Registered No. 3690830

LUXFER HOLDINGS PLC

Report and Financial Statements

31 December 2014

LUXFER HOLDINGS PLC ¦ Anchorage Gateway ¦ 5 Anchorage Quay ¦ Salford ¦ M50 3XE

Contents

Glossary of Terms

Unless the context in which we use the terms indicates otherwise the following terms used in this report have the following meanings:

ADR	American Depositary Receipt which evidences an ADS, being the uncertificated form in which the Company's ordinary shares are traded on the NYSE. One ordinary share is represented by one ADR.
ADS	American Depositary Share, the uncertificated form in which the Company's ordinary shares are traded on the NYSE. One ordinary share is represented by one ADS.
AGM	Annual General Meeting of the Company.
Articles	The Articles of Association of Luxfer Holdings PLC adopted by special resolution of the Company on 26 October 2011, effective from the date of the IPO.
Companies Act	UK Companies Act 2006.
FPI	Foreign Private Issuer under the SEC registration rules.
Group	Luxfer Holdings PLC and its subsidiaries.
IPO	The Initial Public Offering in the US completed by Luxfer Holdings PLC on 9 October 2012.
NYSE	New York Stock Exchange.
£0.50 Ordinary shares	The Company's ordinary shares of £0.50 each.
SEC	Securities and Exchange Commission of the US.
Year	1 January, 2014, to 31 December, 2014.
LTIP	Long-Term Umbrella Incentive Plan.

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 preformed 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.

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.

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. Our newly acquired business, Luxfer Magtech Inc., produces magnesium-based flameless heating pads for self-heating meals used by the U.S. military and emergency relief agencies; an extensive line of self-heating meals, soups and beverages used by military and civilian end-users; chemical agent detection kits and chemical decontamination equipment; and seawater desalination kits.

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 strategic and financial objectives during the year.

Table 1: Group Key Performance Indicators		**2014**	2013	2012	2011	2010
Operating performance						
Revenue	$m	**489.5**	481.3	511.6	510.8	402.7
Net Revenue (excluding rare earth surcharge)	$m	**487.3**	472.9	471.1	441.0	399.5
Trading profit	$m	**44.8**	59.2	68.5	63.7	44.7
Adjusted net income[1]	$m	**30.9**	39.8	44.7	41.1	25.1
Basic earnings per share[7]	$	**1.09**	1.27	1.84	2.04	1.17
Adjusted net income basic earnings per share[7]	$	**1.15**	1.48	2.08	2.08	1.27
Adjusted EBITDA[2]	$m	**64.8**	76.6	83.2	78.2	58.6
Revenue per employee	$'000s	**290**	300	337	353	283
Return on revenue[3]	%	**9.2**	12.3	13.4	12.5	11.1
Return on invested capital[4]	%	**14.1**	21.6	28.1	28.1	19.6
Financial performance						
Net cash flow from operating activities	$m	**23.0**	37.1	69.0	29.1	37.8
Net debt to EBITDA	times	**1.6**	0.5	0.3	1.4	1.8
Non-financial performance						
Number of days lost following accidents at work[5]	work-days	**261**	973	929	734	805
ISO14001 environmental management system certification[6]	%	**88.0**	90.8	72.8	68.8	60.1
Economic indicators						
Average aluminium price (three-month LME)	$/tonne	**1,896**	1,887	2,049	2,419	2,198
Average US dollar to pound sterling exchange rate	$:£	**1.65**	1.57	1.59	1.61	1.54
Average euro to pound sterling exchange rate	€:£	**1.27**	1.18	1.23	1.15	1.17

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 2 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 ordinary share.

Review of the Year Ending 31 December, 2014

The Group endured a challenging 2014 with trading performance below Company and market expectations. The Group continues to address short term declines in revenue and profitability whilst also focussing on the long term position through both strategic acquisitions in the year and development of new product technologies. Group underlying revenue, net of the effect of acquisitions in 2014, rare earth surcharges and exchange rate translation, fell by $6.9 million from the previous year.

Trading profit in 2014 of $44.8 million represented a 24.3% decrease over the reported $59.2 million in 2013. Net income for 2014 was $29.2 million and Adjusted Net Income was $30.9 million, compared to $39.8 million in 2013. The fall in profitability was a result of a weakness in trading in our Gas Cylinders Division. Our Elektron Division continued to do well in 2014.

Cash generated from operating activities was $23.0 million in 2014, down from $37.1 million in 2013, largely as a result of lower trading profits and working capital increases as a result of the weakness in demand in the Gas Cylinders division. The Group has continued to return funds to its shareholders in the form of regular dividends each quarter and has initiated a new cash generation initiative aimed at reducing working capital levels over the next year.

On March 21, 2014, the Group acquired a business specializing in the design and manufacture of composite cylinders and the associated production assets in Utah, acquiring 100% of the voting rights of the two legal entities that make up the business, Vexxel Composites LLC and Hypercomp Engineering Inc. This provides our North American Gas Cylinders business with a facility purpose-built for the design and manufacture of Type 4 (polymer-lined) composite cylinder products, which are being targeted initially at the class 8 heavy-duty truck market, where an increasing rate of conversion from diesel to CNG is widely anticipated. We are in the final stages of developing a new range of larger-diameter Type 4 cylinders for CNG markets to complement our existing lightweight range of Type 3 (aluminium-lined) cylinder products and systems.

On July 29, 2014, the Group closed the acquisition of the trade and assets of two related businesses: Truetech Inc. and Innotech Products Limited ("Luxfer Magtech"). The acquired businesses produce magnesium-based flameless heating pads for self-heating meals used by the U.S. military and emergency relief agencies; an extensive line of self-heating meals, soups and beverages used by military and civilian end-users; seawater desalination kits, chemical agent detection kits; and chemical decontamination equipment. Truetech operates a manufacturing and warehousing facility on a company-owned site in Riverhead, New York, and Innotech operates a leased manufacturing, assembly and distribution facility in Cincinnati, Ohio. The acquired businesses have been combined within Luxfer Magtech Inc, a new wholly-owned subsidiary of Luxfer Group, and will operate as part of the Group's specialty materials Elektron Division. On closing, an initial consideration of $59.3 million was paid, and with the acquired businesses having $4.0 million of cash, the net cash cost was $55.3 million.

The ratio of Net Debt to adjusted EBITDA at the end of 2014 was 1.6x compared to 0.5x at the end of 2013, mainly as a result of funding the acquisitions described above.

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 2014, the Euro was on average weaker against the US dollar than in 2013, resulting in unfavourable movements when translating the operating results of European operations into US dollars. Though the US dollar strengthened at the end of 2014, sterling was on average stronger against the US dollar than in 2013, resulting in favourable movements when translating the operating results of UK operations into US dollars. The net effect was a gain of $4.3 million on revenue and $0.9 million on operating profit when translating the operating results of non-US operations into US Dollars.

On an IFRS reported basis, Group revenue for the twelve-month period from continuing operations was $489.5 million, an increase of $8.2 million from $481.3 million in 2013. Compared to 2013, revenue benefited both from the $4.3 million gain from more favourable average translation exchange rates and $17.0 million of 2014 revenue attributable to acquisitions made in the year. Therefore other revenue changes were a fall of $13.1 million, which included a $6.2 million reduction from rare earth surcharges to Elektron zirconium customers, in line with falling rare earth prices. Thus, underlying revenue, net of the effect of acquisitions in 2014, rare earth surcharges and exchange rate translation, fell by $6.9 million.

In 2014, our rare earth surcharge was $2.2 million, compared to $8.4 million in 2013. Rare earth surcharges will be consolidated back into normal pricing for 2015 and will therefore cease to be reported separately going forward.

The Elektron division's revenue was $230.6 million in 2014, an increase of $10.9 million from $219.7 million in 2013. Excluding the $2.4 million favourable translation exchange rate impact on revenue, the revenue changes relating to the rare earth surcharge ($2.2 million in 2014 and $8.4 million in 2013) and the $14.7 million in revenue arising from the acquisition of Luxfer Magtech, the underlying revenue, at constant translation exchange rates, was the same as 2013. Magnesium aerospace alloys sales increased in the year, along with us winning market share in recycling of magnesium. Sales of magnesium powders used in military countermeasure applications significantly fell on reduced end-demand. Zirconium chemical sales started the year fairly strongly, with improved industrial catalyst sales, and new sorption chemical technology sales, but demand weakened in the second half of 2014.

