unfunded Defined Contribution**	**Total**
Brian Purves	$2,039	$4,507	$135,058	$141,604
Andrew Beaden	$15,840	$34,055	-	$49,895

Notes:

1. The values of the increase in defined benefit pension in excess of inflation has been calculated on the basis set by legislation, less contributions paid by the Directors themselves.

Pension Benefits for the Years Ending 31 December, 2013 and 2012

Executive Directors	**Accrued Pension at 31 December, 2013**	**Accrued Pension at 31 December, 2012**
Brian Purves	**$55,670 p.a.**	$53,382 p.a.
Andrew Beaden	**$33,484 p.a.**	$30,890 p.a.

Notes:

1. The accrued benefit is the total defined benefit pension which would be paid annually on retirement based on service to and salary at the end of the year. It includes the longevity adjustment factor that applies to benefits earned from 6 October 2007.

Implementation of the Remuneration Policy for the Year Ending 31 December 2014 (*Information not subject to audit unless stated otherwise)*

Set out below is a summary of how the Directors Remuneration Policy will be applied during the year ending 31 December, 2014.

Base Salary

	2014 $	2013 $	% increase[2]
Brian Purves[1]	**610,935**	**592,061**	**3%**
Andrew Beaden[1]	**321,132**	**305,425**	**5%[3]**

Notes:

1. The 2014 salary of Brian Purves and Andrew Beaden has been converted at the average USD rate for 2013 of $1.5663:£. Their 2013 salary has been converted at the average USD rate for 2013 of $1.5663:£.
2. The cost of living increases around the Group for employees were generally running at just ahead of inflation (2.5% to 3% in the UK) and the Committee determined to give the executive directors an increase consistent with increases around the Group.
3. In line with their determination in 2012, the Committee decided to give the Finance Director Andrew Beaden an above inflation increase to move his salary further toward the median of the relevant comparator group.

Pension Arrangements

Brian Purves will continue to receive an allocation or payment to an unregistered alternative savings arrangement based on contributions the Company would have made to the Defined Benefit (DB) and Defined Contribution (DC) schemes had he been a member of those pension schemes. Andrew Beaden will continue to participate on the Group UK DB scheme up to the salary cap applied by the rules of the scheme and the Group UK DC scheme.

Annual Bonus

In line with policy, the annual bonus for Brian Purves, as Chief Executive, will continue to be capped at 100% of base salary and for Andrew Beaden, as Group Finance Director, 80% of base salary. The Committee did not determine to add any additional percentage bonus for the year. The bonus targets are based on a combination of two financial performance targets, management trading profit and net cash flow pre-dividend and an additional specific non-financial target. The bonus is weighted 67% toward the achievement of the trading profit target which will be earned on a sliding scale for the achievement of threshold, target and stretch and the remaining 33% is split equally between the remaining single cash target and the non-financial objective. The Committee intends to disclose the financial performance targets and the non-financial objectives retrospectively in next years' Remuneration Report provided they are no longer considered commercially sensitive.

Long Term Incentives

For 2014 the awards granted under the LTiP are performance awards only. For both Brian Purves and Andrew Beaden they consist of performance based nominal cost options and will vest in equal tranches over three years from the date of award, dependent on a specified Group earnings per share ('EPS') in each year comprising threshold, target and stretch. The awards must be held for a minimum of three years from the date of grant before sale (other than to fund the exercise price and tax liabilities on a vesting or exercise. Brian Purves has been awarded 42,000 options over ADS, valued at the date grant at 60% of his base salary and Andrew Beaden has been awarded 17,700 options over ADS, valued at the date of grant at 48% of his base salary. The awards provide the Committee has the discretion to: (a) accelerate the vesting of the award in the case of a participant who retires and is determined by the Committee to be a long serving employee who has made a significant contribution to the Company; and (b) waive the holding period for such participant.

Non-Executive Directors

Summary of how the Directors Remuneration Policy for the Non-Executive Directors will be applied during the year ending 31 December, 2014.

The Board decide on the approach to compensating the Non-Executive Directors.

	2014 $	2013 $	% Increase	Value of Share Awards %[3] of Annual Fee 2014	Value of Share Awards % of Annual Fee 2013
Chairman, Peter Haslehurst[1]	**161,349**	**156,630**	**3%**	**50%**	**50%**
Joseph Bonn	**77,500**	**75,200**	**3%**	**50%**	**50%**
Kevin Flannery	**77,500**	**75,200**	**3%**	**50%**	**50%**
David Landless[2]	**77,500**	**62,667**	**3%**	**50%+50% of 2013 prorated fees**	**$30,000[4]**

Notes:

1. Peter Haslehurst's fees are determined in sterling. His fees for 2013 were converted at the average rate USD for 2013 of $1.5663:£. His 2014 fees have been converted at the USD rate for 31 December, 2013 of $1.5663:£.
2. The 2013 fees for David Landless were for a period of 10 months as he joined the Board on 1 March 2013. The % increase between 2013 and 2014 is calculated on the 12 months fees as if he had been appointed for the full year. As David Landless had been appointed less than 6 months on the 11 June 2013 when the 2013 awards under the Director Equity Incentive Plan (EIP) were made, the EIP provides he should receive awards valued at 50% of the fees paid to him for 2013 in addition to 50% in value of the fees to be paid during 2014.
3. The awards will vest the day before the 2015 AGM if the Non-Executive Director is still a Director of the Company.
4. David Landless was awarded a one off value award in the form of restricted stock of $30,000 and not a % of annual fee.

Payment to Past Directors and Payment for Loss of Office (audited)

No payments to past directors or payment for loss of office were made during the year.

Directors' Interests in Shareholdings in the Company (audited)

	American Depository Shares (2x ADS=£1 ord.) Held at 1 Jan 2013 No.	American Depository Shares (2x ADS=£1 ord.) Held at 31 Dec 2013 No.	Deferred Shares of £0.0001 Each Held at 1 January 2013 No.	Deferred Shares £0.0001 Each Held at 31 December 2013 No.
Brian Purves[2]	649,998[1]	649,998	29,602,995,623	29,602,995,623
Andrew Beaden[3]	91,000[1]	91,000	4,144,419,390	4,144,419,390
Non-Executive Directors				
Peter Haslehurst[1]	130,000[1]	130,000	5,920,598,526	5,920,598,526
Joseph Bonn	-	-	-	-
Kevin Flannery	10,000	10,000	-	-
David Landless	-	1,924[4]	-	-

Notes:

1. Brian Purves, Andrew Beaden and Peter Haslehurst hold their shares as ordinary shares not yet having converted them to ADS. For ease of comparison the table shows their interests as ADS.

2. Includes Brian Purves' beneficial holding through the BG Purves Retirement Trust and shares held by his wife.
3. Includes shares held by his wife.
4. Comprises restricted stock ADS awarded to David Landless on appointment, which vest in equal thirds over three years commencing 15 March 2014. Details of his award can be found below.

Executive Director Shareholding Requirements

The Executive Directors are required to hold shares (ordinary shares or the equivalent ADS) to the value of one hundred percent of base salary. This requirement was met by both Brian Purves and Andrew Beaden.

Total Directors Shareholdings and Interests at 31 December, 2013 (audited)

	Shares Owned Outright (2x ADS=£1 ord.)	Deferred Shares Owned Outright	Options Vested but not Exercised	Unvested Options Subject to Performance Criteria[1]	Unvested Options	Restricted Stock Not Yet Vested	Restricted Stock Units Not Yet Vested (Assuming Will be Settled in Shares Not Cash)
Brian Purves	649,998[2]	29,602,995,623	107,640	31,500	101,500	-	-
Andrew Beaden[3]	91,000[2]	4,144,419,390	100,420	13,000	39,900	-	-
Non-Executive-		-					
Peter Haslehurst	130,000[2]	5,920,598,526	24,240	-	16,160	-	4,700
Joseph Bonn	-	-	12,000	-	8,000	-	2,276
Kevin Flannery	10,000	-	12,000	-	8,000	-	2,276
David Landless		-	-	-	-	1,924[4]	-

Performance Graph

UK legislation requires the annual remuneration report to contain a line graph that shows the total shareholder return (TSR) over a five year period (in the first remuneration report prepared under the revised legislation) for both a holding of the Company's listed shares and a hypothetical comparator holding of shares representing a specified broad equity market index. As the Company's ADSs were only listed on the NYSE at the beginning of October 2012, we are only able to provide TSR for the Company's shares in a listed environment for a 15 month period. We have used the S&P Small Cap 600 (Industrial) index as the most appropriate to where we are placed as a small cap company in the US, and the industrials sub-sector includes most of our comparables. It is typical for shares to be offered at a discount to ensure a successful IPO. The performance of our shares over this period may have been enhanced by the unwinding of the IPO discount. See the chart below.

The TSR is calculated in US dollars.

The table shows the value of $100 vested in Luxfer in October 2012 at the IPO compared to $100 invested in the S & P Small Cap 600 (Industrial) on the same date. The S & P Small Cap 600 (Industrial) was chosen as the index as it comprises companies that most closely resemble Luxfer.

We have included the total remuneration figure for the Chief Executive for a five year period as required by legislation despite the TSR graph only reflecting the TSR from the date of the IPO.

Total Remuneration Figure for CEO Over a Five Year Period

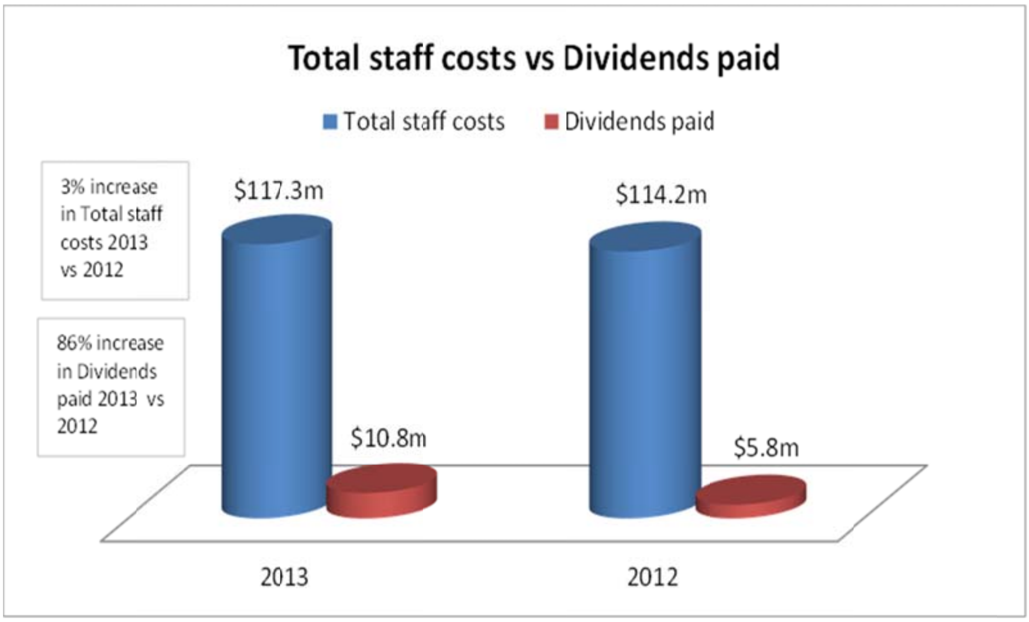
Year ended 31 December	2009	2010	2011	2012[1]	2013[2]
Total remuneration	807,862	897,421	998,638	1,050,878	985,076
Annual bonus %	40%	100%	100%	71%	0%
Share awards vesting %	N/A	N/A	N/A	100%	59%

Notes:

1. The shares awards shown as vesting for 2012 are the time-based market value IPO standalone options that were granted at the IPO at an exercise price of $10, 40% of which vested immediately.
2. The share awards vesting comprised a further 20% of the IPO market value time based options vesting and 16.6% of the performance options granted under the LTiP in the year which vested at the beginning of February 2014 as a result of the determination of the Remuneration Committee the first TSR target measured as at 31 December 2013 had been attained. We have included the vesting in this chart as it relates to 2013. Other early 2014 time-based vestings are not included and will be included for 2014.

Relative Importance of Spend on Pay

The following chart sets out the groups actual spend on pay (for all employees) relative to dividends paid in the current and prior year.



Note:

To assist with conformity and transparency we have used staff costs as set out in Note 6 to the Financial Statements.

Percentage Change in CEO's Remuneration

	2013	2012[2]	% change
Salary			
Chief Executive	**592,061**	493,385	20%[3]
UK employee average[1]	**48,772**	47,254	3%
Benefits			
Chief Executive	**30,292**	27,973	7%
UK employee average	**802**	714	12%
Annual Bonus			
Chief Executive	**-**	347,836	-100%[4]
UK employee average	**2,574**	4,518	-43%

Notes:

1. We have selected UK employees as the most appropriate comparator as the Chief Executive is based in the UK and the benefits structure is similar.
2. The 2012 amounts were adjusted for the impacted of translation and have been calculated using the 2013 Average Exchange rate.
3. The CEO's salary was increased by 20% in 2013 to reflect the increase in his responsibilities as a result of the Company being a listed Company for the first time pursuant to its IPO on the New York Stock Exchange.
4. There was no bonus payment made to the CEO during the year as his bonus targets were not met. Bonus was paid to certain UK employees whose targets were met.

Statement of voting at AGM

As the requirement to put the Remuneration Policy Report to a mandatory vote and the Annual Remuneration Report to an advisory vote was only introduced from the 30 September, 2012, the 2014 AGM is the first year a resolution will be put to shareholders concerning remuneration. At the time the IPO standalone grants and the LTiP were implemented, the Company was not required to obtain shareholder approval to implement them. Details of the plan rules and the standalone grants were included in the IPO prospectus and are filed with the US Security and Exchange Commission.

Approval of Report

Peter Haslehurst, the Chairman of the Remuneration Committee, will attend the forthcoming AGM and will be available to answer any questions shareholders may have concerning the Group's policy on Directors' remuneration. This Remuneration Report will be submitted for approval by the Company at the forthcoming AGM.

Signed on behalf of the Board by:

P J K Haslehurst
CHAIRMAN
31 March, 2014

Directors' Responsibilities Statement

For each financial year, the Directors are responsible for preparing the annual report, the Group consolidated financial statements and the Company financial statements in accordance with applicable laws and regulations.

Under United Kingdom company law the Directors are required to prepare the Group consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union.

The Directors are also responsible for preparing Group financial statements for each financial period, which give a true and fair view of the state of affairs of the Group as at the end of the financial period and of the profit and loss for that period.

The Directors have chosen to prepare the Company financial statements in accordance with UK applicable accounting standards (United Kingdom Generally Accepted Accounting Practice) as required by United Kingdom company law. The Company financial statements are required by company law to give a true and fair view of the state of affairs of the Company as at the end of the financial year.

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- Present fairly the financial position, financial performance and cash flows of the Group;
- Select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors, and then apply them consistently;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Make judgements that are reasonable;
- Provide disclosures when compliance with the specific requirements in International Financial Reporting Standards as adopted by the European Union is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance;
- State whether the Group financial statements have been prepared in accordance with International Financial Reporting Standards.

In preparing the Company financial statements, the Directors are required to:

- Select appropriate accounting policies and apply them consistently;
- Make judgements and estimates which are reasonable and prudent;
- State whether they have followed the applicable accounting standards subject to any material departures disclosed or explained in the financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and Group and enable them that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LUXFER HOLDINGS PLC

We have audited the group financial statements of Luxfer Holdings PLC for the year ended 31 December 2013 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity and the related notes 1 to 32. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 59, the Directors are responsible for the preparation of the group 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 group 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 Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion the group financial statements:

- Give a true and fair view of the state of the group's affairs as at 31 December 2013 and of its profit for the year then ended;
- Have been properly prepared in accordance with IFRSs as adopted by the European Union;
- 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 Strategic Report and the Directors' Report for the financial year for which the group financial statements are prepared is consistent with the group 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:

- 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.

Other Matter

We have reported separately on the parent company financial statements of Luxfer Holdings PLC for the year ended 31 December 2013 and on the information in the Directors' Remuneration Report that is described as having been audited.

Alastair John Richard Nuttall (Senior statutory auditor)
for and on behalf of Ernst &Young LLP, Statutory Auditor
Manchester
March 31, 2014

Notes:

1. The maintenance and integrity of the Luxfer Holdings PLC web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CONSOLIDATED INCOME STATEMENT
(All amounts in millions)

CONTINUING OPERATIONS	Notes	2013 $M	Restated under IAS 19R 2012 $M	Restated under IAS 19R 2011 $M
REVENUE	2	**481.3**	511.6	510.8
Cost of sales		**(363.5)**	(385.7)	(390.4)
Gross profit		**117.8**	125.9	120.4
Other income		**-**	-	2.0
Distribution costs		**(6.5)**	(6.9)	(7.3)
Administrative expenses		**(52.2)**	(50.4)	(51.2)
Share of results of joint ventures	14	**0.1**	(0.1)	(0.2)
TRADING PROFIT	2	**59.2**	68.5	63.7
Restructuring and other income (expense)	5	**(2.7)**	(2.1)	0.2
OPERATING PROFIT	3	**56.5**	66.4	63.9
Other income (expense):				
Acquisitions and disposals	5	**(0.1)**	(0.8)	(0.2)
Finance income:				
Interest received	7	**0.3**	0.2	0.2
Finance costs:				
Interest costs	8	**(6.2)**	(6.7)	(9.2)
IAS 19 – retirement benefits finance charge	8	**(3.8)**	(3.6)	(1.9)
PROFIT ON OPERATIONS BEFORE TAXATION		**46.7**	55.5	52.8
Tax expense	9	**(12.6)**	(16.0)	(12.5)
NET INCOME FOR THE YEAR		**34.1**	39.5	40.3
Attributable to:				
Equity shareholders		**34.1**	39.5	40.3
Earnings per share:				
Basic				
Unadjusted	10	**$2.54**	$3.68	$4.08
Diluted				
Unadjusted	10	**$2.43**	$3.61	$4.04

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (All amounts in millions)

	Notes	2013 $M	Restated under IAS 19R 2012 $M	2011 $M
Net income for the year		**34.1**	39.5	40.3
Other comprehensive income movements:				
Exchange differences on translation of foreign operations		**3.1**	2.9	(5.4)
Fair value movements in cash flow hedges		**(0.8)**	(0.1)	0.9
Transfers to income statement on cash flow hedges		**-**	(0.2)	(0.2)
Exchange differences on translation of hedging reserve		**-**	-	(0.1)
Deferred tax on cash flow hedges		**0.1**	-	-
Hedge accounting income adjustments		**(0.7)**	(0.3)	0.6
Total hedge accounting and translation of foreign operation movements		**2.4**	2.6	(4.8)
Re-measurement of defined benefit retirement plans	28	**23.7**	(17.4)	(49.8)
Deferred tax on retirement benefit changes	23	**(9.1)**	2.9	13.9
Retirement benefit changes		**14.6**	(14.5)	(35.9)
Total other comprehensive income movements for the year		**17.0**	(11.9)	(40.7)
Total comprehensive income for the year		**51.1**	27.6	(0.4)
Attributed to:				
Equity shareholders		**51.1**	27.6	(0.4)

CONSOLIDATED BALANCE SHEET
(All amounts in millions)

	Notes	**December 31, 2013 $M**	December 31, 2012 $M
ASSETS			
Non-current assets			
Property, plant and equipment	11	**137.9**	129.6
Intangible assets	12	**41.4**	38.4
Investments	14	**7.9**	0.8
Deferred tax assets	23	**15.8**	21.6
		203.0	190.4
Current assets			
Inventories	15	**94.1**	83.8
Trade and other receivables	16	**68.6**	74.4
Income tax receivable		**2.0**	1.7
Cash and short term deposits	17	**28.4**	40.2
		193.1	200.1
TOTAL ASSETS		**396.1**	390.5
EQUITY AND LIABILITIES			
Capital and reserves attributable to the Group's equity holders			
Ordinary share capital	18	**25.3**	25.3
Deferred share capital	18	**150.9**	150.9
Share premium account	20	**55.6**	55.6
Retained earnings	20	**317.3**	278.6
Own shares held by ESOP	18	**(0.5)**	(0.5)
Other capital reserves	18	**2.6**	0.8
Hedging reserve	20	**(0.3)**	0.4
Translation reserve	20	**(25.4)**	(28.5)
Merger reserve	20	**(333.8)**	(333.8)
Capital and reserves attributable to the Group's equity holders		**191.7**	148.8
Total equity		**191.7**	148.8
Non-current liabilities			
Bank and other loans	21	**63.8**	63.5
Retirement benefits	28	**67.6**	96.7
Deferred tax liability	23	**5.5**	-
Provisions	22	**2.2**	2.8
		139.1	163.0
Current liabilities			
Trade and other payables	24	**63.2**	73.7
Current income tax liabilities		**0.3**	3.1
Provisions	22	**1.8**	1.9
		65.3	78.7
Total liabilities		**204.4**	241.7
TOTAL EQUITY AND LIABILITIES		**396.1**	390.5

Brian Purves **Andrew Beaden**

March 31, 2014 **Company Registration no. 369083**

CONSOLIDATED CASH FLOW STATEMENT
(All amounts in millions)

	Notes	2013	Restated under IAS 19R 2012	2011
		$M	$M	$M
RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the year		**34.1**	39.5	40.3
Adjustments to reconcile net income for the year to net cash from operating activities:				
Income taxes	9	**9.6**	11.1	11.8
Deferred income taxes	9	**3.0**	4.9	0.7
Depreciation and amortization		**15.8**	14.7	14.5
Charges/(credits) on retirement benefit obligations	5	**1.7**	-	(1.6)
Share based compensation charges	6	**1.8**	0.8	-
Loss on disposal of property, plant and equipment	3	**0.3**	-	-
Net interest costs		**5.9**	6.5	9.0
IAS 19 finance charge		**3.8**	3.6	1.9
Acquisitions and disposals	5	**0.1**	-	0.2
Share of results of joint ventures	14	**(0.1)**	0.1	0.2
Changes in operating assets and liabilities:				
Decrease/(increase) in receivables		**5.7**	(1.3)	(13.1)
(Increase)/decrease in inventories		**(9.1)**	24.1	(24.8)
(Decrease)/increase in payables		**(11.2)**	(15.3)	13.1
Movement in retirement benefit obligations		**(11.4)**	(9.8)	(2.0)
Accelerated deficit contributions into retirement benefit obligations		**-**	-	(7.2)
Decrease in provisions	22	**(0.7)**	(0.6)	(0.2)
Income tax paid		**(12.2)**	(9.3)	(13.7)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**37.1**	69.0	29.1
Net cash inflow from continuing operating activities		***37.1***	*69.0*	29.4
Net cash outflow from discontinued operating activities		**-**	-	(0.3)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of property, plant and equipment		**(24.2)**	(19.3)	(21.2)
Purchases of intangible assets		**(2.3)**	-	(0.3)
Receipts from sales of property, plant and equipment		**0.1**	-	-
Investment in joint ventures – equity funding	14	**(2.5)**	(0.4)	(0.3)
Investment in joint ventures – debt funding	14	**(4.5)**	-	-
Proceeds from sale of business		**-**	1.5	0.8
Net cashflow on purchase of business		**-**	(11.0)	-
Disposal of intellectual property	5	**-**	(0.2)	(0.2)
NET CASH USED IN INVESTING ACTIVITIES		**(33.4)**	(29.4)	(21.2)
NET CASH FLOW BEFORE FINANCING		**3.7**	39.6	7.9
FINANCING ACTIVITIES				
Interest and similar finance costs paid on banking facilities		**(0.9)**	(1.8)	(1.9)
Interest paid on Loan Notes due 2018		**(4.0)**	(3.9)	(2.1)
Interest paid on Senior Notes due 2012		**-**	-	(4.5)
Interest received on Loan Note		**-**	-	0.1
Interest income received from joint ventures		**0.1**	-	-
Other interest received		**0.2**	0.2	0.1
Dividends paid	19	**(10.8)**	(5.8)	-
Draw down on previous banking facilities		**-**	-	27.7
Repayment of previous banking facilities		**-**	-	(38.5)
Draw down on banking facilities and other loans		**-**	-	139.5
Repayment of banking facilities and other loans		**-**	(72.8)	-
Repayment of Senior Notes due 2012		**-**	-	(109.8)
Redemption of preference shares	18	**-**	-	(0.1)
Payment of banking facilities and other loans - financing costs		**-**	-	(5.1)
Modification to banking facilities and other loans - financing costs		**-**	(0.6)	-
Proceeds from issue of shares		**-**	65.1	-
Share issue costs		**(0.3)**	(3.5)	-
Purchase of shares from ESOP	18	**-**	0.1	-
NET CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES		**(15.7)**	(23.0)	5.4
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(12.0)**	16.6	13.3
Net (decrease)/increase in cash and cash equivalents		**(12.0)**	16.6	13.3
Net foreign exchange differences		**0.2**	1.4	(1.4)
Cash and cash equivalents at January 1	17	**40.2**	22.2	10.3
Cash and cash equivalents at December 31	17	**28.4**	40.2	22.2

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(All amounts in millions)

	Notes	Ordinary share capital $M	Deferred share capital $M	Share premium account $M	Retained Earnings $M	Own shares held by ESOP $M	Other reserves [1] $M	Total Equity $M
		Equity attributable to the equity holders of the parent						
At January 1, 2011		**19.6**	**150.9**	-	**255.0**	**(0.6)**	**(359.7)**	**65.2**
Net income for the year		-	-	-	40.3	-	-	40.3
Currency translation differences		-	-	-	-	-	(5.5)	(5.5)
Increase in fair value of cash flow hedges		-	-	-	-	-	0.9	0.9
Transfer to income statement on cash flow hedges		-	-	-	-	-	(0.2)	(0.2)
Remeasurement of defined benefit retirement plans		-	-	-	(49.8)	-	-	(49.8)
Deferred tax on items taken to other comprehensive income		-	-	-	13.9	-	-	13.9
Total comprehensive income for the year (restated under IAS 19R)		**-**	**-**	-	**4.4**	**-**	**(4.8)**	**(0.4)**
At December 31, 2011		**19.6**	**150.9**	-	**259.4**	**(0.6)**	**(364.5)**	**64.8**
Net income for the year		-	-	-	39.5	-	-	39.5
Currency translation differences		-	-	-	-	-	2.9	2.9
Decrease in fair value of cash flow hedges		-	-	-	-	-	(0.1)	(0.1)
Transfer to income statement on cash flow hedges		-	-	-	-	-	(0.2)	(0.2)
Remeasurement of defined benefit retirement plans		-	-	-	(17.4)	-	-	(17.4)
Deferred tax on items taken to other comprehensive income		-	-	-	2.9	-	-	2.9
Total comprehensive income for the year (restated under IAS 19R)		**-**	**-**	**-**	**25.0**	**-**	**2.6**	**27.6**
Equity dividends	19	-	-	-	(5.8)	-	-	(5.8)
Proceeds from shares issued	20	5.7	-	59.4	-	-	-	65.1
Share issue costs	20	-	-	(3.8)	-	-	-	(3.8)
I.P.O related share based compensation charges	18	-	-	-	-	-	0.8	0.8
Purchase of shares from ESOP	18	-	-	-	-	0.1	-	0.1
Other changes in equity in the year		**5.7**	**-**	**55.6**	**(5.8)**	**0.1**	**0.8**	**56.4**
At December 31, 2012		**25.3**	**150.9**	**55.6**	**278.6**	**(0.5)**	**(361.1)**	**148.8**
Net income for the year		-	-	-	34.1	-	-	34.1
Currency translation differences		-	-	-	-	-	3.1	3.1
Decrease in fair value of cash flow hedges		-	-	-	-	-	(0.8)	(0.8)
Remeasurement of defined benefit retirement plans		-	-	-	23.7	-	-	23.7
Deferred tax on items taken to other comprehensive income		-	-	-	(9.1)	-	0.1	(9.0)
Total comprehensive income for the year		**-**	**-**	**-**	**48.7**	**-**	**2.4**	**51.1**
Equity dividends	19	-	-	-	(10.8)	-	-	(10.8)
Share based compensation charges	18	-	-	-	-	-	1.8	1.8
Deferred tax on items taken to equity	23	-	-	-	0.8	-	-	0.8
Other changes in equity in the year		**-**	**-**	**-**	**(10.0)**	**-**	**1.8**	**(8.2)**
At December 31, 2013		**25.3**	**150.9**	**55.6**	**317.3**	**(0.5)**	**(356.9)**	**191.7**

1. Other reserves include a hedging reserve of a loss of $0.3 million (2012: gain of $0.4 million and 2011: gain of $0.7 million), a translation reserve of $25.4 million (2012: $28.5 million and 2011: $31.4 million), a merger reserve of $333.8 million (2012 and 2011: $333.8 million) and other capital reserves of $2.6 million (2012: $0.8 million and 2011: $nil).

LIST OF NOTES

Notes to the Consolidated Financial Statements

Notes to the Company Financial Statements

1. Accounting Policies

Basis of Preparation and Statement of Compliance with IFRS

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by both the International Accounting Standards Board and adopted by the European Union as they apply to the financial statements of the Group for the year ended December 31, 2013. The consolidated financial statements have been prepared on a historical cost basis, except where IFRS requires or permits fair value measurement.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Therefore the Directors continue to apply the going concern basis for accounting in the preparation of the financial statements.

For the purpose of the accompanying consolidated financial statements, subsequent events have been evaluated through to March 31, 2014, which is the date the financial statements were authorized by the board. The financial statements were issued on March 31, 2014.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of Luxfer Holdings PLC and its subsidiaries (the “Group”) as at December 31 each year. The financial statements consolidated of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies. All inter-company balances and transactions, including unrealized profits arising from intra-group transactions, have been eliminated in full.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The accounting policies which follow, set out those polices which apply in preparing the financial statements for the years ended December 31, 2011, December 31, 2012 and December 31, 2013.

Presentation Currency

The consolidated financial statements are presented in US dollars and all values are rounded to the nearest $0.1 million except when otherwise indicated. The books of the Group’s non-US entities are converted to US dollars at each reporting period date in accordance with the accounting policy below.

The functional currency of the holding company Luxfer Holdings PLC and its UK subsidiaries remains pounds sterling, being the most appropriate currency for those particular operations.

1. Accounting Policies (continued)

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The choice of measurement of non-controlling interest, either at fair value or at the proportionate share of the acquiree's identifiable net assets is determined on a transaction by transaction basis. Acquisition costs incurred are expensed and included in administrative expenses.

Goodwill is initially measured at cost being the excess of the aggregate of the acquisition-date fair value of the consideration transferred and the amount recognized for the non-controlling interest over the net identifiable amounts of the assets acquired and the liabilities assumed in exchange for the business combination. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash generating units that are expected to benefit from the combination. Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date.

Negative goodwill is measured at cost being the excess of the net identifiable amounts of the assets acquired and the liabilities assumed in exchange for the business combination over the aggregate of the acquisition-date fair value of the consideration transferred and the amount recognized for the non-controlling interest. Any amount of negative goodwill is recognized immediately as income.

Patents and Trademarks

Patents and trademarks are measured initially at purchase cost and are amortized on a straight-line basis over the lower of their estimated useful lives, or legal life, this being 17 to 20 years. The carrying values are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Reviews are made annually of the estimated remaining lives and residual values of the patents and trademarks.

Revenue

Revenue excludes inter-company sales and value added tax and represents net invoice value less estimated rebates, returns and settlement discounts. Revenue is recognized on the sale of goods and services when the significant risks and rewards of ownership of those goods and services have been transferred to a third party.

1. Accounting Policies (continued)

Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is initially calculated on a straight-line basis over the estimated useful life of the particular asset. As a result of the complexity of our manufacturing process, there is a wide range of plant and equipment in operation. The rate of annual charge is summarized as follows:

Freehold buildings	3% - 10%
Leasehold land and buildings	The lesser of life of lease or freehold rate
Plant and equipment	4% - 30%
Including:	
Heavy production equipment (including casting, rolling, extrusion and press equipment)	4% - 6%
Chemical production plant and robotics	10% - 15%
Other production machinery	10% - 20%
Furniture, fittings, storage and equipment	10% - 30%

Freehold land is not depreciated.

Reviews are made annually of the estimated remaining lives and residual values of individual productive assets, taking account of commercial and technological obsolescence as well as normal wear and tear.

For any individual asset the carrying value is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the asset is written down to its recoverable amount. The recoverable amount of property, plant and equipment is the greater of the net selling price and the value in use. In assessing the 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the income statement as part of the profit or loss before tax.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year the item is derecognized.

Inventories

Inventories are stated at the lower of cost and net realizable value. Raw materials are valued on a first-in, first-out basis. Strategic purchases of inventories in order to secure supply and reduce the impact of price volatility on the cost of inventories are valued on an average cost basis. Work in progress and finished goods costs comprise direct materials and, where applicable, direct labor costs, an apportionment of production overheads and any other costs that have been incurred in bringing the inventories to their present location and condition. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Research and Development

Research expenditure is written off as incurred. Internal development expenditure is charged to the income statement in the year it is incurred unless it meets the recognition criteria of IAS 38 "Intangible Assets". Where the recognition criteria are met, intangible assets are capitalized and amortized over their useful economic lives from product launch. Intangible assets relating to products in development are subject to impairment testing at each balance sheet date or earlier upon indication of impairment.

1. Accounting Policies (continued)

Foreign Currencies

Transactions in currencies other than an operation's functional currency are initially recorded in the functional currency at the rate of exchange prevailing on the dates of transactions. At each balance sheet date, the foreign currency monetary assets and liabilities are translated into the functional currency at the rates prevailing on the balance sheet date. All differences are taken to the consolidated income statement with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognized in the consolidated income statement. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in equity.

On consolidation, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences that arise, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognized in the income statement in the period in which the operation is disposed.

Income Tax

Current Income Tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income. Current income tax relating to items recognized directly in equity is recognized in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

Deferred income tax is the future corporation tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred income tax liabilities are generally recognized for all taxable temporary differences. Deferred income tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred income tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries, investments in associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of a deferred income tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income tax is calculated at the tax rate that is expected to apply in the period when the liability is settled or the asset is realized based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Deferred income tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred income tax is also dealt with in equity.

1. Accounting Policies (continued)

Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased items, are capitalized as a fixed asset at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments.

The capital element of the leasing commitment is shown as obligations under finance leases. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term. Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term.

Retirement Benefit Costs

In respect of defined benefit plans, obligations are measured at discounted present value whilst plan assets are recorded at fair value. The cost of providing benefits is determined using the Projected Unit Method, with actuarial valuations being carried out at each balance sheet date.

The charge to the income statement is based on an actuarial calculation of the Group's portion of the annual expected costs of the benefit plans and the net interest cost, which is calculated by applying the discount rate to the net defined benefit obligation, taking into account contributions and benefits paid. Re-measurements are recognized in the statement of comprehensive income.

When a settlement or curtailment occurs, the obligation and related plan assets are re-measured using current actuarial assumptions and the resultant gain or loss recognized in the income statement in the period in which the settlement or curtailment occurs.

Payments to defined contribution plans are charged as an expense as they fall due.

Government Grants

Government grants relating to property, plant and equipment are treated as deferred income and released to the income statement over the expected useful lives of the asset concerned.

Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, it is probable that a transfer of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Share Based Compensation

The cost of equity-settled transactions is recognized, based upon the fair value at grant date, together with a corresponding increase in other capital reserves in equity, over the period in which the performance or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

1. Accounting Policies (continued)

Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity date of three months or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

Discontinued Operations and Assets and Liabilities Held for Sale

Discontinued operations are those operations that represent a separately identifiable major line of business that has either been disposed of, or is classified as held for sale.

For those activities classified as discontinued, the post-tax profit or loss is disclosed separately on the face of the income statement. The cash flows associated with the discontinued operation are also disclosed.

Assets (or disposal groups) held for sale are classified as assets held for sale and stated at the lower of their carrying amount and fair value costs to sell, if their carrying amount is recovered principally through a sale transaction rather than through continuing use. Assets held for sale are no longer amortized or depreciated from the time they are classified as such.

Interest in Joint Ventures

The Group has interests in joint ventures which are joint arrangements, whereby the venturers have a contractual arrangement that establishes joint control over the economic activities of the entity. The Group recognizes its interest in its joint ventures using the equity method.

Under the equity method, the investment in a joint venture is carried in the balance sheet at cost plus post acquisition changes in the Group's share of net assets of the joint venture. The income statement reflects the share of the results of the joint venture. The share of the result of joint venture is shown on the face of the income statement. This is the result attributable to equity holders of the joint venture.

The financial statements of the joint ventures are prepared for the same reporting period as the parent company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on the Group's investment in a joint venture. The Group determines at each reporting date whether there is any objective evidence that the investment in a joint venture is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of a joint venture and its carrying value and recognizes the amount in the income statement.

Upon loss of joint control and provided the former joint control entity does not become a subsidiary or associate, the Group measures and recognizes its remaining investment at its fair value. Any difference between the carrying amount of the former joint controlled entity upon loss of joint control and the fair value of the remaining investment and proceeds from disposal is recognized in profit or loss. When the remaining investment constitutes significant influence, it is accounted for as investment in an associate.

1. Accounting Policies (continued)

Financial Assets and Liabilities

Trade and Other Receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Bank and Other Loans

Bank and other loans are recorded at the fair value of the proceeds received plus directly attributable transaction costs. Issue costs relating to revolving credit facilities are charged to the income statement over the life of the facility on a periodic basis. Issue costs relating to fixed term loans are charged to the income statement using the effective interest method and are added to the carrying amount of the fixed term loan.

Trade Payables

Trade payables are not interest bearing and are stated at their nominal value.

Derivative Financial Instruments

The Group uses derivative financial instruments such as foreign currency contracts to hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments are stated at fair value.

Hedges are classified as cash flow hedges when they hedge exposure to variability in cash flows either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction.

In relation to cash flow hedges to hedge the foreign currency risk of firm commitments which meet the conditions for special hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in equity and the ineffective portion is recognized in the income statement.

In relation to derivative financial instruments used to hedge a forecast transaction, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in equity and the ineffective portion is recognized in the income statement. Amounts taken to equity are transferred to the income statement when the hedged transaction affects profit or loss.

Financial Liabilities and Equity Instruments

Financial liabilities and equity instruments issued by the Group are recorded at the proceeds received.

Financial liabilities and equity instruments are all instruments that are issued by the Group as a means of raising finance, including shares, loan notes, debentures, debt instruments and options and warrants that give the holder the right to subscribe for or obtain financial liabilities and equity instruments.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. All equity instruments are included in shareholders' funds. The finance costs incurred in respect of an equity instrument are charged directly to the income statement. Other instruments are classified as financial liabilities if they contain a contractual obligation to transfer economic benefits.

1. Accounting Policies (continued)

Critical Accounting Judgments and Key Sources of Estimation Uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The judgments used by management in the application of the Group's accounting policies in respect of these key areas of estimation are considered to be the most significant.

Impairment of Non-Financial Assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill is tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amount may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Details regarding goodwill and assumptions used in carrying out the impairment review are provided in Note 13.

Pensions

Determining the present value of future obligations of pensions requires an estimation of future mortality rates, future salary increases, future pension increases, future inflation increases and discount rates. These assumptions are determined in association with qualified actuaries. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. The pension liability at December 31, 2013 is $67.6 million (December 31, 2012: $96.7 million). Further details are given in Note 28.

Deferred Tax

Deferred tax assets are recognized for unabsorbed tax losses and unutilized capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are given in Note 23.

Inventories Obsolescence and Inventories Write Down

Inventories are stated at the lower of cost and net realizable value. Inventories are reviewed on a regular basis and the Group will make allowance for excess or obsolete inventories and write down to net realizable value based primarily on committed sales prices and management estimates of expected and future product demand and related pricing. Further details are given in Note 15.

(Dollars in millions)

1. Accounting Policies (continued)

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended standards and interpretations during the year. Adoption of these revised standards and interpretations did not have any effect on the financial statements of the Group, with the exception of IAS 19 for which the impact is described at the end of this note.