The Gas Cylinders division's revenue was $258.9 million in 2014, a decrease of $2.7 million from $261.6 million in 2013. Excluding a $1.9 million favourable impact on revenue attributable to exchange rate translation and $2.3 million attributable to acquired operations during the year the underlying revenue, at constant translation exchange rates, was $254.7 million, or 2.6%, lower than 2013. Composite cylinder sales were down as a result of a series of market related factors: Globally, alternative fuel markets were more competitive, and lower oil prices reduced economic benefits of using natural gas in the short term, which weakened demand for our CNG cylinders. SCBA composite cylinder sales were badly impacted by US regulatory delays in qualifying customers' breathing kits and medical composite cylinder sales reduced in Europe, impacted by constraints on government health budgets. We were able to grow sales of traditional aluminium cylinders, sold into markets such as beverage, but this did not offset the poorer year on the composite side of the business.

Cost of Sales and Gross Profit

The gross profit margin for 2014 was 23.1% compared to 24.4% in 2013. The gross profit was impacted by the weak gas cylinder profit performance including some under-utilisation of production facilities and write-down of inventories and receivables in the AF business. Overall average margins in the Elektron division remained fairly strong.

2014 saw market conditions for rare earth chemicals stabilize further, with the quoted Asian Metal Index price of cerium carbonate, a raw material which has had a significant impact on the business over the previous few years, reduce progressively during the year, closing at approximately $4.5 per kilogram by December 2014.

The average LME price for aluminum was $1,896 per tonne in 2014, an increase of $9 per metric ton, less than 1%, from the 2013 equivalent figure. Magnesium costs reduced in 2014 compared to the previous year with the average price of Chinese magnesium on a free on board basis being $2,496 per metric ton, a $217 per metric ton reduction in 2014 compared to 2013.

Distribution Costs, Administrative Expenses and Other Trading Items

The net of these costs in 2014 was $68.1 million compared to $58.6 million in 2013. Administrative costs increased by $7.5m due to the impact of the Luxfer Magtech acquisition in July 2014, and we also incurred higher costs as we invested in the commercialisation of new product technologies. Distribution costs also increased by $1.6m reflecting both higher costs of transportation and some increases in volumes for certain export markets, as well as the incremental impact of acquisitions in the year. In 2014 there was a loss of $0.3 million attributable to the joint ventures, compared to a profit of $0.1 million in 2013. However, we also received interest income from the USA joint venture in 2014 of $0.3 million, which under IFRS is recognised below operating and trading profit, but offsets the loss recognised in operating profit, when calculating net profits after tax for the joint venture.

Trading Profit

Trading profit for 2014 was $44.8 million compared to $59.2 million for 2013, down 24.3%.

The Elektron Division's trading profit of $38.9 million in 2014 was $1.3 million lower than $40.2 million in 2013. Changes in exchange rates used to translate segmental trading profit into U.S. dollars led to a $1.0 million translation gain in 2014, and therefore profits at constant translation exchange rates decreased by $2.3 million, or 5.7%.

The acquisition of Luxfer Magtech, net of a $0.6 million amortization cost of acquired intangibles, added $2.9 million. There was a small favourable variance of $0.3 million in 2014 due to the changes in sales volumes and mix across the division. There was a $2.5 million adverse variance as a result of reduced margins on lower pricing, net of reduced material costs and some other factory cost changes.

For 2014, the foreign exchange transaction rates on sales and purchases had a positive impact of $0.1 million, net of the benefit of utilizing foreign currency exchange derivative contracts, compared to 2013.

Employment and other costs increased by a net $2.1 million in 2014. This included the impact of inflation and the division has added resources in relation to developing its strategic product initiatives in areas such as magnesium aerospace alloys and zirconium chemicals. The depreciation charge also increased by $1.0 million in relation to increased investment in property, plant and equipment across the division.

The Gas Cylinders division's trading profit of $5.9 million in 2014 was a decrease of $13.1 million from $19.0 million in 2013. Changes in exchange rates used to translate segment trading profit into U.S. dollars led to a $0.1 million translation loss in 2014, and therefore profits at constant translation exchange rates decreased by $13.0 million, or 68.4%.

The fall in sales of composite cylinders used in medical, SCBA and alternative fuel markets, net of the improvement in aluminium cylinder markets and some benefit from lower aluminium costs, reduced profits by $7.8 million. The reduction resulted in part due to the impact of major disruption in our factory utilizations as a result of the regulatory delays in approvals of SCBA kits in North America and the slowdown in our alternative fuels business as the oil price fell and increased competition in this area has resulted in spare capacity and a reduction in prices. Losses at Luxfer Utah, which only started production in the final quarter, reduced profit a further $1.2 million. We also incurred $3.1 million of losses through the writing down of inventory and receivables in relation to our alternative fuels business. This included having to make a significant provision for a customer that encountered financial problems around the end of 2014 after they suffered delays in their major virtual pipeline project, reflecting an impairment of their trade receivable of $8.5 million, to an estimated recoverable amount of $6.5 million.

In 2014, the foreign exchange transaction rates on sales and purchases had a negative impact of $0.3 million, net of the benefit of utilizing foreign currency exchange derivative contracts, compared to 2013.

We made a small net saving of $0.3 million in employment and other costs, but incurred $0.2 million more costs in relation to our share compensation plans.

Depreciation was $0.7 million higher as a result of increased investment in property, plant and equipment in the past few years.

Adjusted EBITDA

Adjusted EBITDA, defined as profit for the period before tax expense, finance income (which comprises interest received) and costs (which comprises interest costs, IAS 19 retirement benefits finance charges and the unwind of the discount on deferred consideration from acquisitions), other income (expense) from acquisitions and disposals of businesses, restructuring and other income/(expense), gain on purchase of own debt, other share-based compensation charges, depreciation and amortization and loss on disposal of property, plant and equipment, was $64.8 million in 2014, a margin on sales of 13.2%, compared to $76.6 million and 15.9% respectively in 2013.

Operating Profit

Restructuring and other expenses were $3.9m for the year, which included the one-off cost of $2.0 million for remediation of a historical environmental issue at an Elektron plant in Q4 2014 and $1.9 million of restructuring and other costs, mainly relating to cost-saving initiatives in the Gas Cylinders Division. After these costs, operating profit was $40.9 million, down from $56.5m for the same period in 2013.

Net Acquisition and Disposal Costs

In 2014, acquisition costs of $1.5 million were recognized by the Elektron division and $0.3 million by the Gas Cylinders division in relation to acquisitions in the year described above. In 2014, a credit of $6.3 million was recognized in the income statement in relation to the remeasurement of deferred contingent consideration arising from acquisitions. Of the $6.3 million, $4.8 million related to the Elektron division and $1.5 million related to the Gas Cylinders division. In 2013, $0.1 million was recognized in relation to the acquisition of Dynetek Industries Limited in 2012 and the finalization of the fair value exercise.

Finance Costs

Net interest costs were $6.1 million in 2014 compared to $5.9 million in 2013. The higher costs in 2014 reflected the increased level of indebtedness, which had been used to fund the 2014 acquisitions. The IAS 19 retirement benefits finance charge was $2.7 million compared to $3.8 million in 2013, lower as a result of lower discount rates, as a result of lower corporate bond yields. In 2014, there was a $0.3 million charge in relation to the unwind of discount on the deferred considerations that arose from the acquisitions of Luxfer Utah and Luxfer Magtech during the year.

Profit Before Taxation

Our profit before taxation was $36.3 million in 2014, a 22.3% decrease over the $46.7 million in 2013. Our margin on profit before tax was 7.4% in 2014 and 9.7% in 2013.

Taxation

In 2014, our tax expense was $7.1 million on profit before tax of $36.3 million. The effective tax rate was 19.6% on the profit before tax. Of the charge of $7.1million, $7.1 million (19.6% effective rate) related to current tax payable and $nil million (Nil% effective rate) was a deferred taxation charge. In 2013, our tax expense was $12.6 million on profit before tax of $46.7 million. The effective tax rate was 27.0% on the profit before tax. Of the charge of $12.6 million, $9.6 million (20.6% effective rate) related to current tax payable and $3.0 million (6.4% effective rate) was a deferred taxation charge. The effective rate in 2014 was distorted by non-taxable gains in the income statement of $6.3 million for the re-measurement of contingent consideration relating to the acquisitions in the year. The effective rate excluding the distortion of these gains was 23.7%. This effective rate was still lower than 2013's 27.0%, as a result of better utilization of historical U.K. tax losses in the year and changes in the mix of profits, with proportionately more profit before tax being made in the U.K. which has a lower tax rate.