International Accounting Standards		Effective date
IAS 1	Presentation of Financial Statements (Amendments)	July 1, 2012
IAS 19	Employee Benefits (Revised)	January 1, 2013
IAS 27	Separate Financial Statements (Revised)	January 1, 2013
IAS 28	Investments in Associates and Joint Ventures (Revised)	January 1, 2013
IFRS 7	Financial Instruments: Disclosures (Amendment)	January 1, 2013
IFRS 10	Consolidated Financial Statements	January 1, 2013
IFRS 11	Joint Arrangements	January 1, 2013
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2013
IFRS 13	Fair Value Measurement	January 1, 2013

New standards and amendments to standards not applied

The IASB has issued the following standards and amendments to standards with an effective date after the date of these financial statements:

International Accounting Standards		Effective date
IAS 32	Financial Instruments: Presentation (Amendment)	January 1, 2014
IAS 36	Impairment of Assets (Amendments)	January 1, 2014
IAS 39	Financial Instruments: Recognition and Measurements (Amendments)	January 1, 2014
IFRIC 21	Levies	January 1, 2014
IAS 19	Employee Benefits (Amendments)	July 1, 2014
IFRSs	Annual Improvements to IFRSs: 2010 – 2012 and 2011 – 2013 Cycles	July 1, 2014
IFRS 7, IFRS 9, IAS 39	Financial Instruments (Amendments)	No earlier than January 1, 2017

The Group applies both IFRS as issued by the IASB and adopted by the EU. Where mandatory effective dates differ, the Group applies the earlier date as issued by the IASB.

The Directors do not anticipate that the adoption of these standards and interpretations will have a material effect on the Group's financial statements in the period of initial application.

(Dollars in millions)

1. Accounting Policies (continued)

IAS 19 Employee Benefits (Revised)

Under the revised standard, the charge to the income statement in relation to defined benefit costs has changed, with only current period service costs and administrative expenses being charged to operating profit and a finance expense calculated on the outstanding accounting deficit being charged to finance costs. The revised standard has not led to changes on the balance sheet or the deficit, so movements in the income statement have equal and opposite movements in Other Comprehensive Income.

The following table summarizes the impact of the revision to the standard to the income statement for the years ended December 31, 2012 and 2011.

	Previously published information		Restated under IAS 19 (Revised)	
	2012	2011	2012	2011
	$M	$M	$M	$M
OPERATING PROFIT	66.7	66.2	66.4	63.9
Other income (expense):				
Acquisitions and disposals	(0.8)	(0.2)	(0.8)	(0.2)
Finance income:				
Interest received	0.2	0.2	0.2	0.2
Finance costs:				
Interest costs	(6.7)	(9.2)	(6.7)	(9.2)
IAS 19 charge	-	-	(3.6)	(1.9)
PROFIT ON OPERATIONS BEFORE TAXATION	59.4	57.0	55.5	52.8
Tax expense	(17.0)	(13.6)	(16.0)	(12.5)
NET INCOME FOR THE YEAR	42.4	43.4	39.5	40.3
Attributable to:				
Equity shareholders	42.4	43.4	39.5	40.3
Earnings per share:				
Basic				
Unadjusted	$3.95	$4.39	$3.68	$4.08
Diluted				
Unadjusted	$3.88	$4.35	$3.61	$4.04

Based on the above table, the IAS 19 (revised) impact can be summarized as follows:

	2012	2011
	$M	$M
Reduction in:		
Operating profit	(0.3)	(2.3)
Profit on operations before taxation	(3.9)	(4.2)
Net income	(2.9)	(3.1)

(Dollars in millions)

2. Revenue and Segmental Analysis

For management purposes, the Group is organized into two operational divisions, Gas Cylinders and Elektron. The tables below set out information on the results of these two reportable segments.

Management monitors the operating results of its divisions separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on trading profit or loss, defined as operating profit or loss before restructuring and other expense.

Unallocated assets and liabilities include those which are held on behalf of the Group and cannot be allocated to a division, such as taxation, investments, cash, retirement benefit obligations, bank and other loans and holding company assets and liabilities.

All inter-segment sales are made on an arm's length basis.

REPORTING SEGMENTS:

Year ended December 31, 2013	**Gas Cylinders**	**Elektron**	**Unallocated**	**Total Continuing Activities**
	$M	**$M**	**$M**	**$M**
Revenue				
Segment Revenue	261.6	220.4	-	**482.0**
Inter-segment sales	-	(0.7)	-	**(0.7)**
Sales to external customers	261.6	219.7	-	**481.3**
Result				
Trading profit	19.0	40.2	-	**59.2**
Restructuring and other income (expense) (Note 5)	(1.5)	(0.7)	(0.5)	**(2.7)**
Operating profit/(loss)	17.5	39.5	(0.5)	**56.5**
Acquisitions and disposals (Note 5)	(0.1)	-	-	**(0.1)**
Net interest costs	-	-	(5.9)	**(5.9)**
IAS 19 finance charge	-	-	(3.8)	**(3.8)**
Profit/(loss) before tax	17.4	39.5	(10.2)	**46.7**
Tax expense				**(12.6)**
Net income for the year				**34.1**
Other segment information				
Segment assets	183.5	150.4	62.2	**396.1**
Segment liabilities	(35.0)	(22.3)	(147.1)	**(204.4)**
Net assets/(liabilities)	148.5	128.1	(84.9)	**191.7**
Capital expenditure: Property, plant and equipment	13.3	10.2	-	**23.5**
Capital expenditure: Intangible assets	0.3	2.0	-	**2.3**
Depreciation and amortization	7.1	8.7	-	**15.8**

(Dollars in millions)

2. Revenue and Segmental Analysis (continued)

Year ended December 31, 2012 (Restated under IAS 19R)	Gas Cylinders $M	Elektron $M	Unallocated $M	Total Continuing Activities $M
Revenue				
Segment Revenue	246.3	265.7	-	**512.0**
Inter-segment sales	-	(0.4)	-	**(0.4)**
Sales to external customers	246.3	265.3	-	**511.6**
Result				
Trading profit	15.7	52.8	-	**68.5**
Restructuring and other income (expense) (Note 5)	(1.1)	(0.2)	(0.8)	**(2.1)**
Operating profit/(loss)	14.6	52.6	(0.8)	**66.4**
Acquisitions and disposals (Note 5)	(0.6)	(0.2)	-	**(0.8)**
Net finance costs	-	-	(6.5)	**(6.5)**
IAS 19 finance charge	-	-	(3.6)	**(3.6)**
Profit/(loss) before tax	14.0	52.4	(10.9)	**55.5**
Tax expense				**(16.0)**
Net income for the year				**39.5**
Other segment information				
Segment assets	165.7	152.1	72.7	**390.5**
Segment liabilities	(40.3)	(28.2)	(173.2)	**(241.7)**
Net assets/(liabilities)	125.4	123.9	(100.5)	**148.8**
Capital expenditure: Property, plant and equipment	8.2	11.3	-	**19.5**
Capital expenditure: Intangible assets	-	-	-	**-**
Depreciation and amortization	6.5	8.2	-	**14.7**

Year ended December 31, 2011 (Restated under IAS 19R)	Gas Cylinders $M	Elektron $M	Unallocated $M	Total Continuing Activities $M
Revenue				
Segment Revenue	223.3	287.8	-	**511.1**
Inter-segment sales	-	(0.3)	-	**(0.3)**
Sales to external customers	223.3	287.5	-	**510.8**
Result				
Trading profit	11.2	52.5	-	**63.7**
Restructuring and other income (expense) (Note 5)	-	-	0.2	**0.2**
Operating profit	11.2	52.5	0.2	**63.9**
Acquisitions disposals (Note 5)	-	(0.2)	-	**(0.2)**
Net finance costs	-	-	(9.0)	**(9.0)**
IAS 19 finance charge	-	-	(1.9)	**(1.9)**
Profit/(loss) before tax	11.2	52.3	(10.7)	**52.8**
Tax expense				**(12.5)**
Net income for the year				**40.3**
Other segment information				
Segment assets	136.5	172.7	55.1	**364.3**
Segment liabilities	(39.8)	(40.0)	(219.7)	**(299.5)**
Net assets/(liabilities)	96.7	132.7	(164.6)	**64.8**
Capital expenditure: Property, plant and equipment	7.0	13.8	-	**20.8**
Capital expenditure: Intangible assets	0.2	0.1	-	**0.3**
Depreciation and amortization	6.4	8.1	-	**14.5**

(Dollars in millions)

2. Revenue and Segmental Analysis (continued)

GEOGRAPHIC ORIGIN:

Year ended December 31, 2013	**United Kingdom $M**	**Rest of Europe $M**	**North America $M**	**Australasia $M**	**Asia $M**	**Total $M**
Revenue						
Segment revenue	172.0	82.3	294.1	0.1	5.7	**554.2**
Inter-segment sales	(34.2)	(4.9)	(33.8)	-	-	**(72.9)**
Sales to external customers	137.8	77.4	260.3	0.1	5.7	**481.3**
Result						
Trading profit	15.0	3.6	39.6	0.1	0.9	**59.2**
Restructuring and other expense (Note 5)	(0.7)	-	(2.0)	-	-	**(2.7)**
Operating profit	14.3	3.6	37.6	0.1	0.9	**56.5**
Other geographical segment information						
Non-current assets [1]	66.2	21.6	98.9	-	0.5	**187.2**
Net assets/(liabilities) [2]	63.9	42.5	80.4	0.1	4.8	**191.7**
Capital expenditure: Property, plant and equipment	7.4	3.3	12.7	-	0.1	**23.5**
Capital expenditure: Intangible assets	1.5	0.2	0.6	-	-	**2.3**
Depreciation and amortization	5.9	2.8	7.0	-	0.1	**15.8**

[1] The Group's non-current assets analyzed by geographic origin include property, plant and equipment, intangible assets and investments.
[2] Represents net assets/(liabilities) employed – excluding inter-segment assets and liabilities.

Year ended December 31, 2012 (Restated under IAS 19R)	**United Kingdom $M**	**Rest of Europe $M**	**North America $M**	**Australasia $M**	**Asia $M**	**Total $M**
Revenue						
Segment revenue	210.1	65.2	304.2	0.1	5.9	**585.5**
Inter-segment sales	(42.9)	(4.5)	(26.5)	-	-	**(73.9)**
Sales to external customers	167.2	60.7	277.7	0.1	5.9	**511.6**
Result						
Trading profit	24.7	3.2	39.6	0.1	0.9	**68.5**
Restructuring and other expense (Note 5)	(1.0)	(0.2)	(0.9)	-	-	**(2.1)**
Operating profit	23.7	3.0	38.7	0.1	0.9	**66.4**
Other geographical segment information						
Non-current assets [1]	56.7	20.9	90.8	-	0.4	**168.8**
Net assets/(liabilities) [2]	52.1	32.8	58.9	0.4	4.6	**148.8**
Capital expenditure: Property, plant and equipment	6.7	2.4	10.2	-	0.2	**19.5**
Capital expenditure: Intangible assets	-	-	-	-	-	**-**
Depreciation and amortization	5.5	2.7	6.5	-	-	**14.7**

[1] The Group's non-current assets analyzed by geographic origin include property, plant and equipment, intangible assets and investments.
[2] Represents net assets/(liabilities) employed – excluding inter-segment assets and liabilities.

(Dollars in millions)

2. Revenue and Segmental Analysis (continued)

Year ended December 31, 2011 (Restated under IAS 19R)	United Kingdom $M	Rest of Europe $M	North America $M	Australasia $M	Asia $M	Total $M
Revenue						
Segment revenue	221.8	54.9	290.3	0.1	6.5	**573.6**
Inter-segment sales	(35.4)	(2.5)	(24.9)	-	-	**(62.8)**
Sales to external customers	186.4	52.4	265.4	0.1	6.5	**510.8**
Result						
Trading profit/(loss)	23.8	(0.2)	39.5	0.1	0.5	**63.7**
Restructuring and other expense (Note 5)	0.2	-	-	-	-	**0.2**
Operating profit/(loss)	24.0	(0.2)	39.5	0.1	0.5	**63.9**
Other geographical segment information						
Non-current assets [1]	52.6	18.8	80.0	-	0.3	**151.7**
Net assets/(liabilities) [2]	14.0	26.8	19.7	0.3	4.0	**64.8**
Capital expenditure: Property, plant and equipment	7.8	1.7	11.3	-	-	**20.8**
Capital expenditure: Intangible assets	0.3	-	-	-	-	**0.3**
Depreciation and amortization	5.5	2.9	6.1	-	-	**14.5**

[1] The Group's non-current assets analyzed by geographic origin include property, plant and equipment, intangible assets and investments.
[2] Represents net assets/(liabilities) employed – excluding inter-segment assets and liabilities.

GEOGRAPHIC DESTINATION:

	United Kingdom $M	Rest of Europe $M	Africa $M	North America $M	South America $M	Asia Pacific $M	Total $M
Revenue – Continuing activities							
Year ended December 31, 2013	56.5	120.7	5.3	223.6	16.3	58.9	**481.3**
Year ended December 31, 2012	58.8	126.6	7.6	226.6	19.4	72.6	**511.6**
Year ended December 31, 2011	61.5	128.3	20.3	210.3	25.1	65.3	**510.8**

(Dollars in millions)

3. Operating Profit

Operating profit for continuing activities is stated after charging/(crediting):

		Restated under IAS 19R	
	2013 $M	2012 $M	2011 $M
Research and development expenditure charged to the income statement	**8.2**	7.1	8.5
Research and development capital expenditure included within non-current assets	**1.6**	1.8	2.6
Total research and development expenditure	**9.8**	8.9	11.1
less external funding received – grants and recharges to third parties	**(0.2)**	(0.7)	(2.9)
less research and development expenditure capitalized within non-current assets	**(1.6)**	(1.8)	(2.6)
Net research and development	**8.0**	6.4	5.6
Depreciation of property, plant and equipment (Note 11)	**15.5**	14.4	14.2
Amortization of intangible assets (Note 12)	**0.3**	0.2	0.3
Loss on disposal of property, plant and equipment	**0.3**	-	-
Net foreign exchange gains	**-**	(0.7)	(0.7)
Staff costs (Note 6)	**117.3**	114.2	108.5
Cost of inventories recognized as expense	**333.0**	356.5	355.9

4. Fees Payable to Auditors

	2013 $M	2012 $M	2011 $M
Fees payable to auditors for the audit of the financial statements	**1.0**	0.9	0.8

The audit fee for the Company financial statements of Luxfer Holdings PLC was $0.1 million (2012 and 2011: $0.1 million).

Fees payable to auditors for non-audit services:			
Audit related assurance services	**0.1**	0.4	1.0
Tax compliance services	**0.4**	0.5	0.5
Tax advisory services	**0.2**	0.3	0.3
	0.7	1.2	1.8
Total fees payable	**1.7**	2.1	2.6

Included in fees payable to auditors was $1.0 million (2012: $1.3 million and 2011: $1.4 million) relating to the Company and its UK subsidiaries.

(Dollars in millions)

5. Other Income (Expense) Items

(a) Restructuring and Other Income (Expense)	**2013 $M**	2012 $M	2011 $M
(Charged)/credited to Operating profit:			
Rationalization of operations	**(0.5)**	(1.3)	-
I.P.O related share based compensation charges	**(0.5)**	(0.8)	-
I.P.O related legal and professional costs	**-**	-	(1.4)
(Charges)/credits on retirement benefit obligations	**(1.7)**	-	1.6
	(2.7)	(2.1)	0.2

(b) Acquisitions and Disposals	**2013 $M**	2012 $M	2011 $M
Charged to Non-operating profit:			
Net acquisition costs	**(0.1)**	(0.6)	-
Disposal costs of intellectual property	**-**	(0.2)	(0.2)
	(0.1)	(0.8)	(0.2)

Rationalization of Operations

In 2013, $0.3 million (2012: $1.1 million) of costs have been incurred in relation to rationalization costs in the Gas Cylinders Division and $0.2 million (2012: $0.2 million) have been incurred in the Elektron division.

I.P.O Related Share Based Compensation Charges

In 2013, a charge of $0.5 million (2012: $0.8 million) was recognized in the income statement under IFRS 2 in relation to share options granted as part of the initial public offering. The share options are described in further detail in note 30.

I.P.O Related Non-Trade Legal and Professional Costs

In 2011, the Group incurred legal, audit and professional costs of $2.8 million in relation to the raising of equity funding. Of this, $1.4 million was expensed in the year mainly in relation to historical audit work and $1.4 million was deferred, which related to regulatory and legal documentation to support the transaction.

Charges/Credits on Retirement Benefit Obligations

In 2013, deferred members of the US pension plans were offered the option of a lump sum buyout in respect of their benefits in the plan. The settlement of the pension liabilities has resulted in a charge to the income statement of $1.7 million.

In 2011, retired members of the Luxfer Group Pension Plan, the principal defined benefit plan in the UK, we offered a one-off option of altering the structure of their pension by receiving an uplift immediately in return for giving up rights to a portion of their future pension increases. This reduced the costs and risks of operating the pension plan and resulted in a non-cash gain of $1.6 million and a corresponding reduction in the present value of the defined benefit obligations of the pension plan.

Net Acquisition Costs

In 2013, net acquisition costs of $0.1 million (2012: $0.6 million) were recognized by the Gas Cylinders division in relation to the acquisition of Dynetek Industries Limited and the finalization of the fair value exercise.

Disposal Costs of Intellectual Property

In 2012 and 2011, the Elektron division incurred costs of $0.2 million in relation to the sale process of intellectual property in the USA, acquired as part of the 2007 acquisition of Revere Graphics.

(Dollars in millions)

6. Staff Costs

		Restated under IAS 19R	
	2013 $M	2012 $M	2011 $M
Wages and salaries	**92.8**	89.6	88.0
Social security costs	**12.2**	12.3	12.6
Retirement benefit costs	**10.2**	10.3	7.9
Redundancy costs:			
Continuing activities (note 5)	**0.3**	1.2	-
Share based compensation charges	**1.8**	0.8	-
	117.3	114.2	108.5

The average monthly number of employees during the year was made up as follows:

	2013 No.	2012 No.	2011 No.
Production and distribution	**1,363**	1,284	1,209
Sales and administration	**190**	183	189
Research and development	**52**	53	51
	1,605	1,520	1,449

The compensation of Directors was:

	2013 $M	2012 $M	2011 $M
Remuneration (short-term benefits)	**1.3**	1.6	1.3
Post-employment benefits	**0.2**	0.2	0.2
Total short-term and post-retirement benefits	**1.5**	1.8	1.5

During the year, one of the directors was a member of the group’s registered defined contribution and defined benefit pension arrangements and another director was a participant in the unfunded unregistered unsecured retirement benefit arrangement accrued by the company.

In 2013, compensation of key management personnel (including directors) was $2.3 million (2012: $2.8 million and 2011: $2.7 million) for short-term employee benefits and $0.5 million (2012: $0.4 million and 2011: $0.5 million) for post-employment benefits.

Directors’ Interests and Related Party Transactions

No directors had a material interest in, nor were they a party to, any contract or arrangement to which the parent company, Luxfer Holdings PLC (the “Company”) or any of its subsidiaries is or was party either during the year or at the end of the year, with the following exceptions: in the case of the executive directors their individual service contract and the Luxfer Holdings PLC Long-Term Umbrella Incentive Plan; in the case of the non-executive directors their engagement letters or the contract for services under which their services as a director of the Company are provided; in the case of the executive directors and the chairman, the Luxfer Holdings PLC Non-Executive Directors Equity Incentive Plan. No share options were exercised by directors of the Company during the year.

(Dollars in millions)

7. Finance Income

	2013 $M	2012 $M	2011 $M
Bank interest received	**0.2**	0.2	0.1
Other interest received	**0.1**	-	0.1
Total finance income	**0.3**	0.2	0.2

8. Finance Costs

		Restated under IAS 19R	
	2013 $M	2012 $M	2011 $M
Interest paid:			
Senior Notes due 2012	**-**	-	3.3
Bank and other loans	**5.0**	5.7	4.3
Amortization of issue costs	**1.2**	1.0	1.6
IAS 19 finance charge	**3.8**	3.6	1.9
Total finance costs	**10.0**	10.3	11.1

(Dollars in millions)

9. Income Tax

	2013 **$M**	Restated under IAS 19R 2012 $M	2011 $M
Current tax:			
UK Corporation tax	**0.2**	3.3	1.0
Adjustments in respect of previous years	**(0.7)**	(0.4)	-
	(0.5)	2.9	1.0
Non-UK tax	**10.2**	9.9	10.8
Adjustments in respect of previous years	**(0.1)**	(1.7)	-
Total current tax charge	**9.6**	11.1	11.8
Deferred tax:			
Origination and reversal of temporary differences	**2.6**	3.5	0.9
Adjustments in respect of previous years	**0.4**	1.4	(0.2)
Total deferred tax charge	**3.0**	4.9	0.7
Tax on profit on operations	**12.6**	16.0	12.5

The income tax charge relates to continuing activities and there is no tax charge in relation to discontinued activities.

(b) Factors affecting the taxation charge for the year

The tax assessed for the year differs from the standard rate of 23.25% (2012: 24.5% and 2011: 26.5%) for corporation tax in the UK.

The differences are explained below:

	2013 **$M**	Restated under IAS 19R 2012 $M	2011 $M
Profit on operations before taxation	**46.7**	55.5	52.8
Profit on operations at 2013 standard rate of corporation tax in the UK of 23.25% (2012: 24.5% and 2011: 26.5%)	**10.9**	13.6	14.0
Effects of:			
Income not taxable	**(1.1)**	(0.2)	(0.3)
Unprovided deferred tax	**(1.1)**	(1.3)	(4.7)
Foreign tax rate differences	**4.3**	4.6	3.7
Adjustment in respect of previous years	**(0.4)**	(0.7)	(0.2)
Tax expense	**12.6**	16.0	12.5

9. Income Tax (continued)

(c) Factors that may affect future taxation charge

As at December 31, 2013, the Group has carried forward tax losses of $99.4 million (UK: $71.9 million, non-UK $27.5 million). Carried forward tax losses for 2012 were $85.4 million (UK: $71.9 million, non-UK: $13.5 million) and for 2011 were $74.2 million (UK: $69.2 million, non-UK: $5.0 million). To the extent that these losses are available to offset against future taxable profits, it is expected that the future effective tax rate would be below the standard rate in the country where the profits are offset.

In his annual Budget announcement of March 20, 2013, the Chancellor of the Exchequer announced certain tax changes which will have a significant effect on the Group's future tax position. The proposals include phased reductions in the UK corporation tax rate to 20% from 1 April 2015.

As at December 31, 2013, the previously announced reduction in the rate to 20% had been 'substantively enacted' and this has been reflected in the Group's financial statements as at December 31, 2013.

10. Earnings Per Share

The Group calculates earnings per share in accordance with IAS 33. Basic income per share is calculated based on the weighted average common shares outstanding for the period presented. The weighted average number of shares outstanding is calculated by time-apportioning the shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the weighted average number of ordinary shares outstanding during the financial year have been adjusted for the dilutive effects of all potential ordinary shares and share options granted to employees.

American Depositary Shares (ADSs) of Luxfer Holdings PLC are listed on the New York Stock Exchange following an initial public offering on October 3, 2012. The company's £1 ordinary shares are not traded on any recognized stock exchange. The Depository for the ADSs holds 1 £1 ordinary share for every 2 ADSs traded, through American Depositary Receipts.

The Group reports earnings and adjusted earnings per ordinary share and per ADS to enable both sets of equity holders to understand the Group's earnings and adjusted earnings as a proportion of their equity investment held. Management believe the use of non-GAAP financial measures such as adjusted earnings per ADS more closely reflects the underlying earnings per ADS performance.

The weighted average methodology used to calculate the ordinary shareholders for 2012 and 2011 EPS on the £1 shares does not reflect a full-year economic impact of a 35% increase in the share capital of the Group from the IPO at 3 October, 2012. ADS and ordinary £1 shareholders should consider this impact when comparing the IFRS EPS to any ADS share price or comparator companies earnings multiples, for valuation purposes.

It should be noted that all EPS measures for prior periods have been restated for the application of IAS 19 Revised due to the impact of the accounting standard on the Group's net income.

(Dollars in millions)

10. Earnings Per Share (continued)

		Restated under IAS 19R	
	2013 $M	2012 $M	2011 $M
Basic earnings:			
Basic earnings attributable to ordinary shareholders	**34.1**	39.5	40.3
Adjusted earnings:			
IAS 19 – retirement benefits finance charge	**3.8**	3.6	1.9
Acquisitions and disposals (Note 5)	**0.1**	0.8	0.2
Restructuring and other (income) expense (Note 5)	**2.7**	2.1	(0.2)
Other share based compensation charges	**1.3**	-	-
Tax thereon	**(2.2)**	(1.3)	(1.1)
Adjusted earnings	**39.8**	44.7	41.1
Weighted average number of £1 ordinary shares:			
For basic earnings per share	**13,407,077**	10,741,677	9,884,145
Exercise of share options	**616,124**	185,769	95,910
For diluted earnings per share	**14,023,201**	10,927,446	9,980,055
Earnings per share using weighted average number of ordinary shares outstanding:			
Basic			
Adjusted	**$2.97**	$4.16	$4.16
Unadjusted	**$2.54**	$3.68	$4.08
Diluted			
Adjusted	**$2.84**	$4.09	$4.12
Unadjusted	**$2.43**	$3.61	$4.04

Each £1 ordinary share is equal to 2 American Depositary Shares, as listed and quoted on the New York Stock Exchange.

If all £1 ordinary shares were converted to ADSs, the weighted average number of ADSs would be as follows:

For basic earnings per share	**26,814,154**	21,483,354	19,768,290
For diluted earnings per share	**28,046,402**	21,854,892	19,960,110
Earnings per share using weighted average number of ADSs outstanding:			
Basic			
Adjusted	**$1.48**	$2.08	$2.08
Unadjusted	**$1.27**	$1.84	$2.04
Diluted			
Adjusted	**$1.42**	$2.05	$2.06
Unadjusted	**$1.22**	$1.81	$2.02

(Dollars in millions)

11. Property, Plant and Equipment

		Long leasehold $M	Short leasehold $M	Plant and equipment $M	Total
Cost:					
At January 1, 2012	45.1	3.9	6.6	273.1	**328.7**
Additions	3.0	0.1	1.1	15.3	**19.5**
Business additions	0.6	-	-	7.6	**8.2**
Disposals	-	-	(0.2)	(6.5)	**(6.7)**
Exchange adjustments	0.6	0.2	0.1	7.3	**8.2**
At December 31, 2012	49.3	4.2	7.6	296.8	**357.9**
Additions	2.9	0.4	0.6	19.6	**23.5**
Disposals	(0.5)	-	-	(3.7)	**(4.2)**
Exchange adjustments	0.1	0.1	-	3.2	**3.4**
At December 31, 2013	51.8	4.7	8.2	315.9	**380.6**
Depreciation:					
At January 1, 2012	15.4	3.1	2.4	193.6	**214.5**
Provided during the year	1.2	0.1	0.5	12.6	**14.4**
Disposals	-	-	(0.2)	(6.5)	**(6.7)**
Exchange adjustments	0.2	0.1	-	5.8	**6.1**
At December 31, 2012	16.8	3.3	2.7	205.5	**228.3**
Provided during the year	1.4	0.1	0.6	13.4	**15.5**
Disposals	(0.5)	-	-	(3.3)	**(3.8)**
Exchange adjustments	-	0.1	-	2.6	**2.7**
At December 31, 2013	17.7	3.5	3.3	218.2	**242.7**
Net book values:					
At December 31, 2013	34.1	1.2	4.9	97.7	**137.9**
At December 31, 2012	32.5	0.9	4.9	91.3	**129.6**
At January 1, 2012	29.7	0.8	4.2	79.5	**114.2**

Long and Short Leasehold

The long and short leasehold costs relate to leasehold property improvements.

(Dollars in millions)

12. Intangible Assets

	Goodwill $M	Patents $M	Development Costs $M	Other $M	Total $M
Cost:					
At January 1, 2012	54.2	1.7	-	1.4	**57.3**
Exchange adjustments	2.0	-	-	-	**2.0**
At December 31, 2012	56.2	1.7	-	1.4	**59.3**
Additions	0.2	-	0.8	1.5	**2.5**
Exchange adjustments	0.8	0.1	-	-	**0.9**
At December 31, 2013	57.2	1.8	0.8	2.9	**62.7**
Amortization:					
At January 1, 2012	18.5	0.9	-	0.9	**20.3**
Provided during the year	-	0.1	-	0.1	**0.2**
Exchange adjustments	0.4	-	-	-	**0.4**
At December 31, 2012	18.9	1.0	-	1.0	**20.9**
Provided during the year	-	0.1	-	0.2	**0.3**
Exchange adjustments	0.1	-	-	-	**0.1**
At December 31, 2013	19.0	1.1	-	1.2	**21.3**
Net book values:					
At December 31, 2013	38.2	0.7	0.8	1.7	**41.4**
At December 31, 2012	37.3	0.7	-	0.4	**38.4**
At January 1, 2012	35.7	0.8	-	0.5	**37.0**

The patents acquired are being amortized over the lower of their estimated useful life, or legal life; this being 17 to 20 years.

The additions to goodwill of $0.2 million in the year ended December 31, 2013 relate to the acquisition of Dynetek Industries Limited and the finalization of the fair value exercise.

(Dollars in millions)

13. Impairment of Goodwill

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units (CGUs) that are expected to benefit from the business combination. The four CGUs represent the lowest level within the Group at which goodwill is monitored for internal reporting management purposes. The four CGUs are aggregated to form the Group's two defined reportable segments: Gas Cylinders division and Elektron division. The table below summarizes the carrying amount of goodwill by division:

	Gas Cylinders Division $M	Elektron Division $M	Total $M
At January 1, 2012	23.0	12.7	**35.7**
Exchange adjustments	1.0	0.6	**1.6**
At December 31, 2012	24.0	13.3	**37.3**
Additions	0.2	-	**0.2**
Exchange adjustments	0.5	0.2	**0.7**
At December 31, 2013	24.7	13.5	**38.2**

The Gas Cylinders division goodwill of $24.7 million (December 31, 2012: $24.0 million) included goodwill attributable to our Luxfer Gas Cylinders operations of $23.4 million (December 31, 2012: $22.7 million) and goodwill attributable to our Superform operations of $1.3 million (December 31, 2012: $1.3 million). The Elektron division goodwill of $13.5 million (December 31, 2012: $13.3 million) included goodwill attributable to our MEL Chemicals operations of $5.2 million (December 31, 2012: $5.1 million) and goodwill attributable to our Magnesium Elektron operations of $8.3 million (December 31, 2012: $8.2 million).

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of each of the cash-generating units has been determined based on a value in use calculation using a discounted cash flow method. The cash flows were derived from a business plan prepared at a detailed level by individual businesses within each CGU. The results of these plans were then extrapolated to give cash flow projections to 2016 and then a terminal value based on a growth rate of 2.5% (2012: 2.5% and 2011: 2.5%). The rate is estimated to be below the average long-term growth rate for the relevant markets. The business plans were driven by detailed sales forecasts by product type and best estimate of future demand by end market. The cash flows included allowance for detailed capital expenditure and maintenance programs, along with working capital requirements based on the projected level of sales. The before tax discount rate used was 9% (2012: 10% and 2011: 9%), which was considered a best estimate for the risk-adjusted cost of capital for the business units. The long term projections assumed product prices and costs were at current levels, but the exchange rates used were: US$: £ exchange ranging from $1.55 - $1.60 and US$: € exchange ranging from €1.33 - €1.29. Based on the current business plans used in the impairment testing, it is believed no reasonable changes in the discount and growth rates or forecast future cash flows are expected to result in an impairment of the carrying value of the goodwill.

(Dollars in millions)

14. Investments

	Shares in joint ventures $M	Loans to joint ventures $M	Other $M	Total $M
At January 1, 2012	0.3	-	0.2	**0.5**
Equity funding of joint ventures	0.4	-	-	**0.4**
Share of results of joint ventures	(0.1)	-	-	**(0.1)**
At December 31, 2012	0.6	-	0.2	**0.8**
Equity funding of joint ventures	2.5	-	**-**	**2.5**
Debt funding of joint ventures	-	4.5	**-**	**4.5**
Share of results of joint ventures	0.1	-	**-**	**0.1**
At December 31, 2013	3.2	4.5	0.2	**7.9**

Investment in Joint Ventures

At December 31, 2013, the Group had the following joint venture undertakings which affect the profit of the Group. Unless otherwise stated, the Group's joint ventures have share capital which consists solely of ordinary shares and are indirectly held, and the country of incorporation or registration is also their principal place of operation.

Name of company	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
Dynetek Cylinders India Private Limited	India	Ordinary shares	**49%**	Engineering
Dynetek Jorea Co. Limited	South Korea	Ordinary shares	**49%**	Engineering
Luxfer Holdings NA, LLC	United States	N/A	**49%**	Engineering
Luxfer Uttam India Private Limited	India	Ordinary shares	**51%**	Engineering
Nikkei-MEL Co. Limited	Japan	Ordinary shares	**50%**	Engineering

During 2012, the Group acquired two Joint Ventures in India and South Korea through its acquisition of Dynetek Industries and at the end of the year established a third in North America. The objective of these joint ventures is to promote and support the use of large composite cylinders for use by end customers in CNG and Hydrogen gas transportation applications. Only the North American joint venture had any significant trading activities in 2013 and the profit attributable to Luxfer Holdings NA, LLC in its first year of trading was $0.2 million.

The Group has committed up to $12.5 million of future funding to aid expansion of the North American Joint Venture in the coming years, via $2.5 million of equity into Luxfer Holdings NA, LLC and an un-drawn $10 million secured credit line for working capital and supplier finance of which $4.5 million was drawn down as at December 31, 2013.

The loss attributable to the Luxfer Uttam India Private Limited joint venture for 2013 was $0.1 million (2012: loss of $0.1 million).

The share of results of all other joint ventures was $nil.

Related party transactions with joint ventures have been disclosed in Note 31 to the Group's financial statements.

15. Inventories

	December 31, 2013 $M	December 31, 2012 $M
Raw materials and consumables	**37.7**	35.6
Work in progress	**27.6**	25.2
Finished goods and goods for resale	**28.8**	23.0
	94.1	83.8

The provision against obsolete and excess inventories at December 31, 2013 was $4.8 million (December 31, 2012: $6.8 million). The movement represents the utilization of the provision. The cost of inventories recognized as an expense during the year has been disclosed in Note 3.

(Dollars in millions)

16. Trade and Other Receivables

	December 31, 2013 $M	December 31, 2012 $M
Trade receivables	**53.0**	60.3
Amounts owed by joint ventures and associates	**1.7**	0.7
Other receivables	**5.4**	7.6
Prepayments and accrued income	**7.7**	5.3
Derivative financial instruments	**0.8**	0.5
	68.6	74.4

The Directors consider that the carrying value of trade and other receivables approximates to their fair value.

Trade receivables are non-interest bearing and are generally on 30-90 days terms.

Trade receivables above are disclosed net of any provisions for doubtful receivables.

As at December 31, 2013, trade receivables with a nominal value $0.6 million (December 31, 2012: $2.2 million) were impaired and fully provided for. Movements in the provision for impairment of trade receivables were as follows:

	2013 $M	2012 $M
At January 1	**2.2**	1.9
(Credit)/charge in the year	**(1.1)**	0.1
Other movements	**(0.5)**	0.2
At December 31	**0.6**	2.2

17. Cash and Short Term Deposits

	December 31, 2013 $M	December 31, 2012 $M
Cash at bank and in hand	**28.4**	40.2

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. The Directors consider that the carrying amount of cash and short-term deposits approximates to their fair value.

(Dollars in millions)

18. Share Capital

(a) *Ordinary Share Capital*

	December 31, 2013 No.	December 31, 2012 No.	December 31, 2013 $M	December 31, 2012 $M
Authorized:				
Ordinary shares of £1 each	**20,000,000**	20,000,000	**35.7** [1]	35.7 [1]
Deferred ordinary shares of £0.0001 each	**769,423,688,000**	769,423,688,000	**150.9** [1]	150.9 [1]
	769,443,688,000	769,443,688,000	**186.6** [1]	186.6 [1]
Allotted, called up and fully paid:				
Ordinary shares of £1 each	**13,500,962**	13,500,000	**25.3** [1]	25.3 [1]
Deferred ordinary shares of £0.0001 each	**769,413,708,000**	769,413,708,000	**150.9** [1]	150.9 [1]
	769,427,208,962	769,427,208,000	**176.2** [1]	176.2 [1]

[1] The Group's ordinary and deferred share capital are shown in US dollars at the exchange rate prevailing at the month end spot rate at the time of the share capital being issued. This rate at the end of February 2007 was $1.9613: £1 when the first 10,000,000 shares were issued, and the rate at the end of October 2012 was $1.6129:£1 when 3,500,000 shares were issued.

The rights of the shares are as follows:

Ordinary shares of £1 each

The ordinary shares carry no entitlement to an automatic dividend but rank pari passu in respect of any dividend declared and paid other than preference dividend (see below).

Since the balance sheet date, the Group has allotted and issued 6,038 ordinary shares of £1 each pursuant to an ordinary resolution empowering the directors to allot equity securities for cash up to an aggregate nominal amount of £20,000,000, passed by shareholders on 26 October, 2011. The ordinary shares were allotted and issued to satisfy share awards which vested under the Company's Long-Term Umbrella Incentive Plan.

Deferred ordinary shares of £0.0001 each

The deferred shares have no entitlement to dividends or to vote. On a winding up (but not otherwise) the holders of the deferred shares shall be entitled to the repayment of the paid up nominal amount of the deferred shares, but only after any payment to the holders of ordinary shares of an amount equal to 100 times the amount paid up on such ordinary shares.

(b) *American Depositary Shares*

As at December 31, 2013, there were 24,639,564 American Depositary Shares (ADSs) of Luxfer Holdings PLC listed on the New York Stock Exchange following an initial public offering on October 3, 2012. The Depository for the ADSs holds 1 £1 ordinary share for every 2 ADSs traded, through American Depositary Receipts.

ADS holders are entitled to instruct their Depositary to vote and to receive a dividend as per the ordinary shareholders, after deducting the fees and expenses of the Depositary.

(Dollars in millions)

18. Share Capital (continued)

(c) Own Shares Held by ESOP

	$M
At January 1, 2012	**0.6**
Purchases of shares from ESOP	**(0.1)**
At December 31, 2012 and 2013	**0.5**

As at December 31, 2012, there were 93,674 ordinary shares of £1 each held by The Luxfer Group Employee Share Ownership Plan. During the year ended December 31, 2013, all of the ordinary shares held by The Luxfer Group Employee Share Ownership Plan were transferred into the ADS scheme.

(d) Other Capital Reserves

	Share based compensation $M
At January 1, 2011 and December 31, 2011	**-**
I.P.O related share based compensation charges	**0.8**
At December 31, 2012	**0.8**
I.P.O related share based compensation charges	**0.5**
Other share based compensation charges	**1.3**
At December 31, 2013	**2.6**

The share based compensation reserve is used to recognize the fair value of options and performance shares granted under IFRS 2. For further information refer to Note 30. The charge in 2013 related to options over ADSs and not directly in ordinary shares.