Net Income for the Period

Net income for the period was $29.2million, compared to $34.1 million in 2013. The fall was primarily the result of the fall in operating profits of the Gas Cylinders division. Adjusted net income, which excludes the after tax impact of exceptional items, was $30.9 million, down on the adjusted net income for 2013 of $39.8 million.

Cash Flow

Net cash flow from operating activities was an inflow of $23.0 million in 2014, compared to an inflow of $37.1 million in 2013, a reduction of $14.1 million. There was a net working capital outflow of $19.4 million in 2014 compared to an outflow of $14.6 million in 2013, an adverse variance of $4.8 million. The increase in inventories resulted in a cash inflow of $8.5 million in 2014, a $0.6 million decrease from a cash outflow of $9.1 million in 2013. There was an outflow in receivables of $9.0 million in 2014 compared to an inflow of $5.7 million in 2013, an adverse movement of $14.7 million. There was also an outflow in payables of $1.9 million in 2014, a decrease of $9.3 million from the $11.2 million outflow in 2013. Higher indebtedness resulted in the net interest costs outflow of $6.1 million in 2014 being $0.2 million more than the outflow of $5.9 million in 2013. The charge in respect of the US retirement benefit obligation of $1.7 million in 2013 did not recur in 2014. Acquisition activity in 2014 resulted in acquisition costs paid in 2014 of $1.6 million (2013: nil). The income tax outflow in 2014 of $7.0 million was $5.2 million lower than the outflow of $12.2 million in 2013.

Net cash outflows used in investing activities increased by $46.4 million, or 138.9%, to $79.8 million in 2014 from $33.4 million in 2013. The main reason for this increase was due to the net cash outflow on purchases of businesses. On March 21, 2014, the Group acquired a business specializing in the design and manufacture of composite cylinders, consisting of two sister companies, Vexxel Compositions LLC and Hypercomp Engineering, Inc. for a total cash consideration of $2.7 million. On July 29, 2014, the Group acquired the trade and assets of Luxfer Magtech for a net cash consideration of $55.3 million. Total cash flows on acquisitions during 2014 were $58.0 million (2013 – Nil). The net capital expenditures at $20.4 million in 2014 decreased by $3.8 million from the $24.2 million expenditure in 2013.

Net cash flows from financing activities increased by $58.5 million to a $42.8 million inflow in 2014 from a $15.7 million outflow in 2013. In 2014 the Group issued $25.0 million of loan notes and drew down $35.2 million of existing banking facilities in order to finance the acquisitions detailed above. Cash outflows in respect of dividend payments to holders of our ordinary shares were $10.8 million, consistent with 2013. An increase in the Group's indebtedness resulted in total interest paid on banking facilities of $5.5 million, an increase of 12.2% from $4.9 million in 2013.

Shareholder Equity and Borrowings

Shareholder equity as at 31 December, 2014 was $175.4 million compared to $191.7 million at 31 December, 2013, the decrease being primarily attributable to an adverse remeasurement of the defined benefit retirement plan of $35.4 million. The Group had total debt of $121.4 million and net debt of $106.8 million as at 31 December, 2014. Invested capital, defined as total shareholder equity plus net debt, was $282.2 million as at 31 December, 2014; this compares to an equivalent figure of $227.1 million in 2013, mainly due to the increase in debt as a result of the acquisition of Luxfer Magtech. The ratio of the return on invested capital (defined as trading profit for the year, less notional tax, divided into invested capital) was 13.4% in 2014.

Likely Future Developments

Our Elektron Division remains highly profitable, and with a full year of contribution from our new Luxfer Magtech business (acquired July 29, 2014), and the expectation of improved demand for military powders and modest organic growth elsewhere, we expect an improved result from Elektron even as we continue to invest in the final stages of developing and commercializing our suite of new strategic growth products.

While the SCBA regulatory delays and depressed military powder sales that we suffered in 2014 are expected to improve in 2015, growth in the AF sector depends in great measure on whether and when oil prices rebound sufficiently to make the conversion to CNG much more economically attractive, although for those that have already invested, CNG remains a cheaper alternative to diesel. The AF market is quite diversified and we expect customers that are already committed to CNG fleets will continue to order CNG-powered vehicles. The bulk gas transportation sector still offers major opportunities, selling to gas utilities and logistics companies. Low oil prices will most seriously impact sectors in which there is a material capital cost to converting to natural gas and in which payback arises from the price differential between diesel and natural gas. Because natural gas prices have not fallen nearly as much as diesel prices, the payback period has now been considerably extended. This seems likely to slow the rate at which, for example, class 8 trucks in North America are converted to run on natural gas. With the dramatic reduction in oil and gas exploration, direct sales of gas modules to that industry are likely to remain depressed at least for the near term.

Because of increased AF competition and lower margins, we began reducing overhead costs in this sector in 2014, and the oil-price collapse has compelled us to accelerate these cost-saving programs. We are now considering ways to streamline and consolidate our mixture of organically-grown and acquired facilities to reconfigure our AF business to enable it to withstand lower demand while also retaining a capability to respond to any market recovery. Initial benefits from our efforts to reduce overhead costs are expected to accrue from Q2 2015, but the full process may take the balance of the year as we work to preserve our capabilities and maintain customer service levels.

Our attention to cost reduction will extend beyond the AF business units as we pursue significant improvement in divisional profitability with the objective of returning the Gas Cylinders Division to at least 2012 levels of profitability in 2016. While low AF demand is likely to mean that the first half of 2015 will remain difficult for our Cylinder business, with a major effort on cost reduction, we still expect to improve the trading result over that recorded in 2014.

The current strength of sterling against the euro, which has declined 16% against sterling over the past 24 months, is starting to squeeze profit margins on some of the sales from our U.K. operations. We typically sell in the region of €40 million from the U.K. into the Eurozone, and as the benefit of currency hedges (that currently cover circa 60% of 2015 forecast sales in euros) entered into a year or more ago mature, we are exposed to much less favourable exchange rates. Gas Cylinders Division, selling mainly aluminum cylinders priced in euros is more affected than Elektron. Exports from the U.S. business units, largely composite cylinders, into Europe tend to be priced in U.S. dollars, as most of the competition also prices in dollars.

We plan to improve cash flow generation in 2015 by reducing inventories across the Group, continuing the progress we made in the latter part of 2014. Because of difficulties in the AF sector, cylinder stocks at the end of 2014 were higher than planned, and the recovery of one major debt ($8.5 million) had to be deferred. Recovery is now unlikely until well into the second half of 2015, and a $2m potential impairment has been recognized in our year-end balance sheet.

Consequently, we have trimmed capital investment plans, and we now expect 2015 expenditure to be in the range of $21m to $24m.

Based on improvements achieved in 2014 and our anticipated mix of profits across the globe, we expect our effective tax rate to be approximately 27% in 2015.

Because of the lag on cost-saving initiatives in Gas Cylinders and weather-related production disruptions at several Elektron facilities, we expect Q1 to be the weakest quarter in 2015. Planned inventory reductions will also impact profit due to lower facility utilizations.

We expect several of our strategic growth projects to make significant progress during 2015, preparing the ground for commercial sales in 2016 and beyond.

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

Many of our corporate values are reflected in the Luxfer Business Model described on page 3 of this Strategy Report and in our divisions' strap lines.

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® and Melsorb® 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 $1.9 million in 2015.

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 twenty two sites had achieved certification by the end of 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 88% down from the 91% reported in 2013 because of the acquisition of non-compliant sites in the year. The acquired sites are working towards becoming ISO 14001 compliant.

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.

Our UK businesses are currently preparing to comply with the European Savings Opportunity Scheme (ESOS). We believe our mainland European sites are not large enough entities to be required to comply with the equivalent regulation in their respective countries.

Greenhouse Gas Emissions

Each business unit monitors its usage of the following:

- Electricity (usually in KWh from utility bills);
- Natural gas (usually in MMBTU from utility bills);
- Propane (for fork-lift trucks from number of bottles used x capacity);
- Cover gases (to prevent molten metal from oxidising from number of cylinders purchased);
- Any other greenhouse gases used in the manufacturing process (from amount invoiced, either in bulk or by cylinder).

Other than for electricity, the conversion into equivalent CO_2 tonnes is done using standard conversion factors readily available from websites of, for example, DEFRA in the UK. Broadly speaking, natural gas (and other pure gases) has a very similar CO_2 equivalency no matter from where it is sourced.

For electricity, the CO_2 equivalency depends on the power stations being used to generate it. Accordingly, each business unit uses the 'local' equivalency factor published on official sites. For our US businesses this is available individually for each State on the USEPA website, and is updated each year according to the mix of power-generation facilities in use. The CO_2 equivalency factor for our French business unit, for example, is much lower than that for those in the UK, as France has a high proportion of nuclear ('zero-emission' power plants), whereas the UK has a heavier mix of gas-powered and coal-powered electricity generation.