19. Dividends Paid and Proposed

	2013 $M	2012 $M	2011 $M
Dividends declared and paid during the year:			
Interim dividend paid August 10, 2012 ($0.39 per ordinary share)	**-**	3.8	-
Interim dividend paid October 25, 2012 ($0.20 per ordinary share)	**-**	2.0	-
Interim dividend paid February 6, 2013 ($0.20 per ordinary share)	**2.7**	-	-
Interim dividend paid May 8, 2013 ($0.20 per ordinary share)	**2.7**	-	-
Interim dividend paid August 7, 2013 ($0.20 per ordinary share)	**2.7**	-	-
Interim dividend paid November 6, 2013 ($0.20 per ordinary share)	**2.7**	-	-
	10.8	5.8	-

	2013 $M	2012 $M	2011 $M
Dividends proposed and paid after December 31 (not recognized as a liability as at December 31):			
Interim dividend paid February 6, 2013: ($0.20 per ordinary share)	**-**	2.7	-
Interim dividend paid February 5, 2014: ($0.20 per ordinary share)	**2.7**	-	-
	2.7	2.7	-

(Dollars in millions)

20. Reserves

					Restated under IAS 19R
	Share premium Account $M	Hedging Reserve $M	Translation Reserve $M	Merger Reserve $M	Retained Earnings $M
At January 1, 2011	-	**0.1**	**(26.0)**	**(333.8)**	**255.0**
Net income for the year	-	-	-	-	40.3
Currency translation differences	-	(0.1)	(5.4)	-	-
Increase in fair value of cash flow hedges	-	0.9	-	-	-
Transfer to income statement on cash flow hedges	-	(0.2)	-	-	-
Remeasurement of defined benefit retirement plans	-	-	-	-	(49.8)
Deferred tax on items taken to other comprehensive income	-	-	-	-	13.9
At December 31, 2011	-	**0.7**	**(31.4)**	**(333.8)**	**259.4**
Net income for the year	-	-	-	-	39.5
Currency translation differences	-	-	2.9	-	-
Decrease in fair value of cash flow hedges	-	(0.1)	-	-	-
Transfer to income statement on cash flow hedges	-	(0.2)	-	-	-
Remeasurement of defined benefit retirement plans	-	-	-	-	(17.4)
Deferred tax on items taken to other comprehensive income	-	-	-	-	2.9
Equity dividends	-	-	-	-	(5.8)
Arising from issue of share capital	59.4	-	-	-	-
Share issue costs	(3.8)	-	-	-	-
At December 31, 2012	**55.6**	**0.4**	**(28.5)**	**(333.8)**	**278.6**
Net income for the year	-	-	-	-	34.1
Currency translation differences	-	-	3.1	-	-
Decrease in fair value of cash flow hedges	-	(0.8)	-	-	-
Remeasurement of defined benefit retirement plans	-	-	-	-	23.7
Deferred tax on items taken to other comprehensive income	-	0.1	-	-	(9.1)
Equity dividends	-	-	-	-	(10.8)
Deferred tax on items taken to equity	-	-	-	-	0.8
At December 31, 2013	**55.6**	**(0.3)**	**(25.4)**	**(333.8)**	**317.3**

Nature and Purpose of Reserves

Share Premium Account

The share premium account is used to record the excess of proceeds over nominal value on the issue of shares. Share issue costs directly related to the issue of shares are deducted from share premium.

(Dollars in millions)

20. Reserves (continued)

Hedging Reserve

The hedging reserve contains the effective portion of the cash flow hedge relationships entered into by the Group at the reporting date. The movement in the year to December 31, 2013 of $0.7 million includes a decrease in the fair value of cash flow hedges of $0.8 million, no impact of cash flow hedges being transferred to the income statement and a $0.1 million movement in deferred tax. For further information regarding the Group's forward foreign currency contracts, forward aluminum commodity contracts and forward rate interest rate agreements refer to Note 27 section (a) - Financial Instruments: Financial Instruments of the Group.

Translation Reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of operations which do not have U.S. dollars as their functional currency. It would also be used to record the effect of hedging net investments in such operations.

Merger Reserve

The merger reserve relates to the recapitalization of Luxfer Group Limited during the year ended December 31, 1999. Pursuant to the recapitalization of Luxfer Group Limited, Luxfer Holdings PLC acquired the entire share capital of Luxfer Group Limited. The company known as Luxfer Group Limited during the year ended December 31, 1999 was subsequently renamed LGL 1996 Limited and remains dormant. The recapitalization was accounted for using merger accounting principles.

The accounting treatment reflected the fact that ownership and control of Luxfer Group Limited, after the recapitalization, remained with the same institutional and management shareholders as before the recapitalization. Under merger accounting principles the consolidated financial statements of Luxfer Holdings PLC appear as a continuation of those for Luxfer Group Limited and therefore as if it had been the parent of the Group from its incorporation.

21. Bank and Other Loans

	December 31, 2013 $M	December 31, 2012 $M
Non-current		
Private Placement Loan Notes due 2018	**63.8**	63.5
	63.8	63.5

21. Bank and Other Loans (continued)

As at December 31, 2013 the group had £110 million facilities (approximately $182 million) comprising a seven year private placement denominated in US dollars of $65 million (approximately £39 million) with a US insurance company and banking facilities that include a revolving credit facility of £70 million ($116 million) with a number of banks.

On March 25, 2014 the Group amended its banking facilities, which are currently a £70 million ($116 million) revolving credit facility. The new arrangements will provide an expanded $150 million of committed revolving credit facilities, at slightly lower costs to previous terms, and also provide up to an additional $50 million via a standby accordion facility. The current facilities were due to mature in early May 2015, but the amended facility will now be extended to the end of April 2019. The cost of extending these facilities was an additional $1.3 million commitment fee plus legal costs estimated at $0.3m.

As at December 31, 2013 the outstanding debt was made up of the private placement of $65 million (December 31, 2012: $65 million), with no draw down on loans under the bank facility (December 31, 2012: $nil).

The $65 million (£39 million) seven year private placement will be repayable in full in 2018 and bears interest at a fixed rate of 6.19%. The Group has arranged the seven year debt to be denominated in US dollars so that there is a natural partial offset between its dollar-denominated net assets and earnings of its US operations and this dollar-denominated debt and related interest expense.

As at December 31, 2013, the revolving credit facility carried amortization of $1.0 million (£0.6 million) per annum. The private placement notes and the revolving credit facility are unsecured. Unamortized finance costs of $1.4 million are included in trade and other receivables. As at December 31, 2013, the total amounts outstanding on the Loan Notes due 2018 were $65.0 million, which are shown in non-current bank and other loans net of unamortized finance costs of $1.2 million. The maturity profile of the Group's undiscounted contractual payments is disclosed in Note 26.

(Dollars in millions)

22. Provisions

	Rationalization & redundancy $M	Employee Benefits $M	Environmental provisions $M	Total $M
At January 1, 2012	**0.4**	**1.2**	**3.5**	**5.1**
Charged to income statement	1.3	0.3	0.1	**1.7**
Cash payments	(1.3)	(0.2)	(0.8)	**(2.3)**
Exchange adjustments	-	-	0.2	**0.2**
At December 31, 2012	**0.4**	**1.3**	**3.0**	**4.7**
Charged to income statement	0.5	0.2	-	**0.7**
Cash payments	(0.6)	(0.1)	(0.7)	**(1.4)**
Exchange adjustments	-	0.1	(0.1)	**-**
At December 31, 2013	**0.3**	**1.5**	**2.2**	**4.0**

(Dollars in millions)

22. Provisions (continued)

	Rationalization & redundancy $M	Employee benefits $M	Environmental provisions $M	Total $M
At December 31, 2013				
Included in current liabilities	0.3	-	1.5	**1.8**
Included in non-current liabilities	-	1.5	0.7	**2.2**
	0.3	**1.5**	**2.2**	**4.0**
At December 31, 2012				
Included in current liabilities	0.4	-	1.5	**1.9**
Included in non-current liabilities	-	1.3	1.5	**2.8**
	0.4	**1.3**	**3.0**	**4.7**

Rationalization and Redundancy

At December 31, 2013 the Group had $0.3 million of provisions relating to redundancy and the rationalization of its operations (December 31, 2012: $0.4 million). $0.1 million of this provision relates to restructuring of the production facilities at Gerzat, France within the Gas Cylinders division. A further $0.2 million of this provision relates to closure of the Gas Cylinders division manufacturing facility based at Aldridge in the UK.

Employee Benefits

At December 31, 2013 the Group had $1.5 million of employee benefit liabilities (in addition to retirement benefits), as calculated on an actuarial basis, relating to a provision for workers' compensation at the Gas Cylinders division in the USA (December 31, 2012: $1.3 million).

Environmental Provisions

As at December 31, 2013, the Group had environmental provisions of $2.2 million relating to environmental clean-up costs (December 31, 2012: $3.0 million). $0.9 million of the provision is for future remediation costs required at the Speciality Aluminium site, in relation to an incident before Luxfer Group's ownership. A further $1.3 million of environmental provisions relate to work required at the UK Elektron division site. This expenditure is expected to take place over the next one to three years.

(Dollars in millions)

23. Deferred Tax

	Accelerated tax depreciation $M	Other temporary differences $M	Tax losses $M	Restated under IAS 19R Retirement benefit obligations $M	Total $M
At January 1, 2012	8.8	(7.9)	-	(23.6)	**(22.7)**
Charged/(credited) to income statement	1.1	3.0	(1.5)	2.3	**4.9**
Credited to other comprehensive income	-	-	-	(2.9)	**(2.9)**
Exchange adjustment	0.5	(0.2)	-	(1.2)	**(0.9)**
At December 31, 2012	**10.4**	**(5.1)**	**(1.5)**	**(25.4)**	**(21.6)**
Charged/(credited) to income statement	1.0	0.2	(0.4)	2.2	**3.0**
(Credited)/charged to other comprehensive income	-	(0.1)	-	9.1	**9.0**
Credited to equity	-	(0.8)	-	-	**(0.8)**
Exchange adjustment	0.1	-	-	-	**0.1**
At December 31, 2013	**11.5**	**(5.8)**	**(1.9)**	**(14.1)**	**(10.3)**

The amount of deferred taxation accounted for in the Group balance sheet, after the offset of balances within countries for financial reporting purposes, comprised the following deferred tax assets and liabilities:

	December 31, 2013 $M	December 31, 2012 $M
Deferred tax liabilities	**(5.5)**	-
Deferred tax assets	**15.8**	21.6
Net deferred tax asset	**10.3**	21.6

At the balance sheet date, the Group has unrecognized deferred tax assets relating to certain trading and capital losses and other temporary differences of $19.5 million (December 31, 2012: $23.6 million) potentially available for offset against future profits. No deferred tax asset has been recognized in respect of this amount because of the unpredictability of future qualifying profit streams in the relevant entities. Of the total unrecognized deferred tax asset of $19.5 million (December 31, 2012: $23.6 million), $19.1 million (December 31, 2012: $18.5 million) relates to losses that can be carried forward indefinitely under current legislation.

At the balance sheet date there were unremitted earnings of overseas subsidiaries and joint ventures of $72.7 million (December 31, 2012: $56.7 million), for which there are no deferred tax liabilities recognized or unrecognized (December 31, 2012: $nil).

24. Trade and Other Payables

	December 31, 2013 $M	December 31, 2012 $M
Trade payables	**33.7**	35.7
Other taxation and social security	**4.7**	5.2
Accruals	**23.4**	32.6
Interest payable	**0.2**	0.2
Derivative financial instruments	**1.2**	-
	63.2	73.7

The Directors consider that the carrying amount of trade payables approximates to their fair value.

(Dollars in millions)

25. Commitments and Contingencies

	December 31, 2013 $M	December 31, 2012 $M	December 31, 2011 $M
Operating lease commitments – Group as a lessee			
Minimum lease payments under operating leases recognized in the income statement	**4.8**	3.7	4.0

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	December 31, 2013 $M	December 31, 2012 $M	December 31, 2011 $M
Within one year	**4.9**	4.4	3.3
In two to five years	**13.1**	12.3	9.4
In over five years	**16.4**	15.9	13.9
	34.4	32.6	26.6

Operating lease payments represent rentals payable by the Group for certain of its properties and items of machinery. Leasehold land and buildings have a life between 2 and 65 years. Plant and equipment held under operating leases have an average life between 2 and 5 years. Renewal terms are included in the lease contracts.

Capital Commitments

At December 31, 2013, the Group had capital expenditure commitments of $2.6 million (December 31, 2012: $0.9 million and January 1, 2012: $1.3 million) for the acquisition of new plant and equipment.

26. Financial Risk Management Objectives and Policies

Financial Risk Management Objectives and Policies

The Group's financial instruments comprise bank and other loans, senior loan notes, derivatives and trade payables. Other than derivatives, the main purpose of these financial instruments is to raise finance for the Group's operations. The Group also has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations.

A Hedging Committee, chaired by the Group Finance Director, oversees the implementation of the Group's hedging policies, including the risk management of currency and aluminum risks and the use of derivative financial instruments.

It is not the Group's policy or business activity to trade in derivatives. They are only used to hedge underlying risks occurring as part of the Group's normal operating activities.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency translation and transaction risk, aluminum price risk and credit risk on trade receivables.

The Group regularly enters into forward currency contracts to manage currency risks and when considered suitable will use other financial derivatives to manage commodity and interest rate risks.

Interest Rate Risk

The Group has exposure to variable interest rates if or when it may drawdown on the revolving credit facilities. As a result of this exposure, the Group may decide to hedge interest payable based on a combination of forward rate agreements, interest rate caps and swaps. It has also used an element of fixed rate debt within its financing structure to mitigate volatility in interest rate movements as disclosed in Note 21.

Total debt and debt funding to joint ventures, as at December 31, 2013, all related to fixed interest rate debt and so there was no interest rate risk at that date.

Liquidity Risk

To understand and monitor cash flows, the Group uses a combination of a short-term rolling six week cash forecasts, based on expected daily liquidity requirements and longer term monthly rolling forecasts, covering forecast periods of between six and eighteen months forward. The Group also prepares, at least annually, longer-term strategic cash forecasts. Together this system of control is used to ensure the Group can fund its ongoing operations, including working capital, capital expenditure and interest payments and to ensure that bank covenant targets will be met. Short and medium term changes in liquidity needs are funded from the Group's $150 million revolving bank facility (as disclosed in Note 21), which provides the ability to draw down and repay funds on a daily basis. In monitoring liquidity requirements and planning its working capital and capital expenditure programs, the Group aims to maintain a sufficiently prudent level of headroom against its banking facilities and forecast covenant position as protection against any unexpected or sudden market shocks.

The Group also uses forecasts to manage the compliance with any associated covenant tests in relation to the Group's financing arrangements. The Group is subject to maintaining net debt to EBITDA levels of below three times, EBITDA to net interest above four times, and a number of other debt service tests which include EBITDA, taxation, capital expenditure and pension payments.

The Group has been in compliance with the covenants under the senior loan notes and the banking facilities throughout all of the quarterly measurement dates from and including September 30, 2011 to December 31, 2013.

(Dollars in millions)

26. Financial Risk Management Objectives and Policies (continued)

The maturity of the Group's liabilities is also monitored to ensure sufficient funds remain available to meet liabilities as they fall due. The table below summarizes the maturity profile of the Group's financial liabilities at December 31 based on contractual payments.

	December 31, 2013				December 31, 2012			
	Within 12 months $M	**1-5 years $M**	**> 5 years $M**	**Total $M**	Within 12 months $M	1-5 years $M	> 5 years $M	Total $M
Loan Notes due 2018	**-**	**65.0**	**-**	**65.0**	-	-	65.0	65.0
Trade payables	**33.7**	**-**	**-**	**33.7**	35.7	-	-	35.7
Accruals	**23.4**	**-**	**-**	**23.4**	32.6	-	-	32.6
Interest payable	**0.2**	**-**	**-**	**0.2**	0.2	-	-	0.2
Derivative financial instruments	**1.2**	**-**	**-**	**1.2**	-	-	-	-
	58.5	**65.0**	**-**	**123.5**	68.5	-	65.0	133.5

The table below summarizes the maturity profile of the Group's financial liabilities at December 31 based on contractual undiscounted payments. Interest rates on the Group's debt have been based on a forward curve.

	December 31, 2013 $M	December 31, 2012 $M
Undiscounted contractual maturity of financial liabilities:		
Amounts payable:		
Within 12 months	**62.5**	72.5
1-5 years	**78.9**	16.1
> 5 years	**-**	66.8
	141.4	155.4
Less: future finance charges	**(17.9)**	(21.9)
	123.5	133.5

Capital Risk Management

In recent years the Group has sought to reduce its indebtedness and increase the level of equity funding and has organized its capital structure to fund medium and long-term investment programs aimed at the development of new products and production facilities. As at December 31, 2013, the debt drawn by the Group was only its Loan Notes due 2018.

(Dollars in millions)

26. Financial Risk Management Objectives and Policies (continued)

The Group monitors its adjusted EBITDA for continuing activities to net debt ratio and has sought to reduce this over time from 6x to below 2x. The table below sets out the calculations for 2013, 2012 and 2011:

		Restated under IAS 19R	
	2013 $M	2012 $M	2011 $M
For continuing operations:			
Operating profit	**56.5**	66.4	63.9
Add back: Restructuring and other (income) expense (Note 5)	**2.7**	2.1	(0.2)
Loss on disposal of property, plant and equipment	**0.3**	-	-
Other share based compensation charges	**1.3**	-	-
Depreciation and amortization	**15.8**	14.7	14.5
Adjusted EBITDA	**76.6**	83.2	78.2
Bank and other loans	**63.8**	63.5	132.5
Total debt	**63.8**	63.5	132.5
Less:			
Cash and short term deposits	**(28.4)**	(40.2)	(22.2)
Net debt	**35.4**	23.3	110.3
Net debt: EBITDA ratio	**0.5x**	0.3x	1.4x

Credit Risk

The Group only provides trade credit to creditworthy third parties. Credit checks are performed on new and existing customers along with monitoring payment histories of customers. Outstanding receivables from customers are closely monitored to ensure they are paid when due, with both outstanding overdue days and total days of sales outstanding ("DSO days") reported as a business unit key performance measure. Where possible, export sales are also protected through the use of credit export insurance. At December 31, 2013, the Group has a provision for bad and doubtful debtors of $0.6 million (December 31, 2012: $2.2 million) and a credit of $0.4 million (2012: charge of $0.1 million) has gone to the Income Statement in relation to bad debts incurred in 2013.

The analysis of trade receivables that were past due but not impaired is as follows:

			Past due but not impaired				
	Total $M	**Neither past due nor impaired $M**	**< 31 days $M**	**31- 61 days $M**	**61-91 days $M**	**91-121 days $M**	**> 121 days $M**
At December 31, 2013	**53.0**	**41.8**	**9.5**	**1.6**	**0.1**	**-**	**-**
At December 31, 2012	60.3	48.2	10.2	1.9	-	-	-

The Group also monitors the spread of its customer base with the objective of trying to minimize exposure at a Group and divisional level to any one customer. The top ten customers in 2013 represented 30% (2012: 36.0% and 2011: 38.9%) of total revenue. There were no customers in 2013 or 2012 that represented over 10% of total revenue.

26. Financial Risk Management Objectives and Policies (continued)

Foreign Currency Translation Risk

With substantial operations in the UK and Rest of Europe, the Group is exposed to translation risk on both its Income Statement, based on average exchange rates, and its Balance Sheet with regards to period end exchange rates.

The Group's results and net assets are reported by geographic region in Note 2. This analysis shows in 2013 the Group had revenue of $137.8 million derived from UK operations, operating profit of $14.3 million and when adding back restructuring and other income (expense), share based compensation, loss on disposals and depreciation and amortization, an adjusted EBITDA of $21.9 million. During 2013, the average exchange rate for GBP sterling was £0.6384 being weaker than the 2012 average of £0.6279. This resulted in an adverse impact of $3.0 million on revenue and $0.7 million on operating profit and adjusted EBITDA. Based on the 2013 level of sales and profits a £0.05 increase in the GBP sterling to US dollar exchange rate would result in a $14.2 million decrease in revenue and a $3.3 million decrease in operating profit and adjusted EBITDA.

The capital employed as at December 31, 2013 in the UK was $75.9 million translated at an exchange rate of £0.6037. A £0.05 increase in exchange rates would reduce capital employed by approximately $5.8 million.

During 2013, the average exchange rate for the Euro was €0.7518, being stronger than the 2012 average of €0.7747. This resulted in a positive impact of $1.2 million on revenue, $0.1 million on operating profit and $0.2 million on adjusted EBITDA. Based on the 2013 level of sales and profits a €0.05 increase in the Euro to US dollar exchange rate would result in a $2.6 million decrease in revenue, a $0.2 million decrease in operating profit and a $0.4 million decrease in adjusted EBITDA.

Foreign Currency Transaction Risk

In addition to currency translation risk, the Group incurs currency transaction risk whenever one of the Group's operating subsidiaries enters into either a purchase or sales transaction in a currency other than its functional currency. Currency transaction risk is reduced by matching sales revenues and costs in the same currency. The Group's US operations have little currency exposure as most purchases, costs and revenues are conducted in US dollars. The Group's UK operations are exposed to exchange transaction risks, mainly because these operations sell goods priced in euros and US dollars, and purchase raw materials priced in US dollars. The Group also incurs currency transaction risk if it lends currency other than its functional currency to one of its joint venture partners.

The UK operations within the Group have around an estimated $10 million net sales risk after offsetting raw material purchases made in US dollars and a substantial euro sales risk, with approximately €50 million of exports priced in euros. These risks are being partly hedged through the use of forward foreign currency exchange rate contracts, but we estimate that in 2013 our Elektron division has incurred a transaction loss of $1.2 million, and the transaction impact at our Gas Cylinders division was a loss of $1.0 million.

Based on a $10 million net exposure to the US dollar, a $0.10 increase in exchange rates would have a $0.6 million annual decrease in Group operating profit and based on a €50 million euro sales risk a €0.10 increase in exchange rates would have a $5.3 million annual decrease in Group operating profit.

26. Financial Risk Management Objectives and Policies (continued)

Commodity Price Risks

The Group is exposed to a number of commodity price risks, including primary aluminum, magnesium, rare earth chemicals, zircon sand and other zirconium basic compounds. All have been subject to substantial increases in recent years. Historically the two largest exposures to the Group have been aluminum and magnesium prices and the Group will spend annually approximately $75 million to $85 million on these two raw materials. In recent years the costs of rare earth chemicals had been subject to significant commodity inflation.

Unlike the other major commodities purchased, aluminum is traded on the London Metal Exchange ("LME") and therefore the Group is able to use LME derivative contracts to hedge a portion of its price exposure. In 2013 the Group purchased approximately 13,500 metric tons of primary aluminum, it scrapped around 2,500 metric tons of processed waste and made finished goods equal to approximately 11,000 metric tons. The processed waste can be sold as scrap aluminum at prices linked to the LME price. The price risk on aluminum is mitigated by the use of LME derivative contracts. As at December 31, 2013, the Group had hedged 62% of our main primary aluminum requirements for 2014. Before hedging the risk, a $100 increase in the LME price of aluminum would increase our Gas Cylinders division's costs by $1.0 million.

In the long term the Group has sought to recover the cost of increased commodity costs through price increases and surcharges. Any hedging of aluminum risk is performed to protect the Group against short-term fluctuations in aluminum costs.

In 2013 the Group purchased approximately 6,000 metric tons of primary magnesium. Magnesium is not traded on the LME so we are not able to maintain a hedge position of its price exposure.

The Group purchases annually approximately 300 to 500 metric tons of various rare earth chemicals which it uses in the production of various materials produced by its Elektron division and when these chemicals became subject to significant price volatility it used surcharges on its products to maintain its product margins. To provide its customers with a stable surcharge price the Group's operations would also buy forward rare earths in bulk.

(Dollars in millions)

27. Financial Instruments

The following disclosures relating to financial instruments have been prepared on a basis which excludes short-term debtors and creditors which have resulted from the Group's operating activities.

(a) Financial Instruments of the Group

The financial instruments of the Group other than short-term debtors and creditors were as follows:

Primary financial instruments:	**Book value December 31, 2013 $M**	**Fair value December 31, 2013 $M**	Book value December 31, 2012 $M	Fair value December 31, 2012 $M
Financial assets:				
Cash at bank and in hand	**28.4**	**28.4**	40.2	40.2
Financial liabilities:				
Bank and other loans [1]	**65.0**	**66.6**	65.0	67.3

[1] Bank and other loans are shown gross of unamortized finance costs. The fair value of bank and other loans is calculated by discounting the future cash flows, including interest payments due.

All financial assets mature within one year. The maturity of the financial liabilities is disclosed in Note 26.

As at December 31, 2013 and 2012, the amount drawn in bank and other loans was $65.0 million, which was all denominated in US dollars.

Derivative financial instruments are as follows:	**Book value December 31, 2013 $M**	**Fair value December 31, 2013 $M**	Book value December 31, 2012 $M	Fair value December 31, 2012 $M
Held to hedge purchases and sales by trading businesses:				
Forward foreign currency contracts	**0.8**	**0.8**	0.2	0.2
LME derivative contracts	**(1.2)**	**(1.2)**	0.3	0.3

The fair value calculations were performed on the following basis:

Cash at Bank and in Hand

The carrying value approximates to the fair value as a result of the short-term maturity of the instruments.

Bank Loans

At December 31, 2013 bank and other loans of $65.0 million (December 31, 2012: $65.0 million) were outstanding. As at December 31, 2013 bank and other loans are shown net of issue costs of $1.2 million and these issue costs are to be amortized to the expected maturity of the facilities. There are $1.4 million of deferred finance costs relating to the revolving credit facility shown in trade and other receivables. The Group at December 31, 2013 was not exposed to variable interest rates on its bank and other loans because all drawn debt was at fixed interest rates.

(Dollars in millions)

27. Financial Instruments (continued)

Forward Foreign Currency Contracts

The fair value of these contracts was calculated by determining what the Group would be expected to receive or pay on termination of each individual contract by comparison to present market prices.

LME Derivative Contracts

The fair value of these contracts has been calculated by valuing the contracts against the equivalent forward rates quoted on the LME.

Fair Value Hierarchy

At December 31, 2013, the Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	December 31, 2013	Level 1	Level 2	Level 3
	$M	$M	$M	$M
Derivative financial liabilities at fair value through profit or loss:				
Forward foreign currency contracts	**0.8**	-	0.8	-
LME derivative contracts	**(1.2)**	-	(1.2)	-
Interest bearing loans and borrowings:				
Bank and other loans	**(66.6)**	-	(66.6)	-

During the year ended December 31, 2013, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

(Dollars in millions)

27. Financial Instruments (continued)

(b) Interest Rate Risks

Interest Rate Risk Profile on Financial Assets

This table shows the Group's financial assets as at December 31, which are cash at bank and in hand. These assets are all subject to floating interest rate risk.

Cash by currency	**December 31, 2013 $M**	December 31, 2012 $M
US Dollar	**13.3**	14.5
GBP	**6.3**	16.9
Euro	**3.8**	2.7
Australian Dollar	**0.2**	0.6
Chinese Renminbi	**1.9**	2.9
Czech Koruna	**0.2**	2.0
Canadian Dollar	**2.5**	0.6
Japanese Yen	**0.2**	-
	28.4	40.2

The Group earns interest on cash balances through either deposit accounts or placing funds on money markets at short-term fixed rates. In all cases, interest earned is at approximately LIBOR rates during the year.

Interest Rate Risk Profile on Financial Liabilities

The following table sets out the carrying amount, by original maturity, of the Group's financial instruments that were exposed to both fixed and variable interest rate risk. The carrying amounts include interest payments to be made.

	December 31, 2013				December 31, 2012			
	Within 12 months $M	**1-5 years $M**	**> 5 years $M**	**Total $M**	Within 12 months $M	1-5 years $M	> 5 years $M	Total $M
Fixed interest rate risk:								
Loan notes due 2018 (including interest payments)	**4.0**	**78.9**	**-**	**82.9**	4.0	16.1	66.8	86.9
	4.0	**78.9**	**-**	**82.9**	4.0	16.1	66.8	86.9

At December 31, 2013 and 2012 the Group had no floating rate liabilities outstanding.

(Dollars in millions)

27. Financial Instruments (continued)

(c) Hedging Activities

Forward Foreign Exchange Contracts

The Group utilizes forward foreign exchange contracts to hedge significant future transactions and cash flows to manage its exchange rate exposures. The contracts purchased are primarily denominated in Sterling, US dollars and Euros. The Group is also exposed to a number of other currencies like Australian dollars with hedges against these on a more ad hoc basis, when exposures are more significant.

At December 31, 2013, the fair value of forward foreign exchange contracts deferred in equity was a gain of $1.0 million (2012: gain of $0.7 million and 2011: gain of $1.2 million). During 2013 a movement of $nil (2012: loss of $0.2 million and 2011: loss of $0.2 million) has been transferred to the income statement in respect of contracts that have matured in the year.

At December 31, 2013 and 2012 the Group held various foreign exchange contracts designated as hedges in respect of forward sales for US dollars, Euros, Canadian dollars and Japanese yen for the receipt of GBP sterling. The Group also held foreign exchange contracts designated as hedges in respect of forward purchases for US dollars and Euros by the sale of GBP sterling. The contract totals in GBP sterling, range of maturity dates and range of exchange rates are disclosed below:

December 31, 2013

Sales hedges

	US dollars	Euros	Japanese Yen	Canadian dollars
Contract totals/£M	14.2	27.7	0.1	N/A
Maturity dates	01/14 to 03/15	01/14 to 04/15	01/14 to 01/14	N/A
Exchange rates	$1.5021 to $1.6509	€1.1395 to €1.2665	¥173.37 to ¥173.37	N/A

Purchase hedges	US dollars	Euros	Japanese Yen	Canadian dollars
Contract totals/£M	17.3	N/A	N/A	N/A
Maturity dates	01/14 to 04/15	N/A	N/A	N/A
Exchange rates	$1.4888 to $1.6181	N/A	N/A	N/A

December 31, 2012

Sales hedges

	US dollars	Euros	Japanese Yen	Canadian dollars
Contract totals/£M	42.8	30.3	N/A	2.5
Maturity dates	01/13 to 03/14	01/13 to 05/14	N/A	01/13 to 01/13
Exchange rates	$1.5433 to $1.6213	€1.1880 to €1.2719	N/A	$1.608 to $1.608

Purchase hedges	US dollars	Euros	Japanese Yen	Canadian dollars
Contract totals/£M	29.4	0.6	N/A	N/A
Maturity dates	01/13 to 03/14	01/13 to 01/13	N/A	N/A
Exchange rates	$1.5450 to $1.6234	€1.2297 to €1.2297	N/A	N/A

27. Financial Instruments (continued)

Aluminum Commodity Contracts

The Group did not hold any forward aluminum commodity contracts at December 31, 2013 or December 31, 2012.

Forward Rate Interest Rate Agreements

The Group did not hold any forward rate interest rate agreements at December 31, 2013 or December 31, 2012.

LME Derivative Contracts

As at 31 December 2013, the Group has hedged 6,000 and 1,800 metric tons of aluminum for supply in 2014 and 2015 respectively using its ancillary banking facilities. The fair value of LME derivative contracts deferred in equity was a loss of $1.4 million (2012: loss of $0.3 million and 2011: loss of $0.5 million).

(d) Foreign Currency Translation Risk Disclosures

Exchange gains and losses arising on the translation of the Group's non-US assets and liabilities are classified as equity and transferred to the Group's translation reserve. In 2013 a gain of $3.1 million (2012: gain of $2.9 million and 2011: loss of $5.4 million) was recognized in translation reserves.

(e) Un-Drawn Committed Facilities

At December 31, 2013 and 2012 the Group had committed banking facilities denominated in GBP sterling of £70.0 million ($116 million). The facilities were for providing short-term loans and overdrafts, with a sub-limit for letters of credit which at December 31, 2013 was £7.0 million ($11.6 million) and 2012 was £8.0 million ($13.2 million). Of these committed facilities, $nil (December 31, 2012: $nil million) of short-term loans and $nil (December 31, 2012: $nil) for letters of credit were drawn. The Group has a separate bonding facility for bank guarantees denominated in GBP sterling of £3.0 million ($5.0 million), of which £1.2 million ($2.0 million) was drawn at December 31, 2013. At December 31, 2012 the amount drawn on the bonding facility was £1.2 million ($2.0 million). On March 25, 2014, the Group amended its banking facilities, which were still undrawn, to expand the committed facilities to $150 million.

(Dollars in millions)

28. Retirement Benefits

The Group operates defined benefit arrangements in the UK, the US and France. The levels of funding are determined by periodic actuarial valuations. The assets of the plans are generally held in separate trustee administered funds. The Group also operates defined contribution plans in the UK, US, Australia and Canada.

Re-measurements are recognized in full in the period in which they occur. The liability recognized in the balance sheet represents the present value of the defined benefit obligation, as reduced by the fair value of plan assets. The cost of providing benefits is determined using the Projected Unit Credit Method.

The principal defined benefit pension plan in the Group and in the UK is the Luxfer Group Pension Plan, which closed to new members in 1998, new employees then being eligible for a defined contribution plan. With effect from April 2004 the Luxfer Group Pension Plan changed from a final salary to a career average revalued earnings benefit scale. In August 2005 a planned specific earnings cap of £60,000 per annum subject to inflation increases was introduced, effectively replacing the statutory earnings cap. In October 2007, the rate of the future accrual for pension was reduced and a longevity adjustment was introduced to mitigate against the risk of further unexpected increases in life expectancies. The weighted average duration of the expected benefit payments from the Luxfer Group Pension Plan is around 17 years. The pension cost of the Plan is assessed in accordance with the advice of an independent firm of professionally qualified actuaries, Lane Clark & Peacock LLP. The Plan is registered with HMRC for tax purposes, operates separately from the Group and is managed by an independent set of Trustees. The Plan is subject to UK regulations, which require the Group and Trustees to agree a funding strategy and contribution schedule for the plan. Over and above the normal contributions required to meet the cost of future accrual, the schedule of payments provides for deficit funding, which is based upon minimum annual contributions of £3.4 million per year, together with additional variable contributions based on one-fifth of net earnings of Luxfer Holdings PLC in excess of £12 million, with total deficit funding contributions subject to an annual cap of £5 million.

The Group's other arrangements are less significant than the Luxfer Group Pension Plan, the largest being the BA Holdings Inc Pension Plan in the US. In December 2005 the plan was closed to further benefit accrual with members being offered contributions to the Company's 401(k) plan.

The total charge to the Group's income statement for 2013 for retirement benefits was a cost of $11.9 million (2012: $10.4 million and 2011: $6.3 million).

The movement in the pension liability is shown below:

		Restated under IAS 19R
	2013 $M	2012 $M
Balance at January 1	**96.7**	82.4
Charged to the Income Statement	**10.2**	10.3
Past service cost/(credit)	**-**	0.1
Contributions	**(17.8)**	(16.6)
(Credited)/charged to the Statement of Comprehensive Income	**(23.7)**	17.4
Settlement charge	**1.7**	-
Exchange adjustments	**0.5**	3.1
Balance at December 31	**67.6**	96.7

(Dollars in millions)

28. Retirement Benefits (continued)

The financial assumptions used in the calculations are:

	Projected Unit Valuation					
	United Kingdom			Non United Kingdom		
	2013 %	2012 %	2011 %	**2013 %**	2012 %	2011 %
Discount Rate	**4.50**	4.40	4.90	**4.90**	4.20	4.70
Retail Price Inflation	**3.40**	3.00	3.10	**-**	-	-
Inflation related assumptions:						
Salary Inflation	**4.40**	4.00	4.10	**-**	-	-
Consumer Price Inflation	**2.40**	2.30	2.10	**-**	-	-
Pension increases – pre-6 April 1997	**2.60**	2.40	2.40	**-**	-	-
- 1997-2005	**3.30**	2.90	3.00	**-**	-	-
- post 5 April 2005	**2.20**	2.10	1.90	**-**	-	-

Other Principal Actuarial Assumptions:	**2013 Years**	2012 Years	2011 Years
Life expectancy of male in the UK aged 65 at accounting date	**20.5**	20.3	20.4
Life expectancy of male in the UK aged 65 at 20 years after accounting date	**22.2**	22.1	21.5

Investment Strategies

For the principal defined benefit plan in the Group and the UK, the Luxfer Group Pension Plan, the assets are invested in a diversified range of asset classes and include matching assets (comprising fixed interest assets) and growth assets (comprising all other assets). The Trustees have formulated a de-risking strategy to help control the short term risks of volatility associated with holding growth assets. The Trustees also monitor the cost of a buy-in to secure pensioner liabilities with an insurance company to ensure they are able to act if such an opportunity arises.

Risk Exposures

The Group is at risk of adverse experience relating to the defined benefit plans.

The plans hold a high proportion of assets in equity and other growth investments, with the intention of growing the value of assets relative to liabilities. The Group is at risk if the value of liabilities grows at a faster rate than the plan assets, or if there is a significant fall in the value of these assets not matched by a fall in the value of liabilities. This would be expected to lead to an increase in the Group's future cash contributions.

Special Events

In 2013 the US Plans offered deferred members the opportunity to receive a lump sum in respect of their benefits in the Plans. As a result, in early November and December a total of $12.9 million of lump sums were paid to members. This resulted in a settlement charge of $1.7 million.

(Dollars in millions)

28. Retirement Benefits (continued)

The amounts recognized in income in respect of the pension plans are as follows:

	2013 UK $M	2013 Non UK $M	2013 Total $M	Restated under IAS 19R 2012 UK $M	2012 Non UK $M	2012 Total $M	2011 UK $M	2011 Non UK $M	2011 Total $M
In respect of defined benefit plans									
Current service cost	**1.4**	**0.1**	**1.5**	1.2	-	1.2	0.7	-	0.7
Net interest on net liability	**3.1**	**0.7**	**3.8**	2.8	0.8	3.6	1.3	0.6	1.9
Administrative expenses	**1.5**	**0.2**	**1.7**	2.2	0.1	2.3	2.2	0.1	2.3
Past service cost/(credit)	**-**	**-**	**-**	0.1	-	0.1	(1.6)	-	(1.6)
Settlements	**-**	**1.7**	**1.7**	-	-	-	-	-	-
Total charge/(credit) for defined benefit plans	**6.0**	**2.7**	**8.7**	6.3	0.9	7.2	2.6	0.7	3.3
In respect of defined contribution plans									
Total charge for defined contribution plans	**1.3**	**1.9**	**3.2**	1.3	1.9	3.2	1.3	1.7	3.0
Total charge for pension plans	**7.3**	**4.6**	**11.9**	7.6	2.8	10.4	3.9	2.4	6.3

Of the charge for the year, charges of $4.5 million and $1.9 million (2012: $4.6 million and $2.2 million; 2011: $4.1 million and $1.9 million); have been included in cost of sales and administrative costs respectively; a charge of $1.7 million (2012: $nil million; 2011: a credit of $1.6 million) has been included in restructuring and other income (expense) and a charge of $3.8 million (2012: $3.6 million; 2011: $1.9 million) has been included in finance costs.

For the year, the amount of gain recognized in the Statement of Comprehensive Income is $23.7 million (2012: loss of $17.4 million and 2011: loss of $49.8 million). The actual return of the plan assets was a gain of $33.4 million (2012: gain of $31.3 million and 2011: loss of $9.9 million).

The 2013 figures have been calculated under IAS 19 (Revised). There has been no impact on the disclosed defined benefit obligation, fair value of assets or net liabilities. However, the net charge to the Income Statement has increased by $6.2 million (relative to that under the previous version of IAS 19), and the actuarial loss recognized for 2013 has decreased correspondingly by $6.2 million.

The 2012 and 2011 figures have been restated under IAS 19 (Revised). There has been no impact on the disclosed defined benefit obligation, fair value of assets or net liabilities. However, the net charge to the Income Statement for 2012 and 2011 has increased by $3.9 million and $ 4.2 million respectively (relative to that previously disclosed in 2012 and 2011), and the prior year actuarial loss recognized for 2012 and 2011 has decreased correspondingly by $3.9 million and $4.2 million.

The value of the plan assets were:

	2013 UK $M	2013 Non UK $M	2013 Total $M	Restated under IAS 19R 2012 UK $M	2012 Non UK $M	2012 Total $M
Assets in active markets:						
Equities and Growth Funds	**197.3**	**28.7**	**226.0**	187.1	29.8	216.9
Government bonds	**22.0**	**-**	**22.0**	15.8	-	15.8
Corporate Bonds	**76.8**	**19.8**	**96.6**	63.4	23.1	86.5
Cash	**0.3**	**-**	**0.3**	0.6	-	0.6
Total market value of assets	**296.4**	**48.5**	**344.9**	266.9	52.9	319.8
Present value of plan liabilities	**(357.8)**	**(54.7)**	**(412.5)**	(343.7)	(72.8)	(416.5)
Deficit in the plan	**(61.4)**	**(6.2)**	**(67.6)**	(76.8)	(19.9)	(96.7)
Related deferred tax asset	**12.3**	**1.7**	**14.0**	17.7	7.7	25.4
Net pension liability	**(49.1)**	**(4.5)**	**(53.6)**	(59.1)	(12.2)	(71.3)

(Dollars in millions)

28. Retirement Benefits (continued)

Analysis of movement in the present value of the defined benefit obligations:

	2013 UK $M	2013 Non UK $M	2013 Group $M	Restated under IAS 19R 2012 UK $M	2012 Non UK $M	2012 Group $M
At January 1	**343.7**	**72.8**	**416.5**	295.1	66.7	361.8
Service cost	**1.4**	**0.1**	**1.5**	1.2	-	1.2
Interest on obligation	**14.3**	**2.9**	**17.2**	14.7	2.9	17.6
Contributions from plan members	**0.8**	**-**	**0.8**	0.8	-	0.8
Age related NI rebate	**-**	**-**	**-**	0.2	-	0.2
Actuarial (gains) and losses	**3.7**	**(7.4)**	**(3.7)**	29.1	5.6	34.7
Exchange difference	**6.6**	**0.1**	**6.7**	14.6	-	14.6
Benefits paid	**(12.7)**	**(2.6)**	**(15.3)**	(12.1)	(2.4)	(14.5)
Past service cost/(credit)	**-**	**-**	**-**	0.1	-	0.1
Settlements	**-**	**(11.2)**	**(11.2)**	-	-	-
At December 31	**357.8**	**54.7**	**412.5**	343.7	72.8	416.5

The defined benefit obligation comprises $2.2 million (December 31, 2012: $1.4 million) arising from unfunded plans and $410.3 million (December 31, 2011: $415.1 million) from plans that are funded.