Each business unit has a manager responsible for the collation of this data, which is collected centrally along with other accounting information at year-end. The submissions from each business unit are aggregated, with electricity usage being classified as 'scope 2', while natural gas, and all other gases, are classified as 'scope 1'.

Year-on-year figures by business unit are used to identify any anomalies, while similar business units are also compared to ensure consistency and understanding of the information.

The Greenhouse Gas (GHG) emissions statement below provides a summary of the Group GHG (carbon) emissions for the year ended 31 December, 2014, compared to 2013.

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	**$489.5m in 2014** (2013 $481.3m)

Greenhouse Gas Emission Source

	2014		2013[3]	
	(tCO_2e)[1]	(tCO_2e/$1mSV)	(tCO_2e)[1]	(tCO_2e/$1mSV)
Scope 1 Fuel combustion (natural gas and propane) and operation of facilities	68,885	140.7	74,079	153.9
Scope 2 Purchased electricity	44,502	90.9	44,090	91.6
Statutory total (Scope 1 & 2)[2]	**113,387**	**231.6**	**118,169**	**245.5**

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.
3. 2013 figures are restated from those reported last year. 2013 was the first year of collating and reporting these figures. In preparing the 2014 figures, some errors in the 2013 numbers were uncovered, leading to the view that 2013 emissions had been overstated by 4,311 tonnes or 3.5%.

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.

Our People

Employee Participation and Alignment of Employees' Interests With the Interests of Shareholders

All Employee Share Schemes

Since the end of 2013 we have offered an all employee share investment plan (SIP) to our UK employees and a substantial number of employees have taken up the opportunity to make contributions out of their pay to purchase shares on a six monthly basis under the plan. In 2014, we also established an employee stock purchase plan (ESPP) under which our US employees can accumulate contributions from pay over a six monthly period to purchase shares. Both plans are set up under the relevant legislation in their country to take advantage of any tax efficiencies offered by that legislation for the employees. We are now investigating ways in which we can establish plans offering the opportunity to accumulate contributions to purchase shares on a regular basis in jurisdictions where we have smaller numbers of employees, on a cost efficient basis, so that we can offer as many employees as possible the opportunity to acquire a small holding in the Group's shares as far as reasonably practical.

As far as reasonably possible, bonus arrangements are made available to motivate employees towards financial, business and personal targets.

We also have a long term incentive plan under which selected managers receive a grant of awards over shares to encourage their retention in the Group and/or performance awards over shares where the targets are designed to align the remuneration of managers with returns to shareholders and reward the achievement of business targets and key strategic objectives.

Training and Development

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. The employees who partake in this programme are due to graduate early 2015 and building on the success of the programme we are working on a new programme for other selected junior and middle managers to commence later in 2015.

During the year we also implemented a group-wide e-learning programme to provide training to employees to support them in, and to promote compliance with, our group compliance policies including, among other policies, our Code of Ethics, Anti-Bribery, Competition and Whistleblowing polices.

In addition to the Group initiatives referred to above, training and development of our employees is carried out in various different ways. Training of employees is undertaken on a business unit basis in areas where we want to ensure compliance with regulation and encourage best practice such as in health and safety or in specific areas to train, update and support employees in undertaking their jobs and on a divisional and cross divisional basis to train functions within the Group. Training is delivered both from internal resources (where available) and third party external resources as appropriate. Our divisions also have a commitment as part of their own strategy maps to encourage and assist personal development of their employees. Both our Magnesium Elektron and MEL Chemicals businesses in the UK have developed apprentice training schemes in manufacturing and engineering.

Further information on employee policies, communication and engagement can be found in the Director's Report on page 37.

At 31 December, 2014, the number of employees was as follows:

Employees *	Male	Female
Directors of Luxfer Holdings PLC	6	-
Senior Managers	47	4
Employees	1,428	262

*The Directors of Luxfer Holdings Plc includes 4 Non-Executive Directors who are not employees of the Group and therefore this table will not fully reconcile to Note 6 of the Group Financial Statements.

Health and Safety

We want our sites to be safe places to work 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 on page 5.

We are pleased to report that 2014 has been a good year for safety. The number of working days lost through accidents significantly reduced in the year, falling from 973 in 2013 to only 261 in 2014. The number of lost time accidents incurred during the year showed good improvement with only 9 accidents in 2014, compared to 19 suffered in 2013.

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 which has been supplemented by the e-learning training referred to earlier in this section.

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

Corporate Giving and Engagement with the Community

Our business units are encouraged to support local causes, business-related charities and other community support events through the donation of personal time and monetary contributions. For example our US Luxfer Gas Cylinders and Superform businesses have for a long time made significant contributions to the 'United Way' charity through both corporate giving and individual employee fund raising activities and donation of personal time. Our Magnesium Elektron Czech plant has financially supported a local project to benefit persons with mental disorders who live in social institutions.

The Group made charitable donations in 2014 amounting to $28,000 (2013: $49,000), 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.

During 2014 our businesses continued their links with universities and schools to develop young talent. The following is an illustration of the type of involvement our divisions took part in during 2014:

- Employees from our MEL Chemical business in the UK acted as industrial mentors to pupils at various schools in connection with various projects in association with charitable schemes. The divisional research and development director also took part in a scheme as part of which she gives short talks on careers in industry and women in science;
- In 2014, the US Gas Cylinders business was proud to sponsor the Young Persons' World Lecture Competition. The event, which was held at the University of California, Riverside campus, included a special tour of the Riverside Composite Cylinder facility when the plant was pleased to welcome the competitions global participants. The Director of Innovation of our Luxfer Gas Cylinders division was selected to be on the panel of judges for the 2014 event;
- Our Magnesium Elektron UK plant continued its association with Manchester University's School of Materials at both undergraduate and post graduate levels. Two undergraduates completed their 12 month work placements and returned to university and the business offered placements to two new undergraduates that will run through well into 2015. The business sponsors a number of PhDs at the university and in 2014 had three research programmes running. In recent years, the business has successfully recruited from both programmes into its Magnesium Technology Centre.

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 established 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 and the Audit Committee receives an annual report from the Head of Internal Audit 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 their 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 Officer 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 Officer;
- 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 achieving 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 Policies 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 Officer and the Group Finance Director at site;
- An on-going annual programme to assess the design, implementation and operational effectiveness of the internal controls structure and procedures for financial reporting based on the criteria set out by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Controls Integrated Framework, to satisfy management's attestation under section 404 of the Sarbanes-Oxley Act;
- Under the supervision of the internal audit function, periodic internal audits carried out by Group finance staff and internal audit co-sourcing, targeting pre-defined specific areas of financial controls and 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 2014, the internal audit function among other things, continued to work on the internal controls over financial reporting in accordance with section 404 of the Sarbanes-Oxley Act, updating the framework under which management evaluate the effectiveness of internal controls over financial reporting to the Integrated Framework (2013 Framework) issued by the Committee of Sponsoring Organisation of the Treadway Commission.

As at 31 December, 2014, the two Executive Directors in their capacity as Chief Executive Officer 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 Internal Control – Integrated Framework (the 2013 Framework) issued by the Committee of Sponsoring Organizations of the Treadway Commission. As at 31 December, 2014, 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 2014 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 also has a number of financial risks. The management of these financial risks and mitigating actions are explained further in Note 27 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**
Dependency on certain key markets – The Group depends on certain end-markets, including automotive, alternate fuels, self-contained breathing apparatus, aerospace and defense, medical and printing and paper. An economic downturn or regulatory changes in any of these end-markets could reduce sales. It is possible that all or most of these end-markets could be in decline at the same time, such as during a recession, which could significantly adversely affect the results of our operations due to decreased sales. Within the Gas Cylinders division, the recent fall in oil prices has impacted our alternate fuels end-markets during 2014, as customers looked to defer expenditure in their alternative fuel projects in order to take advantage of depressed diesel fuel prices.	The Group's diverse product portfolio reduces the risk of any one adverse external economic factor impacting across all of these end-markets; however, a range of external factors could impact across the majority or all of the Group's end-markets. To further mitigate this risk, the Group continues to invest in research and development and to innovate, working closely with its customers to develop next generation products in these end markets.
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.
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.
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 27% of Group revenue in 2014.	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.

Area of Risk	Mitigating Activity
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.
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.
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 2014, 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.