The sensitivities regarding the principal assumptions used to measure the present value of the defined benefit obligations are set out below:

Assumption	Change in assumption	Impact on total defined benefit obligations
Discount rate	Increase/decrease by 1.0%	Decrease/increase by 16%
RPI inflation (and related increases)	Increase/decrease by 1.0%	Increase/decrease by 8%
Post retirement mortality	Increase by 1 year	Increase by 3%

Analysis of movement in the present value of the fair value of plan assets:

	2013 UK $M	2013 Non UK $M	2013 Group $M	Restated under IAS 19R 2012 UK $M	2012 Non UK $M	2012 Group $M
At January 1	**266.9**	**52.9**	**319.8**	236.6	42.8	279.4
Interest on plan assets	**11.2**	**2.2**	**13.4**	11.9	2.1	14.0
Actuarial (gains) and losses	**15.3**	**4.7**	**20.0**	12.2	5.1	17.3
Exchange difference	**6.2**	**-**	**6.2**	11.5	-	11.5
Contributions from employer	**10.2**	**4.4**	**14.6**	8.0	5.4	13.4
Contributions from plan members	**0.8**	**-**	**0.8**	0.8	-	0.8
Age related NI rebate	**-**	**-**	**-**	0.2	-	0.2
Administrative expenses	**(1.5)**	**(0.2)**	**(1.7)**	(2.2)	(0.1)	(2.3)
Benefits paid	**(12.7)**	**(2.6)**	**(15.3)**	(12.1)	(2.4)	(14.5)
Settlements	**-**	**(12.9)**	**(12.9)**	-	-	-
At December 31	**296.4**	**48.5**	**344.9**	266.9	52.9	319.8

The estimated amount of employer contributions expected to be paid to the defined benefit pension plans for the year ending December 31, 2014 is $13.5 million (2013: $14.6 million actual employer contributions).

(Dollars in millions)

29. The Luxfer Group Employee Share Ownership Plan

The Trust

In 1997, the Group established an employee benefit trust ("the ESOP") with independent trustees, to purchase and hold shares in the Company in trust to be used to satisfy options granted to eligible senior employees under the Company's share plans established from time to time.

The ESOP was established with the benefit of a gift equivalent to the set up and running costs. Purchase monies and costs required by the ESOP trustees to purchase shares for and under the provisions of the trust are provided by way of an interest free loan from a Group subsidiary. The loan is repayable, in normal circumstances, out of monies received from senior employees when they exercise options granted to them over shares. Surplus shares are held by the ESOP trustees to satisfy future option awards. The ESOP trustees have waived their right to receive dividends on shares held in trust. The Remuneration Committee is charged with determining which senior employees are to be granted options and in what number subject to the relevant plan rules.

The Current Plan

The current share option plan, implemented by the Company in February 2007 is The Luxfer Holdings Executive Share Option Plan ("the Plan"), which consists of two parts. Part A of the Plan is approved by HM Revenue & Customs and Part B is unapproved. Options can be exercised at any time up to the tenth anniversary of their grant subject to the rules of the relevant part of the Plan. As a result of the I.P.O all leaver restrictions over the shares were released. There is no other performance criteria attached to the options.

Movements in the Year

The movement in the number of shares held by the trustees of the ESOP and the number of share options held over those shares are shown below:

	Number of shares held by ESOP Trustees		Number of options held over £1 ordinary shares				
	£0.0001 deferred shares	£1 ordinary shares	£0.97 options held	£1.40 options held	£3 options held	£4 options held	Total options held
At January 1, 2013	15,977,968,688	93,674	15,200	-	20,800	29,510	65,510
Options granted during the year	-	-	-	-	-	-	-
Options exercised during the year	-	-	-	-	-	-	-
Options lapsed during the year	-	-	-	-	-	-	-
At December 31, 2013	15,977,968,688	93,674	15,200	-	20,800	29,510	65,510

As at December 31, 2013 the loan outstanding from the ESOP was $3.6 million (December 31, 2012: $3.5 million). During the year ended December 31, 2013 all of the shares held by the ESOP were transferred into the ADS plan. The market value of each £1 ordinary shares held by the ESOP as at December 13, 2013 was $41.72.

(Dollars in millions)

30. Share Based Compensation

Luxfer Holdings PLC Long-Term Umbrella Incentive Plan and Luxfer Holdings PLC Non-Executive Directors Equity Incentive Plan

As an important retention tool and to align the long-term financial interests of our management with those of our shareholders, the Group adopted the Luxfer Holdings PLC Long-Term Umbrella Incentive Plan (the "LTIP") for the Group's senior employees, and the Luxfer Holdings PLC Non-Executive Directors Equity Incentive Plan (the "Director EIP") for the Non-Executive Directors.

The equity or equity-related awards under the LTIP and the Director EIP will be based on the ordinary shares or ADSs of the Group. The Remuneration Committee will administer the LTIP and will have the power to determine to whom the awards will be granted, the amount, type and other terms. Awards under the EIP are non-discretionary and purely time-based.

Share Option and Restricted Stock Awards

As a tool to retain key people and align their interests with those of shareholders, a one-off award of market-value options was made to a small number of executives and the non-executive directors immediately prior to the I.P.O. in 2012.

40% of the options granted vested immediately and 20% of the options vest upon each of the first, second and third anniversaries of the I.P.O.

In January 2013, 306,200 Restricted Stock Units and Options over ADSs, equivalent to 153,100 ordinary shares, were granted under the LTIP and 9,252 ADS Restricted Stock, equivalent to 18,504 was granted under the Director EIP. In March 2013, 1,924 ADS Restricted Stock, equivalent to 962 ordinary shares, was granted under the Director EIP.

In March 2014, 201,870 Restricted Stock Units and Options over ADSs, equivalent to 100,935 ordinary shares, were granted under the LTIP.

	2013 $M	2012 $M	2011 $M
I.P.O related share based compensation charges	**0.5**	0.8	-
Other share based compensation charges	**1.3**	-	-
	1.8	0.8	-

There were no cancellations or modifications to the awards in 2013.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year, with each option relating to 1 American Depositary Share:

	2013 Number	**2013 WAEP**	**2012 Number**	**2012 WAEP**	**2011 Number**	**2011 WAEP**
At January 1	816,400	$10.00	-	-	-	-
Granted during the year	317,376	$2.80	816,400	$10.00	-	-
Lapsed during the year	(2,000)	($0.76)				
At December 31	**1,131,776**	**$8.00**	816,400	$10.00	-	-

The weighted average remaining contractual life for the share options outstanding as at December 31, 2013 was 5 years (December 31, 2012: 7 years). The weighted average fair value of options granted during the year was $7.27. The weighted average exercise price for options outstanding at the end of the year was $7.99.

(Dollars in millions)

30. Share Based Compensation (continued)

The following tables list the inputs to the models used for the plans for the year ended December 31, 2013:

	2013	2012
Dividend yield (%)	2.25	3.0
Expected volatility range (%)	41.3 – 42.8	40.7 – 42.7
Risk-free interest rate (%)	0.15 – 0.86	0.16 – 0.61
Expected life of share options range (years)	1 - 7	1 - 5
Weighted average exercise price ($)	$2.81	$10.00
Model used	Black-Scholes	Black-Scholes

The expected life of the share options is based on historical data and current expectations and is not necessary indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

Employee Share Incentive Plan – UK

In December 2013, the Group implemented an Employee Share Incentive Plan (the "SIP") in the UK. Under the plan, all employees with at least six months of service with the group and who are employed by a participating group company are entitled to contribute up to 10% of basic pay each month, subject to a £125 maximum. The SIP trustees buy shares (partnership shares) every 6 months at market value with the employees' contributions. For each partnership share purchased, the group purchases one share (matching shares) which are allocated to the employee. In the UK SIP, if the employee sells or transfers partnership shares within three years from the date of allocation, the linked matching shares are forfeited.

31. Related Party Transactions

Joint Venture in Which the Group is a Venturer

During 2013, the Group maintained its 51% investment in the equity of the joint venture Luxfer Uttam India Private Limited. During 2013, the Gas Cylinders division made $1.3 million of sales to the joint venture. At December 31, 2013, the amounts receivable from the joint venture amounted to $1.4 million.

During 2013, the Group provided $2.5 million in equity investment and $4.5 million in debt investment to its joint venture Luxfer Holdings NA, LLC, of which it holds 49% of the equity. The debt investment was provided through a secured revolving credit facility that the Group has granted to the joint venture of which up to $10 million can be drawn down until March 31, 2018. During 2013, the Gas Cylinders division made $7.6 million of sales to the joint venture. At December 31, 2013, the amounts receivable from the joint venture amounted to $0.3 million of trade debt and $4.5 million of debt investment.

Transactions with Other Related Parties

As at December 31, 2013 the Directors and key management comprising the members of the Executive Management Board, owned 715,258 £1 ordinary shares (2012: 734,645 £1 ordinary shares) and held options over a further 445,598 £1 ordinary shares (2012: 334,810 £1 ordinary shares).

During the years ended December 31, 2013 and December 31, 2012, no share options held by members of the Executive Management board were exercised.

Other than the transactions with the joint ventures disclosed above and key management personnel disclosed above, no other related party transactions have been identified.

32. Post Balance Sheet Events

Acquisition of Additional CNG Cylinder Manufacturing Facility

In March 2014 the group acquired a small composite cylinder manufacturer and the associated production assets in Utah. This provides our North American gas cylinder business with a facility purpose-built for the manufacture of Type 4 (polymer-lined) composite cylinder products, which will be targeted initially at the class 8 heavy-duty truck market, where an increasing rate of conversion from diesel to CNG is widely anticipated. The initial cost is $3 million with a deferred consideration element linked largely to the success of the operation in the next three years and estimated at $6m. We are in the final stages of developing a new range of larger-diameter Type 4 cylinders for growing CNG markets to complement our existing lightweight range of Type 3 (aluminum-lined) cylinder products and systems, and our plan is for the new range to be made in Utah.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LUXFER HOLDINGS PLC

We have audited the parent company financial statements of Luxfer Holdings PLC for the year ended 31 December 2013 which comprise the Company Balance Sheet and the related notes 33 to 43. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 59, the Directors are responsible for the preparation of the parent company 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 parent company 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 Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the parent company financial statements:

- Give a true and fair view of the state of the company's affairs as at 31 December 2013;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on Other Matters Prescribed by the Companies Act 2006

In our opinion:

- The part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- The information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the parent company 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or

- The parent company financial statements and the part of the Directors' Remuneration Report to be audited 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.

Other Matter

We have reported separately on the group financial statements of Luxfer Holdings PLC for the year ended 31 December 2013.

Alastair John Richard Nuttall (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester
March 31, 2014

Notes:

1. The maintenance and integrity of the Luxfer Holdings Plc web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

COMPANY BALANCE SHEET
(Sterling in millions)

	Notes	2013 £M	2012 £M
FIXED ASSETS			
Investments	34	**262.2**	259.2
		262.2	259.2
CURRENT ASSETS			
Debtors	35	**2.1**	0.5
Cash at bank		**7.3**	8.2
		9.4	8.7
CREDITORS: amounts falling due within one year	36	**(2.2)**	(2.8)
NET CURRENT ASSETS		**7.2**	5.9
TOTAL ASSETS LESS CURRENT LIABILITIES		**269.4**	265.1
CREDITORS: amounts falling due in more than one year			
PROVISIONS FOR LIABILITIES	37	**1.3**	1.0
PENSION COMMITMENTS	40	**(29.4)**	(36.3)
NET ASSETS		**241.3**	229.8
CAPITAL AND RESERVES			
Ordinary share capital	38	**13.5**	13.5
Deferred share capital	38	**76.9**	76.9
Share premium account	39	**34.8**	34.8
Other capital reserves	38	**1.6**	0.5
Own shares held by ESOP	38	**(0.2)**	(0.2)
Profit and loss account	39	**114.7**	104.3
Equity shareholders' funds	39	**241.3**	229.8

SIGNED ON BEHALF OF THE BOARD

Brian Purves **Andrew Beaden**

March 31, 2014 **Company Registration no. 3690830**

33. Significant Accounting Policies

Authorisation of Financial Statements

The Company's financial statements for the year ended December 31, 2013 were authorized for issue by the Board of Directors on March 31, 2014 and the balance sheet was signed on the Board's behalf by BG Purves and AM Beaden. Luxfer Holdings PLC is a company incorporated and domiciled in England and Wales.

Basis of Preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards and Sections 475 and 495 of the Companies Act 2006.

No profit and loss account has been presented as permitted by section 408 of the Companies Act 2006. The profit after taxation of the Company was £14.9 million (2012: profit of £12.2 million). The audit fee for the Company financial statements was £0.1 million (2012: £0.1 million). Fees paid to auditors and its associates for non-audit services to the Company itself are not disclosed in the individual accounts of Luxfer Holdings Plc on the basis that Group financial statements are prepared which are required to disclose such fees on a consolidated basis.

The Company has taken advantage of the exemption in paragraph 2D of FRS 29 Financial Instruments: Disclosures and has not disclosed information required by that standard, as the Group's consolidated financial statements, in which the Company is included, provides equivalent disclosures for the Group under IFRS 7 Financial Instruments: Disclosures.

Investments

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

Retirement Benefit Costs

In respect of defined benefit plans, obligations are measured at discounted present value whilst scheme assets are recorded at fair value. The cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. The charge to the profit and loss account is based on an actuarial calculation of the Company's portion of the annual expected costs of the benefit plans, based on a series of actuarial assumptions which include an assumption of the regular service costs, the liability discount rate and the expected return on the assets.

When a settlement or curtailment occurs the obligation and the related plan assets are re-measured using current actuarial assumptions and the resultant gain or loss recognized in the profit and loss account in the period in which the settlement or curtailment occurs.

Actuarial gains and losses are recognized immediately in the statement of total recognized gains and losses.

Financial Assets and Liabilities

Bank and Other Loans

Bank and other loans are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an amortized cost basis and charged to the profit and loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

(Sterling in millions)

33. Significant Accounting Policies (continued)

Financial Liabilities and Equity Instruments

Financial liabilities and equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities and equity instruments are all instruments that are issued by the Company as a means of raising finance, including shares, debentures, debt instruments and options and warrants that give the holder the right to subscribe for or obtain financial liabilities and equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. All equity instruments are included in shareholders' funds. Other instruments are classified as financial liabilities if they contain a contractual obligation to transfer economic benefits. The finance costs incurred in respect of an equity instrument are charged directly to the profit and loss account.

34. Investments

	Shares in subsidiary undertakings £M	Loans to subsidiary undertakings £M	Capital contributions £M	Loans to joint ventures £M	Total £M
Cost and net book value:					
At January 1, 2013	218.0	41.2	-	-	**259.2**
Additions	-	-	0.6	2.8	**3.4**
Exchange adjustment	-	(0.3)	-	(0.1)	**(0.4)**
At December 31, 2013	218.0	40.9	0.6	2.7	**262.2**

(Sterling in millions)

34. Investments (continued)

Details of the investments in which the Group or the Company holds more than 20% of the nominal value of any class of share capital as at December 31, 2013 are as follows:

Name of company	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
BA Holdings, Inc.*	United States	Common stock	100%	Holding company
Biggleswick Limited *	England and Wales	Ordinary shares	100%	Non trading
Luxfer Group Services Limited *	England and Wales	Ordinary shares	100%	Property Services
		Preference shares	100%	
LGL 1996 Limited *	England and Wales	Ordinary shares	100%	Dormant
BAL 1996 Limited *	England and Wales	Ordinary shares	100%	Dormant
Hart Metals, Inc. *	United States	Common stock	100%	Manufacturing
Lumina Trustee Limited [1]	England and Wales	Ordinary shares	100%	Trustee company
Luxfer Australia Pty Limited *	Australia	Ordinary shares	100%	Distribution
Luxfer Gas Cylinders Limited *	England and Wales	Ordinary shares	100%	Engineering
Luxfer Gas Cylinders China Holdings Limited *	England and Wales	Ordinary shares	100%	Holding company
Luxfer Gas Cylinders (Shanghai) Co., Limited *	Republic of China	Ordinary shares	100%	Manufacturing
Luxfer Group Limited	England and Wales	Ordinary shares	100%	Holding company
Luxfer Group 2000 Limited	England and Wales	Ordinary shares	100%	Holding company
Luxfer, Inc.*	United States	Common stock	100%	Engineering
Luxfer Overseas Holdings Limited *	England and Wales	Ordinary shares	100%	Holding company
Magnesium Elektron Limited *	England and Wales	Ordinary shares	100%	Manufacturing
		Preference shares	100%	
MEL Chemicals, Inc.*	United States	Common stock	100%	Manufacturing
Magnesium Elektron North America, Inc. *	United States	Common stock	100%	Manufacturing
Magnesium Elektron CZ s.r.o. *	Czech Republic	Basic capital	100%	Manufacturing
MEL Chemicals China Limited *	England and Wales	Ordinary shares	100%	Dormant
Niagara Metallurgical Products Limited *	Canada	Common stock	100%	Manufacturing
Reade Manufacturing Company*	United States	Common stock	100%	Manufacturing
Luxfer Gas Cylinders S.A.S. *	France	Ordinary shares	100%	Engineering
Luxfer Canada Limited *	Canada	Common stock	100%	Engineering
Dynetek Europe GmbH *	Germany	Ordinary shares	100%	Engineering
Other Investments				
Nikkei-MEL Co Limited *	Japan	Ordinary shares	50%	Distribution
Luxfer Uttam India Private Limited *	India	Ordinary shares	51%	Engineering
Dynetek Cylinders India Private Limited *	India	Ordinary shares	49%	Engineering
Dynetek Korea Co. Limited *	South Korea	Ordinary shares	49%	Engineering
Luxfer Holdings NA, LLC *	United States	N/A	49%	Engineering

Subsidiary undertakings are all held by the Company unless indicated.
* Held by a subsidiary undertaking.
1 Acts as bare trustee in connection with the 2007 share capital reorganisation.

(Sterling in millions)

35. Debtors

	2013 £M	2012 £M
Amounts due from subsidiary undertakings	**1.9**	0.2
Prepayments and accrued income	**0.2**	0.2
Group relief receivable	**-**	0.1
	2.1	0.5

36. Creditors: Amounts Falling Due Within One Year

	2013 £M	2012 £M
Amounts owed to subsidiary undertakings	**2.1**	2.2
Accruals and deferred income	**-**	0.6
Group relief payable	**0.1**	-
	2.2	2.8

37. Provisions for Liabilities

	Deferred tax assets £M
At January 1, 2013	1.0
Movements in the profit and loss account	0.1
Movements in reserves	0.2
At December 31, 2013	1.3

The company has recognized a partial deferred tax asset for losses. The company has not provided deferred tax on losses carried forward of £29.9 million (2012: £30.6 million). A deferred tax asset of £1.3 million (2012: £1.0 million) has been recognized in relation to timing differences and losses, to the extent that it is deemed probable that sufficient taxable profit will be available against which the losses may be utilized.