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.
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.
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 29 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 $0.8m million during 2014 ($1.2m in 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.

Area of Risk	Mitigating Activity
Exposed to risks related to cybersecurity threats and incidents - In the conduct of its business, the Group collects, uses, transmits and stores data on information technology systems. This data includes confidential information belonging to us, our customers and other business partners, as well as personally identifiable information of individuals. We have experienced, and expect to continue to be subject to, cybersecurity threats and incidents, ranging from employee error or misuse to individual attempts to gain unauthorized access to information systems to sophisticated and targeted measures known as advanced persistent threats, none of which have been material to the Company to date. We also rely in part on the reliability of certain tested third parties' cybersecurity measures, including firewalls, virus solutions and backup solutions. Cybersecurity incidents may result in business disruption, the misappropriation, corruption or loss of confidential information and critical data (ours or that of third parties), reputational damage, litigation with third parties, diminution in the value of our investment in research and development, data privacy issues and increased cybersecurity protection and remediation costs. Future cybersecurity breaches or incidents or further increases in cybersecurity protection costs may have a material adverse effect on our business, financial condition or results of operations.	The Group devote significant resources to network security, data encryption and other measures to protect our systems and data from unauthorized access or misuse, including to meet certain information security standards that may be required by our customers, all of which increases cybersecurity protection costs. As these threats, and government and regulatory oversight of associated risks, continue to evolve, we may be required to expend additional resources to enhance or expand upon the security measures we currently maintain.

Approval

The Strategic Report is set out on pages 2-25 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 OFFICER

19 MARCH, 2015

GOVERNANCE

The Board of Directors

Members of the Board of Directors - 1 January, 2014, to 31 December, 2014.

Name	Age	Position
Peter Joseph Kinder Haslehurst	74	Non-Executive Chairman, Chairman of Remuneration, Audit and Nomination Committees
Brian Gordon Purves	60	Executive Director and Chief Executive Officer
Andrew Michael Beaden	47	Executive Director and Group Finance Director
Joseph Allison Bonn	71	Non-Executive Director, member of Remuneration, Audit and Nomination Committees
Kevin Sean Flannery	70	Non-Executive Director, member of Remuneration, Audit and Nomination Committees
David Farrington Landless*	55	Non-Executive Director, member of Audit and Nomination Committees

* Joined the Remuneration Committee in January 2015

Biographies:

Peter Haslehurst

Peter has been our Non-Executive Chairman for 9 years, having been appointed in March, 2006. Prior to taking up the appointment as Non-Executive Chairman he had been a non-executive director of the Company and a member of the Audit Committee and Remuneration Committee since 2003. On his appointment as our Chairman he was also appointed as Chair of both the Audit and Remuneration Committees and subsequently the Nomination Committee when it was established in July 2013.

Experience: Peter has been a Managing Director, Chief Executive and/or Chairman in international manufacturing industries for over 45 years, including most recently as Chairman and Chief Executive of the Brunner Mond Group from 2000 to 2008 and 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 current appointments, including Chairman of the Audit Committee of the Institute of Materials, Minerals and Mining where he was formerly Treasurer and Senior Vice President, 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 holds a BSc degree in production engineering from Loughborough University and is a Chartered Engineer. He is also 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, where he was formerly senior vice president. 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 appointed as our Chief Executive Officer at the start of 2002 and has been an Executive Director of the Company and its predecessor since 1996. He served as Group Finance Director from 1996 to 2001, having been a member of the management buy-in team in 1996.

Experience: Before joining the Company, Brian held several senior positions in the UK motor industry covering various financial, commercial and general management responsibilities.

Brian has an honours degree in natural philosophy (physics) from the University of Glasgow and a Master's degree in business studies from the University of Edinburgh. A fellow of the Chartered Institute of Management Accountants, he is also a Companion of the Chartered Management Institute.

Andrew Beaden

Andrew (Andy) was appointed as Group Finance Director in June 2011 prior to the IPO, at which time he was appointed to the Board as an Executive Director. Andy 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.

Experience: Before joining the Company Andy worked for KPMG, as well as several UK FTSE 100 companies in a variety of financial roles.

Andy is a Chartered Accountant and holds a degree in economics and econometrics from Nottingham University.

Joseph Bonn

Joseph (Joe) was appointed as a Non-Executive Director in March 2007, at which time he was also appointed to both the Audit and Remuneration Committees. He has also been a member of the Nomination Committee since its establishment in July 2013.

Experience: Joe 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.

Joe 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 in June, 2007, at which time he was also appointed to both the Audit and Remuneration Committees. He has also been a member of the Nomination Committee since its establishment in 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 Stearns & Co.

David Landless

David was appointed as a Non-Executive Director in March 2013 and was appointed to the Audit Committee on 28 March 2013 and the Nomination Committee on 23 July, 2013. He acts as the financial expert on the Audit Committee under the rules of the New York Stock Exchange.

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, 2014, to 31 December, 2014.

Name	Age	Position
Brian Gordon Purves	60	Executive Director and Chief Executive Officer
Andrew Michael Beaden	47	Executive Director and Group Finance Director
Edward John Haughey	59	Divisional Managing Director of MEL Chemicals
David Terence Rix	46	Divisional Managing Director of Magnesium Elektron
John Stephen Rhodes*	65	President Luxfer Gas Cylinders until 1 April, 2014
Andrew Butcher	46	President Luxfer Gas Cylinders from 1 April, 2014
Linda Frances Seddon	63	Company Secretary and General Counsel

*John Rhodes retired from the Executive Board at the end of February 2015

Biographies:

Brian Purves and Andrew Beaden

Please refer to the main Board biographies on page 27.

Andrew William John Butcher
President of Luxfer Gas Cylinders

Andrew (Andy) was appointed as President of Luxfer Gas Cylinders at the beginning of April 2014. He joined the Executive Management Board on 1 January, 2014, on his appointment as President designate. He joined Luxfer Gas Cylinders in Nottingham in 1991, before moving to California in 2002, where he led our composite businesses. He was President of Luxfer Gas Cylinders North America from 2009 to 2014. Andy holds an MA degree in Engineering from Cambridge University and a MBA from Keele University.

Edward John Haughey
Managing Director of MEL Chemicals

Edward (Eddie) 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. He holds a BA (Honours) degree in Chemistry.

David Terence Rix
Managing Director of Magnesium Elektron

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 retired as President of Luxfer Gas Cylinders at the beginning of April 2014, having been President since 1998. Since retirement he has been working to finish various projects that were on-going as he stepped down from the operational role. He continued as a member of the Executive Management Board throughout 2014, which he joined in 1996 upon the Management buy-in. 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 and 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. He stepped down from the Executive Management Board in February 2015.

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. She has a BA (Honours) degree in Business Law.

Corporate Governance

In this section we explain our corporate governance and what informs and influences our corporate governance practices.

Overview of Corporate Governance

The Company is incorporated in England and Wales and has a single listing of ADSs on the NYSE. Accordingly our corporate governance is informed by the relevant aspects of two regulatory regimes, the United Kingdom and the United States.

As a company incorporated in England and Wales, our corporate governance practices primarily are governed by our articles of association (our "Articles") and the Companies Act 2006 (the "Companies Act"). For example, as a company listed on the NYSE we are a "Quoted company" for the purposes of the Companies Act and therefore required to comply with its "quoted company" requirements. Significant aspects of these requirements include the production of a yearly report on Directors' remuneration details prescribed by English corporate law, an annual advisory shareholder vote on whether to approve such remuneration and a binding shareholder vote every three years on our remuneration policy with respect to the Directors. These requirements in turn influence aspects of how we report remuneration.

However, as we are not listed on the London Stock Exchange, the Company is not required to comply with the U.K. Corporate Governance Code (the "Code"). Nevertheless, we choose to follow aspects of the Code that we consider represent best practice, insofar as it is appropriate, relevant and practical to a company of the size and status of the Company.

In 2014 (as in 2013) we were a foreign private issuer (an "issuer") as defined in the SEC's rules and regulations ("FPI") and consequently, in many aspects of corporate governance we rely on a provision in the NYSE's Listed Company Manual ("NYSE's Manual") that permits us to follow home-country practice in lieu of certain NYSE corporate governance requirements. For example, although each member of our audit committee must be independent within the meaning of Rule 10A-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), each such member does not need to satisfy the requirements for independence set out in Section 303A.02 of the NYSE's Manual. Our nomination committee and remuneration committee each consist entirely of Non-Executive Directors; however, each such Non-Executive Director is not required to satisfy the requirements for independence set out in Section 303A.02 of the NYSE's Manual. The Companies Act does not require us to establish, and we have not established, a corporate governance committee, as would otherwise be required for U.S. listed companies pursuant to the NYSE's Manual. As an FPI we are not subject to all of the disclosure requirements applicable to companies organized within the United States that relate to corporate governance. For example, we are exempt from certain rules under the Exchange Act that regulate disclosure obligations and procedural requirements related to the solicitation of proxies, consents or authorisations applicable to a security registered under the Exchange Act.

However, because our shares are listed on the NYSE, we are required to comply with certain U.S. law requirements, including certain provisions of the Sarbanes-Oxley Act that affect our corporate governance. For example, Section 404(a) requires our management to identify in our annual report on Form 20-F a framework used by management to evaluate the effectiveness of our internal controls over financial reporting. Such evaluation must be based on a suitable, recognized control framework that is established by a body or group that has followed due-process procedures, such as the framework established by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO framework"). Given that the COSO framework was updated in 2013, we are required to update our framework for the evaluation of the effectiveness of our internal controls over financial reporting in accordance with the updated COSO framework. Further detail of compliance can be found in the Strategy Report under the section on Internal Controls page 19.

In developing corporate governance for the Group, the Directors have taken note of all these different regulatory requirements, as well as reflecting best practice as the Directors consider appropriate.

Board Members

During 2014, the Board comprised a Non-Executive Chairman, three Non-Executive Directors and two Executive Directors. The maximum number of Directors permitted under the Articles is eight. All Directors have an interest in the shares of the Company as set out in the Remuneration Implementation Report on pages 44 to 60.

Our Articles contain a provision requiring a third of the Directors to retire by rotation each year. In line with best practice, the Nomination Committee has proposed, and the Board has agreed, that all directors should offer themselves for re-election at the 2015 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, normally annually. A review was undertaken during the year, following a comprehensive review in 2013 in the context of a newly listed company. The directors determined no further amendments were necessary. Powers Reserved to the Board are set out in the Governance section of the Company's web site.

Executive Management Board

The Executive Management Board meets between eight and eleven times a year. It is chaired by the Chief Executive Officer. The Executive Management Board consists of the Group Finance Director and senior management at Group and divisional levels. The members of the Executive Management Board during 2014 are listed on page 29. The Executive Management Board acts in an advisory capacity to the Chief Executive Officer and provides a forum where matters of interest or concern to the Group can be reviewed and discussed, and policies agreed, best practice discussed 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

Due to the size of the Board, the Directors have determined it is not necessary to appoint a senior independent Director.

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

- The Chief Executive Officer is responsible to the Board for the management and performance of the business within the framework of the powers 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, and where appropriate, canvasses their opinion on issues and meets with them in the absence of the Executive Directors on a regular basis.

Since the establishment of the standing Nomination Committee, it has taken over the role of reviewing annually succession planning for senior appointments in the Group and to the Board, with recommendations made to the Board.

Meetings

There are normally six main scheduled meetings of the Board each year and additional scheduled telephone meetings timed to approve 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 during 2014

	Board	Audit Committee	Remuneration Committee	Nomination Committee
Peter Haslehurst	11	9	5	2
Andrew Beaden	11	*Non-member	Non-member	Non-member
Joseph Bonn	11	9	5	2
Kevin Flannery	11	9	5	2
David Landless	11	9	Non-member	2
Brian Purves	11	*Non-member	*Non-member	*Non-member
Total number of meetings	11**	9	5	2
No. of meetings held at operational sites in UK or US	3			

*Although not a member of the Committee the director attended the meeting to present to the Committee.

** There was an additional meeting comprised of the Executive Directors only, to review and confirm the number of awards to grant to each of the Non-Executive Directors under Director Equity Incentive Plan, the Non-Executive Directors recusing themselves from the meeting for conflict.

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 Officer 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.

Newly appointed directors undergo an induction programme.

The Board evaluate its information and support procedures periodically to ensure they remain appropriate.

Accountability

The Directors are responsible for preparing the annual report and accounts to satisfy U.K. law. This responsibility is explained further in the Directors' Responsibilities Statement on page 61 and the Independent Auditor's Report on page 62.

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

The Company Secretary acts as secretary to the Audit Committee. The Group Finance Director and the Chief Executive Officer 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 under the Governance section. The terms of reference were reviewed during the year. The Committee has the responsibility of overseeing corporate accounting and financial reporting in the Group.

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 judgment 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; and
- **Oversight of the Code of Ethics**.

The Board considers that all the members have appropriate financial experience to enable them to contribute to the Audit Committee's work. The Board also considers that each member of the Audit Committee satisfies the requirements for independence set out in Section 303A.02 of the NYSE rules and Rules 10A-3 under the Exchange Act. David Landless is the 'Audit Committee Financial Expert' as defined in Item 407(d) of Regulation SK.

Each year, normally prior to the commencement of the financial year, the Committee establishes a schedule of meetings to coincide with the key events in the Company's financial reporting and audit cycle to ensure it has sufficient time on its agendas to deal with matters for which it has responsibility. 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 the Company's auditors or are relevant to them. The Company auditors attend certain meetings as appropriate, normally in connection with the year-end audit and pre-approval of services to be provided by such auditors.

The Audit Committee has adopted and implemented a 'Policy on the Provision of Audit and Non-Audit Services by Auditors' (the "Pre-approval Policy") to comply with auditor independence requirements contained in Rule 2-01 of Regulation S-X under the Exchange Act. The policy requires the Audit Committee to pre-approve all matters upon which the Company's auditors are requested to advise (audit and non-audit work), including fees, subject to certain pre-approvals made annually by the Audit Committee. A pre-approved sum to be spent on audit and tax matters is delegated to the Group Finance Director and there is a procedure for approval of urgent items by the Chairman between meetings. The policy also affirmatively proscribes the Company's auditors from advising on certain matters.

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

- Undertook a specific review of the Company's auditors' independence with the Company's auditors and the Company's management, which confirmed the independence of the auditors;
- Reviewed the performance of the Company's auditors and lead audit partner with management;
- Discussed matters pertaining to and approved work to be undertaken by the Company's auditors under the Pre-approval Policy;
- Reviewed with head of internal audit and management the internal audit work, the system of internal controls and monitored the implementation of internal controls over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act and the progress of the update to the internal controls over financial reporting framework to reflect COSO's 2013 framework 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 and details of its work appear in the Remuneration Implementation Report on page 44. Its terms of reference appear under the Governance section on the Company's website.

Nomination Committee

Members of the Committee consist of the Non-Executive Directors and the Chairman of the Board chairs the Committee. The Committee held two meetings during the year.

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

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

Its terms of reference appear under the Governance section on the Company's website.

What the Committee did during the year:	
March	Discussing and recommending to the Board which directors should offer themselves at 2014 AGM.
December	Discussion and recommendation to the Board on the Directors who should offer themselves for re-election at the 2015 AGM. Annual review on Succession Planning.

Whistleblowing Arrangements

We have established policies, subject to individual legal requirements in the countries in which the Group operates, which encourage and enable 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 for reporting matters where the individual believes they cannot report any issue through their line management. The Audit Committee oversees the operation of the whistleblowing policy and receives a report from the Company Secretary at each meeting of the Audit Committee.

Anti-Corruption Policy

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

Relations with Shareholders

Directors seek to develop an understanding of the views of our shareholders in various ways, taking into account the need to treat shareholders equally. The Chief Executive Officer and the Group Finance Director hold quarterly investor conference calls as part of the Company's reporting cycle. From time to time we consult with our major shareholders in an effort to seek feedback on various matters of corporate governance, including our Director remuneration policy. The Chief Executive Officer and the Group Finance Directors also attend investor conferences and in 2014 they attended four investor conferences.

AGM documentation is normally sent out at least 20 working days before the meeting. Separate resolutions are proposed and proxy votes for our 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 Mellon, to vote the number of ordinary shares that represents 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. ADS holders may on request of the depository in a timely manner obtain a proxy to attend the AGM.

Directors' Report

The Directors of Luxfer Holdings PLC (the Company) present their annual report together with the audited financial statements of the Group and the Company for the year ended 31 December, 2014. This Directors' Report should be read together with and incorporates the Corporate Governance section on pages 31 to 36.

Results

The profit for the year, after taxation, amounted to $29.2 million (2013: $34.1million).

Dividends per Share

Quarterly interim dividends of $0.10 each £0.50 ordinary share ($0.10 each ADS) each quarter totalling $10.8 million were paid in 2014 (2013: $10.8million).