(Sterling in millions)

38. Share Capital

(a) Ordinary share capital	2013 No.	2012 No.	2013 £M	2012 £M
Authorized:				
Ordinary shares of £1 each	**20,000,000**	20,000,000	**20.0**	20.0
Deferred ordinary shares of £0.0001 each	**769,423,688,000**	769,423,688,000	**76.9**	76.9
	769,443,688,000	769,443,688,000	**96.9**	96.9
Allotted, called up and fully paid:				
Ordinary shares of £1 each	**13,500,962**	13,500,000	**13.5**	13.5
Deferred ordinary shares of £0.0001 each	**769,413,708,000**	769,413,708,000	**76.9**	76.9
	769,427,208,962	769,427,208,000	**90.4**	90.4

The rights of the shares are as follows:

Ordinary shares of £1 each

The ordinary shares carry no entitlement to an automatic dividend but rank pari passu in respect of any dividend declared and paid.

Since the balance sheet date, the Company has allotted and issued 6,038 ordinary shares of £1 each pursuant to an ordinary resolution empowering the directors to allot equity securities for cash up to an aggregate nominal amount of £20,000,000, passed by shareholders on 26 October, 2011. The ordinary shares were allotted and issued to satisfy share awards which vested under the Company's Long-Term Umbrella Incentive Plan.

Deferred Ordinary Shares of £0.0001 Each

The deferred shares have no entitlement to dividends or to vote. On a winding up (but not otherwise) the holders of the deferred shares shall be entitled to the repayment of the paid up nominal amount of the deferred shares, but only after any payment to the holders of ordinary shares of an amount equal to 100 times the amount paid up on such ordinary shares.

American Depositary Share Holders (2 per Ordinary Share)

ADS holders are entitled to instruct their Depositary to vote and to receive a dividend as per the ordinary shareholders, after deducting the fees and expenses of the Depositary.

(b) American Depositary Shares

As at December 31, 2013, 24,639,564 American Depositary Shares (ADSs) of Luxfer Holdings PLC were listed on the New York Stock Exchange following an initial public offering on October 3, 2012. The Depository for the ADSs holds 1 £1 ordinary share for every 2 ADSs traded, through American Depositary Receipts.

ADS holders are entitled to instruct their Depositary to vote and to receive a dividend as per the ordinary shareholders, after deducting the fees and expenses of the Depositary.

(Sterling in millions)

38. Share Capital (continued)

(c) Own shares held by ESOP

	2013 £M	2012 £M
At beginning of year	**0.2**	0.3
Purchase of shares from ESOP	**-**	(0.1)
At end of year	**0.2**	0.2

As at December 31, 2012 there were 93,674 ordinary shares of £1 each held by The Luxfer Group Employee Share Ownership Plan. During the year ended December 31, 2013, all of the ordinary shares held by The Luxfer Group Employee Share Ownership Plan were transferred into the ADS scheme.

(d) Other Capital Reserves

	Share based compensation £M
At January 1, 2012	**-**
I.P.O related share based compensation charges	**0.5**
At December 31, 2012	**0.5**
I.P.O related share based compensation charges	**0.3**
Other share based compensation charges	**0.8**
At December 31, 2013	**1.6**

The share based compensation reserve is used to recognize the fair value of options and performance shares granted under FRS 20. For further information refer to Note 42.

39. Reconciliation of Shareholders' Funds and Movements in Reserves

	Share Capital £M	**Deferred Share Capital £M**	**Share Premium account £M**	**Other capital reserves £M**	**Own shares held by ESOP £M**	**Profit and loss account £M**	**Shareholders' funds £M**
At January 1, 2012	10.0	76.9	-	-	(0.3)	106.6	**193.2**
Profit for the year	-	-	-	-	-	12.2	**12.2**
Purchase of shares from ESOP	-	-	-	-	0.1	-	**0.1**
Equity dividends	-	-	-	-	-	(3.7)	**(3.7)**
Proceeds from shares issued	3.5	-	37.2	-	-	-	**40.7**
Share issue costs	-	-	(2.4)	-	-	-	**(2.4)**
I.P.O related share based compensation charges	-	-	-	0.5	-	-	**0.5**
Actuarial gains and losses on pension schemes	-	-	-	-	-	(12.8)	**(12.8)**
Deferred tax on items taken to equity						2.0	**2.0**
At December 31, 2012	**13.5**	**76.9**	**34.8**	**0.5**	**(0.2)**	**104.3**	**229.8**
Profit for the year	-	-	-	-	-	14.9	**14.9**
Equity dividends	-	-	-	-	-	(7.0)	**(7.0)**
Share based compensation charges	-	-	-	1.1	-	-	**1.1**
Actuarial gains and losses on pension schemes	-	-	-	-	-	4.4	**4.4**
Deferred tax on items taken to equity	-	-	-	-	-	(1.9)	**(1.9)**
At December 31, 2013	**13.5**	**76.9**	**34.8**	**1.6**	**(0.2)**	**114.7**	**241.3**

The Company had a surplus on its profit and loss account of £114.7 million as at December 31, 2013 (December 31, 2012: £104.3 million). The profit after taxation dealt with in the financial statements of the parent company was £14.9 million (2012: £12.2 million).

(Sterling in millions)

40. Retirement Benefits

The Company is a member of the Luxfer Group Pension Plan, a defined benefit scheme in the United Kingdom. The levels of funding are determined by periodic actuarial valuations.

Actuarial gains and losses are recognized in full in the period in which they occur. Actuarial gains and losses are recognized outside the profit and loss account and presented in the Statement of Total Recognized Gains and Losses. The liability recognized in the balance sheet represents the present value of the defined benefit obligation, as reduced by the fair value of plan assets. The cost of providing benefits is determined using the Projected Unit Credit Method.

The Luxfer Group Pension Plan was closed to new members in 1998, new employees then being eligible for an alternative defined contribution plan. With effect from April 2004 the Luxfer Group Pension Plan changed from a final salary to a career average revalued earnings benefit scale. In August 2005, a scheme specific earnings cap of £60,000 per annum subject to inflation increases was introduced, effectively replacing the statutory earnings cap. In October 2007, the rate of the future accrual for pension was reduced and a longevity adjustment was introduced to mitigate against the risk of further unexpected increases in life expectancies. The pension cost of the Plan is assessed in accordance with the advice of an independent firm of professionally qualified actuaries, Lane Clark & Peacock LLP.

The full deficit relating to the pension scheme has been included in the parent company balance sheet. This is because it is not possible to allocate the deficit between the various subsidiary companies and the Directors consider that it is most appropriate to allocate it to the ultimate parent company in the Group, rather than leave it as an unallocated consolidation adjustment as allowed by FRS 17.

The total charge to the profit and loss account for this scheme in the UK was £0.5 million. The Company's subsidiaries have recognized a charge of £6.5 million, this being their contributions to the scheme and the Company has recognized a credit of £6.0 million.

The financial assumptions used in the calculations are:

	Projected Unit Valuation		
	2013	2012	2011
	%	%	%
Discount Rate	**4.50**	4.40	4.90
Retail Price Inflation	**3.40**	3.00	3.10
Inflation related assumptions:			
Salary Inflation	**4.40**	4.00	4.10
Consumer Price Inflation	**2.40**	2.30	2.10
Pension Increases – pre 6 April, 1997	**2.60**	2.40	2.40
– 1997-2005	**3.30**	2.90	3.00
– post 5 April, 2005	**2.20**	2.10	1.90

(Sterling in millions)

40. Retirement Benefits (continued)

The assets in the scheme and expected long-term rate of return were:

	Long term rate of return expected		
	2013	2012	2011
	%	%	%
Equities and Growth Funds	**7.90**	7.40	7.40
Gilts	**3.40**	2.80	2.80
Other Bonds	**4.60**	4.20	4.60
Cash	**3.40**	2.80	2.80

Other principal actuarial assumptions:	**2013**	2012
	Years	Years
Life expectancy of male in the UK aged 65 at accounting date	**20.5**	20.3
Life expectancy of male in the UK aged 65 at 20 years after accounting date	**22.2**	22.1

At December 31, 2013 the cumulative amount of losses recognized in the Statement of Total Recognized Gains and Losses amounted to a loss of £44.4 million (December 31, 2012: loss of £48.8 million).

The actual return of the scheme assets was a gain of £15.9 million (2012: gain of £13.8 million). The overall expected rate of return is determined on the basis of the market prices prevailing at the respective balance sheet date, applicable to the period over which the obligation is to be settled.

The value of the scheme assets were:

	Value at Dec 31, 2013 £M	Value at Dec 31, 2012 £M	Value at Dec 31, 2011 £M
Equities and Growth Funds	**119.1**	115.1	109.7
Gilts	**13.3**	9.7	9.0
Other Bonds	**46.3**	39.0	33.5
Cash	**0.2**	0.4	0.2
Total market value of assets	**178.9**	164.2	152.4
Present value of scheme liabilities	**(215.7)**	(211.4)	(190.1)
Deficit in the scheme	**(36.8)**	(47.2)	(37.7)
Related deferred tax asset	**7.4**	10.9	9.4
Net pension liability	**(29.4)**	(36.3)	(28.3)

(Sterling in millions)

40. Retirement Benefits (continued)

Analysis of amount credited / (charged) to operating profit:	**2013 £M**	2012 £M
In respect of defined benefit schemes:		
Current service cost (employer's)	**(0.8)**	(0.7)
Past service cost	**-**	(0.1)
Total operating credit for defined benefit schemes	**(0.8)**	(0.8)

Analysis of amount credited / (charged) to other finance income:	**2013 £M**	2012 £M
Expected return on pension scheme assets	**9.4**	8.3
Interest on pension scheme liabilities	**(9.1)**	(9.2)
Net credit/(charge) to other finance income	**0.3**	(0.9)

Analysis of amount recognized in the Statement of Total Recognized Gains and Losses:	**2013 £M**	2012 £M
Actual return less expected return on pension scheme assets	**6.5**	5.5
Changes in assumptions underlying the present value of scheme liabilities	**(2.1)**	(18.3)
Actuarial gain/(loss) recognized in Statement of Total Recognized Gains and Losses	**4.4**	(12.8)

Analysis of movement in deficit in the scheme during the year:

	2013 £M	2012 £M
Deficit in defined benefit schemes at beginning of year	**(47.2)**	(37.7)
Current service cost	**(1.3)**	(1.2)
Aggregate contributions (employer's and employees')	**7.0**	5.5
Other finance costs	**0.3**	(0.9)
Past service (cost)/credit	**-**	(0.1)
Actuarial gain/(loss) recognized in Statement of Total Recognized Gains and Losses	**4.4**	(12.8)
Deficit in defined benefit schemes at end of year	**(36.8)**	(47.2)

Analysis of movement in present value of scheme assets:

	2013 £M	2012 £M
At January 1	**164.2**	152.4
Expected return on scheme assets	**9.4**	8.3
Actuarial gains	**6.5**	5.5
Contributions from employer	**6.5**	5.0
Contributions from scheme members	**0.5**	0.5
Age related NI	**-**	0.1
Benefits paid	**(8.2)**	(7.6)
At December 31st	**178.9**	164.2

Analysis of movement in present value of the defined benefit obligation:

	2013 £M	2012 £M
At January 1	**211.4**	190.1
Service cost	**0.8**	0.7
Interest cost	**9.1**	9.2
Contributions from scheme members	**0.5**	0.5
Age related NI	**-**	0.1
Actuarial losses	**2.1**	18.3
Benefits paid	**(8.2)**	(7.6)
Past service cost/(credit)	**-**	0.1
At December 31st	**215.7**	211.4

(Sterling in millions)

40. Retirement Benefits (continued)

The sensitivities regarding the principal assumptions used to measure the present value of the defined benefit obligations are set out below:

Assumption	Change in assumption	Impact on total defined benefit obligations
Discount rate	Increase/decrease by 1.0%	Decrease/increase by 16%
RPI inflation (and related increases)	Increase/decrease by 1.0%	Increase/decrease by 8%
Post retirement mortality	Increase by 1 year	Increase by 3%

History of experience in gains and losses:	2013	2012	2011	2010	2009
Difference between the expected and actual return on scheme assets					
Amount £M	**6.5**	5.5	(15.5)	8.0	14.4
Percentage of scheme assets	**4%**	3%	(10)%	5%	10%
Experience gains and losses on scheme liabilities:					
Amount £M	-	0.1	2.2	1.1	0.6
Percentage of present value of scheme liabilities	**0%**	0%	1%	1%	0%
Total amount recognized in Statement of Total Recognized Gains and Losses:					
Amount £M	**4.4**	(12.8)	(26.5)	3.4	(10.3)
Percentage of present value of scheme liabilities	**2%**	(6)%	14%	(2)%	6%

The estimated amount of employer contributions expected to be paid to the UK defined benefit pension scheme for the year ending December 31, 2014 is £6.4 million (2013: £6.5 million actual employer contributions).

41. The Luxfer Group Employee Share Ownership Plan

The Trust

In 1997, the Group established an employee benefit trust ("the ESOP") with independent trustees, to purchase and hold shares in the Company in trust to be used to satisfy options granted to eligible senior employees under the Company's share schemes established from time to time.

The ESOP was established with the benefit of a gift equivalent to the set up and running costs. Purchase monies and costs required by the ESOP trustees to purchase shares for and under the provisions of the trust are provided by way of an interest free loan from a Group subsidiary. The loan is repayable, in normal circumstances, out of monies received from senior employees when they exercise options granted to them over shares. Surplus shares are held by the ESOP trustees to satisfy future option awards. The ESOP trustees have waived their right to receive dividends on shares held in trust. The Remuneration Committee is charged with determining which senior employees are to be granted options and in what number subject to the relevant scheme rules.

The Current Scheme

The current share option scheme, implemented by the Company in February 2007 is The Luxfer Holdings Executive Share Option Plan ("the Plan"), which consists of two parts. Part A of the Plan is approved by HM Revenue & Customs and Part B is unapproved. Options can be exercised at any time up to the tenth anniversary of their grant subject to the rules of the relevant part of the Plan. As a result of the I.P.O all leaver restrictions over the shares were released. There is no other performance criteria attached to the options.

(Sterling in millions)

41. The Luxfer Group Employee Share Ownership Plan (continued)

Movements in the Year

The movement in the number of shares held by the trustees of the ESOP and the number of share options held over those shares are shown below:

	Number of shares held by ESOP Trustees		Number of options held over £1 ordinary shares				
	£0.0001 deferred shares	£1 ordinary shares	£0.97 options held	£1.40 options held	£3 options held	£4 options held	Total options held
At January 1, 2013	15,977,968,688	93,674	15,200	-	20,800	29,510	65,510
Options granted during the year	-	-	-	-	-	-	-
Options exercised during the year	-	-	-	-	-	-	-
Options lapsed during the year	-	-	-	-	-	-	-
At December 31, 2013	15,977,968,688	93,674	15,200	-	20,800	29,510	65,510

As at December 31, 2013 the loan outstanding from the ESOP was £2.2 million (December 31, 2012: £2.2 million).

During the year ended December 31, 2013 all of the shares held by the ESOP were transferred into the ADS plan.

The market value of each £1 ordinary shares held by the ESOP as at December 13, 2013 was $41.72.

42. Share Based Compensation

Luxfer Holdings PLC Long-Term Umbrella Incentive Plan and Luxfer Holdings PLC Non-Executive Directors Equity Incentive Plan

As an important retention tool and to align the long-term financial interests of our management with those of our shareholders, the Group adopted the Luxfer Holdings PLC Long-Term Umbrella Incentive Plan (the “LTIP”) for the Group’s senior employees, and the Luxfer Holdings PLC Non-Executive Directors Equity Incentive Plan (the “Director EIP”) for the Non-Executive Directors.

The equity or equity-related awards under the LTIP and the Director EIP will be based on the ordinary shares or ADSs of the Group. The Remuneration Committee will administer the LTIP and will have the power to determine to whom the awards will be granted, the amount, type and other terms. Awards under the EIP are non-discretionary and purely time-based.

(Sterling in millions)

42. Share Based Compensation (continued)

Share Option and Restricted Stock Awards

As a tool to retain key people and align their interests with those of shareholders, a one-off award of market-value options was made to a small number of executives and the non-executive directors immediately prior to the I.P.O. in 2012. 40% of the options granted vested immediately and 20% of the options vest upon each of the first, second and third anniversaries of the I.P.O.

In January 2013, 306,200 Restricted Stock Units and Options over ADSs, equivalent to 153,100 ordinary shares, were granted under the LTIP and 9,252 ADS Restricted Stock, equivalent to 18,504 was granted under the Director EIP. In March 2013, 1,924 ADS Restricted Stock, equivalent to 962 ordinary shares, was granted under the Director EIP.

In March 2014, 201,870 Restricted Stock Units and Options over ADSs, equivalent to 100,935 ordinary shares, were granted under the LTIP.

	2013 £M	2012 £M
I.P.O related share based compensation charges	**0.3**	0.5
Other share based compensation charges	**0.2**	-
	0.5	0.5

There were no cancellations or modifications to the awards in 2013.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year, with each option relating to 1 American Depositary Share:

	2013 Number	**2013 WAEP**	2012 Number	2012 WAEP
At January 1	**816,400**	**$10.00**	-	-
Granted during the year	**317,376**	**$2.80**	816,400	$10.00
Lapsed during the year	**(2,000)**	**($0.76)**	-	-
At December 31	**1,131,776**	**$8.00**	816,400	$10.00

The weighted average remaining contractual life for the share options outstanding as at December 31, 2013 was 5 years (December 31, 2012: 7 years).

The weighted average fair value of options granted during the year was $7.27. The weighted average exercise price for options outstanding at the end of the year was $7.99. The following tables list the inputs to the models used for the plans for the year ended December 31, 2013:

	2013	**2012**
Dividend yield (%)	**2.25**	**3.0**
Expected volatility range (%)	**41.3 – 42.8**	**40.7 – 42.7**
Risk-free interest rate (%)	**0.15 – 0.86**	**0.16 – 0.61**
Expected life of share options range (years)	**1 - 7**	**1 - 5**
Weighted average exercise price ($)	**$2.81**	**$10.00**
Model used	**Black-Scholes**	**Black-Scholes**

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

42. Share Based Compensation (continued)

Employee Share Incentive Plan – UK

In December 2013, the Group implemented an Employee Share Incentive Plan (the "SIP") in the UK. Under the plan, all employees with at least six months of service with the group and who are employed by a participating group company are entitled to contribute up to 10% of basic pay each month, subject to a £125 maximum. The SIP trustees buy shares (partnership shares) every 6 months at market value with the employees' contributions. For each partnership share purchased, the group purchases one share (matching shares) which are allocated to the employee. In the UK SIP, if the employee sells or transfers partnership shares within three years from the date of allocation, the linked matching shares are forfeited.

43. Related Party Transactions

The Company has taken advantage of the exemption in FRS 8 from disclosing transactions with related parties that are wholly owned subsidiaries of Luxfer Holdings PLC.

During 2013, the Company provided $4.5 million in debt investment to Luxfer Holdings NA, LLC, a joint venture partner of which one of the Company's subsidiaries holds 49% of the equity. The debt investment was provided through a secured revolving credit facility that the Group has granted to the joint venture of which up to $10 million can be drawn up until March 31, 2018.

Company Details

Company Registration
Registration no. 3690830

Registered Office
Anchorage Gateway
5 Anchorage Quay
Salford
M50 3XE
England

Listing
New York Stock Exchange
Symbol: LXFR

Depository for American Depositary Shares
Bank of New York Mellon Corporation

Secretary
Linda F Seddon

Group Finance Director
Andrew M Beaden

Auditors
Alastair Nuttall
Senior Statutory Auditor
Ernst & Young LLP
100 Barbirolli Square
Manchester M2 3EY

Company Contact
Dan Stracner
Director of Investor Relations
U.S. telephone: 001 951 341 2375
dan.stracner@luxfer.net

Company Secretarial Information
Linda Seddon
Telephone: 0161 300 0610
Email: linda.seddon@luxfer.com

LUXFER GROUP

LXFR LISTED NYSE

LUXFER HOLDINGS PLC
Anchorage Gateway
5 Anchorage Quay
Salford
M50 3XE
England

Tel: +44 (0) 161 300 0600

Website: www.luxfer.com

LUXFER GROUP

LUXFER HOLDINGS PLC
Anchorage Gateway
5 Anchorage Quay
Salford
M50 3XE
England

www.luxfer.com