The Directors do not recommend a final dividend for 2014. A further interim dividend was paid in February 2015 of $0.10 each £0.50 ordinary share in aggregate $2.7 million.

Directors

The names of the persons who were Directors during the year and their brief biographical details are set out in the Governance section on pages 26 to 28.

Capital Structure

Following shareholder approval at the 2014 AGM, on 9 June, 2014, the Company sub-divided each £1 ordinary share into two ordinary shares of £0.50 each so as to match the individual nominal value of the Company's ordinary shares with that of its ADSs. Sub-dividing the ordinary shares in this way did not affect the rights attached to the ordinary shares or the aggregate nominal value of the Company's issued share capital. On the same date the depository amended the ratio of ordinary shares from a ratio of 0.5 ordinary shares for each ADS to 1 ordinary share for each ADS.

As at 31 December, 2014, the Company's issued share capital comprised of 27,096,691 ordinary shares of £0.50 each and 769,413,708,000 deferred shares of £0.0001 each as set out in Note 18 to the financial statements. As at 31 December, 2014, 25,208,151 of the £0.50 ordinary shares were represented by 25,208,151 ADS, one £0.50 ordinary share being represented by one ADS.

At the 2014 AGM the Company also passed a resolution giving it authority for purchase of its own shares in connection with the Company's employee share schemes or pursuant to a buyback contract between the Company and Jefferies LLC. No such purchases were made during 2014.

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.

A transaction was entered into by a subsidiary of the Company with a member of the Executive Management Board who is a director of another subsidiary of the Company details of which can be found in Note 32 to the Consolidated Financial Statements.

The interests of the Directors who held office at 31 December, 2014, and those of their families, in the share capital of the Company, including share options are set out in the Remuneration Implementation Report on pages 56 and 57. 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 31 January, 2014, 2,633 time-based options and 7,366 market value options over ADS of Brian Purves and 1,066 time-based options and 3033 market value options of Andrew Beaden vested and became exercisable;
- On 27 February, 2015 the Remuneration Committee determined that 14,000 performance nominal cost options over ADS awarded to Brian Purves on 20 March, 2014, and 5,900 of such options awarded to Andrew Beaden on the same date, lapsed due to not having attained the EPS performance target as at 31 December, 2014.

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 $10.6 million (2013: $9.8 million) in research and development on new and improved products and processes. Significant activities during the year were on the development and launch of type 4 (polymer-lined) large-diameter composite cylinders, and further development of our IOS® medical oxygen delivery device and Smartflow® valve contained therein. Once a product is reasonably certain to deliver a commercial product, certain of the development costs are capitalised. 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. The Group also continues to gain significant tax benefit from the UK Patent Box regime.

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 11.

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 retrain 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 various share-related schemes, details of which can be found in the CSR section of the Strategic report on page 16.

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. Further details can be found in the CSR section of the Strategic Report on page 16. 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 each year where the Luxfer Group strategy for the year at Group and divisional level is presented and discussed and workshops undertaken on subjects that have been determined will promote the Group strategy 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.

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 2014 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.

Greenhouse Gas Emissions

A statement regarding the greenhouse gas emissions resulting from the Company's activities can be found on page 15 of the Strategic Report.

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 27 and 28 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 26. 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

Allotment and Issue Shares

Since the balance sheet date, the Company has allotted and issued 8,563 ordinary shares of £0.50, 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 over ADSs which vested 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

19 MARCH, 2015

DIRECTORS' REMUNERATION REPORT

Chairman's Letter

Dear Shareholder,

This is my second remuneration report to our shareholders pursuant to U.K. regulations governing the way remuneration for directors of quoted U.K. companies is reported and voted upon.

As our remuneration policy (the "Remuneration Policy") was approved by you, our shareholders, at the 2014 annual general meeting (the "AGM") we are not required to put the policy to our shareholders for approval until 2017 unless it is amended before such time. The Company's *Remuneration Policy* can be found in a standalone document in the *Governance section* of the Company web site.

The annual remuneration implementation report (the "Remuneration Implementation Report") starting on page 44 sets out how we remunerated our Directors in 2014. The report also contains details of the decisions already made on the remuneration of our Directors for 2015. This Remuneration Implementation Report will be proposed for an advisory vote at the Company's 2015 AGM as required by the relevant U.K. regulations.

The Context of Decisions Made During the Year

Although the Group achieved net profits in 2014, results for 2014 have been below market expectations and many of the issues we faced were due to external factors. In particular, the Group has experienced a difficult year primarily due to the difficulties experienced in the Gas Cylinders business, which partially resulted from adverse external factors, including weaker demand in the SCBA market as a result of unexpected delays in regulatory approval of our customers breathing apparatus kits and weaker demand for our CNG cylinders in our alternative fuels market due in part to lower oil prices (which reduced the economic benefits of using natural gas in the short term). However, our Elektron speciality materials division made a substantial acquisition, now trading as Luxfer Magtech, which has already produced good results. We have also made continued progress with our development projects in aerospace and medical.

Major Decisions on Remuneration during the Year

Decisions Made Affecting 2014 Remuneration

The overall approach of the Remuneration Committee (the "Committee") to remuneration packages remained the same and follows the Remuneration Policy.

During 2014 the Committee continued to focus on ensuring that the remuneration packages offered were still of a level to attract, retain and incentivise high calibre individuals able to deliver the Company's strategy, remained competitive and promoted the long-term success of the Company and the creation of long-term shareholder value in line with the Remuneration Policy.

The Committee and our board of directors continue to believe that in structuring remuneration packages for the Directors they should consider remuneration practices not only in the U.K. but also in the U.S., recognising the Company's sole listing on the NYSE and, as a consequence, its significant U.S. shareholder base.

In accordance with the Remuneration Policy base salary is reviewed on an annual basis. Brian Purves was awarded a 3% increase in salary in January 2014 which was similar to the average increase in the U.K. operating companies.

Andrew Beaden was awarded a 5% increase in base salary. In considering his increase, the Committee took into account not only the general increases in the U.K. operating companies but also the fact that as a relatively new appointee as Group Finance Director at the date of the IPO, he had been paid below the lower quartile of the comparator group which a significant increase in his salary in 2013 had only partly addressed. The additional 2% increase, although modest given the Company's 2013 results, further bridged the gap in accordance with the objectives set out in the Remuneration Policy.

No changes were made to the bonus potential of either of the two Executive Directors or the main target of the annual bonus for 2014, which remained weighted towards trading profit. There was no pay-out under the 2014 bonus scheme. Further details of the bonus arrangements can be found *in Note 4 to Table 4, Single Figure, Executive Directors Remuneration of the Remuneration Implementation Report.*

Taking into consideration shareholder sentiment in the U.K. and the U.S., in 2014 the Committee determined that for the Executive Directors and certain of the senior management it would only grant performance based awards under the Long-term Umbrella Incentive Plan (the "LTIP"), subject to an earnings per share ("EPS") target measured in each year from 2014-2016. Awards equivalent in value to 60% of salary for the Chief Executive Officer and 48% of salary for the Group Finance Director were made in 2014. These awards are within the maximum under the rules of the LTIP and the Remuneration Policy, which is 150% of salary for the Chief Executive Officer and 120% of salary for the Group Finance Director. If all of the challenging stretch targets were met, each Director would earn 150% of the award vesting. The Committee believe they set challenging EPS targets for the performance based awards that will motivate the executives and align their interests with those of shareholders. Stretch targets will require exceptional performance to be achieved. *Further details of the awards are set out in the Remuneration Implementation Report, Awards Granted during the Year, Table 6 and its Notes.*

To further strengthen alignment with the interests of shareholders, the Committee also granted time-based options that vest over a three-year period to a wider group of managers and we have introduced an All Employee Share Scheme for our U.S. employees in addition to the U.K. scheme we introduced last year. We plan to introduce appropriate schemes for the rest of the Group, where the cost can be justified.

Decisions Made Affecting Subsequent Years

The focus of the Committee during the latter half of the year has been on working with external advisers PricewaterhouseCoopers LLP to review alternative approaches to the way long-term incentive performance awards are structured for the Executive Directors and senior managers. Under the structure used by the Committee in 2013 and 2014, awards were made annually covering a three-year performance period with metrics such as EPS that had forward looking annual targets which, if met in a particular performance year, would result in the vesting of a pre-determined number of awards in that year.

After consideration of several different structures and after consulting a number of major shareholders, the Committee determined the following structure should be used for future awards:

- Grants will continue to be made annually, based on an assessment of performance over the prior year. Accordingly, 2016 grants will be made on the basis of performance over the 2015 financial year;
- The performance conditions used in the assessment will be based on a score card of financial and non-financial metrics chosen by the Committee which they consider appropriate at the time of setting targets;
- Awards granted will vest annually over a period of three years. Awards vesting in years one, two and three will be required to be retained until the third year vesting date except for awards sold to pay tax liabilities;

- The awards for the Executive Directors will be granted by way of nominal cost options.

The Committee believes this structure is suited for the delivery of the LTIP awards for the following reasons:

- The targets are assessed over a one-year performance period over which period the Committee has a greater ability to set relevant and robust targets;
- Greater participant alignment with shareholder value through exposure to share price movements beyond the performance period through the vesting period;
- The ability to use a broader range of financial and non-financial metrics to measure performance on a more holistic basis if considered appropriate by the Committee;
- Performance conditions can be made more relevant to the Director, producing a particular desired performance and giving a greater line of sight;
- Its simplicity and the ability to grant similarly structured awards to lower levels in the Group for consistency between the Executive Directors and senior managers.

The new structure will include claw back provisions exercisable until the end of the three year post-grant holding period where there has been a material mis-statement of the accounts leading to an incorrect award.

The Committee have recognised that moving to a design where grants are made the following year based on prior year performance does leave a gap in grant and vesting in 2015. However, as the Company's 2014 results of operations has fallen short of market and Company expectations (although achieving net profits in 2014), the Committee took the decision not to make any awards for 2015.

The Committee looks forward to gaining your support for the Annual Remuneration Implementation Report at the 2015 AGM.

P JK Haslehurst
CHAIRMAN OF THE REMUNERATION COMMITTEE
19 MARCH, 2015

Remuneration Implementation Report

2014 Remuneration Implementation Report
(subject to advisory vote by the shareholders at the 2015 AGM)

This Remuneration Implementation Report (the "Report") has been compiled in accordance with *The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (the "Regulations").* As required by the Regulations, the Report will be proposed for an advisory vote at the 2015 AGM. **The approved Remuneration Policy can be found on the Company's website in the Governance section.**

The Remuneration Committee, its Activities and Responsibilities

The members of the Committee did not change during 2014.

Table 1

Members of Committee during 2014		Meetings attended
Peter Haslehurst	Non-Executive Director and Chairman (Chair)	5
Joseph Bonn	Non-Executive Director	5
Kevin Flannery	Non-Executive Director	5
Total number of meetings in 2014		5

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. David Landless also attends meetings. He became a member of the Committee in January 2015.

Responsibilities

The Committee is responsible for determining and agreeing with the Board the framework on executive remuneration and its costs. The Committee's written Terms of Reference can be accessed on the Company's website in the Governance section.

The Committee undertook a wide range of activities during the year, including the re-design of the structure of performance awards to be granted to Executive Directors and senior managers under the LTIP.

Table 2

	What the Committee did in 2014
Written resolution 31 January 2014	• Determined to settle vesting restricted stock units ("RSU's") in cash and stock under the LTIP.
February 2014	• Considered whether, and to what extent, the Executive Directors' bonus targets for 2013 had been met; • Determined and approved the Executive Directors' annual bonus targets for 2014; • Performed the annual review of the Executive Directors' and Company Secretary's salaries; • Discussed the annual awards under the LTIP and terms of proposed grants to Executive Directors, Executive Management Board and other management.
20 March 2014	• LTIP - Final discussion on, approval of grant documentation and grant of annual awards under the LTIP.
31 March 2014	• Approved the 2013 Remuneration Implementation Report.
September 2014	• U.K. All Employee Share Incentive Plan (the "U.K. SIP") - Approved change of ratio of Matching Shares awarded by Company to Partnership Shares purchased under the U.K. SIP. • LTIP – Discussions on re-design and review of types and structure of performance awards under the LTIP.
December 2014	• LTIP – Further discussed the re-design of performance awards. • Amended the LTIP to provide for net settlement of certain awards.

Advisors to the Committee

The Committee has access to independent advice when it considers it requires such advice.

Table 3

Provider of Advice	Advice Provided during 2014
PricewaterhouseCoopers LLP ("PwC")	• Advice on remuneration reporting. • Assistance with design of long term incentive awards.

PwC was appointed to provide the Committee with external advice. In addition to advising on remuneration reporting and long term incentive design, PwC assisted management in 2014 with the review of the design of certain pension arrangements and with the operation of a global share plan. The cost of advice provided during 2014 was $42,801 (2013 $28,977). Although the Committee have not made a specific determination to the effect, they are satisfied that PwC provide professional advice. PwC is a member of the U.K. Remuneration Consultants Group and is signed up to the Group's Code of Conduct.

The Chief Executive Officer provides information and his views on 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, 2014

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

Single Figure

The tables below set out an analysis of each Director's total remuneration for 2014. Total remuneration reflects both the performance of the Company and the contribution made by each Director to the continued success of the Company.

Executive Directors' Remuneration

Table 4

US$ NOTE 1	YEAR	Salary NOTE 2	Taxable Benefits NOTE 3	Annual Bonus NOTE 4	Long -Term Incentive Awards NOTE 5	Other Share Awards NOTE 6	Pensions Contributions NOTE 7	Total
Brian Purves	**2014**	**642,018**	**32,369**	**-**	**-**	**2,401**	**176,532**	**853,320**
	2013	592,061	30,292	-	198,070	-	164,653	985,076
Andrew Beaden	**2014**	**337,471**	**25,148**	**-**	**-**	**2,401**	**74,099**	**439,119**
	2013	305,428	23,314	-	81,019	-	62,860	472,621

Table compiled in accordance with the UK 'The Large and Medium Size Companies and Groups (Accounts and Reports) (Amendments) Regulations 2013'.

Notes to the Executive Directors' Single Figure Table 4:

Note 1

Salary, Taxable Benefits and Annual Bonus are determined and paid in sterling and converted to U.S. dollars at the average exchange rate for the year of $1.6462:£ as used for our audited financial statements. The 2013 figures remain as reported last year converted at the average exchange rate used for that year of $1.5663:£. Pension Contributions are made in sterling and converted to U.S dollars at the 2014 year-end rate of $1.5583:£. The 2013 figures remain as reported last year converted at the 2013 year-end rate of $1.6565:£.

Note 2

As Brian Purves and Andrew Beaden are paid in sterling and their salaries are converted as set out in Note 1, the salary figures for 2014 will differ from those shown in the 2013 Remuneration Implementation Report for the coming year 2014 which were based on the 2013 year-end rate. The actual sterling figures in 2014 were Brian Purves £390,000 (2013 £378,000) and Andrew Beaden £205,000 (2013 £195,000).

Note 3

Taxable Benefits - For Brian Purves, this comprised: car allowance ($29,869), medical insurance cover ($1,944) and dental insurance cover ($556) and for Andrew Beaden comprised car allowance ($22,718) and medical insurance cover ($2,430). Taxable benefits are valued at their sterling taxable value. The actual sterling figures were Brian Purves 2014 £19,663 (2013 £19,340) and Andrew Beaden 2014 £15,276 (2013 £14,885).

Note 4

Annual Bonus Outturn - For the 2014 financial year, the annual cash bonus was based on the achievement of two short term financial performance targets, profit performance and cash performance (two of the key strategic performance indicators used by the Company to assess its development against its financial objective during the year), measured against the annual budget and a specific non-financial objective linked to Group strategy. The bonus was heavily weighted towards the achievement of the profit target which was significantly more stretching than in the prior year.

Summary of the annual bonus potential as a percentage of base salary of each of the Executive Directors for 2014:

Table 4 (a)

	Maximum Annual bonus (% of salary)	Management Trading Profit (sliding scale between threshold, target and stretch) [1]	Net Cash Flow (pre-dividend)[2]	Non-financial objective[3]	Bonus outcome 2014
Brian Purves	100%	16.66 - 66.7%	16.7%	16.6%	-
Andrew Beaden	80%	13.3% - 53.3%	13.4%	13.3%	-

Notes to Table 4 (a)

1. The trading profit target is an internal measure and is adjusted to remove the net impact of restructuring and rationalisation expenditure from the calculation to avoid discouragement to cut costs if such action would be appropriate.
2. The net cash flow target is an internal measure and is pre-financing (debt or equity issuance and associated costs), pre-dividend and is adjusted to eliminate the effect of acquisitions and disposals.
3. The Non-financial objectives for both Executive Directors covered growth through acquisition which was substantially met although no bonus was awarded as the target in absolute terms was not met.

The performance of the Company during the year included reported trading profit of $44.8 million compared to $59.2 million for prior year and reported net cash flow from continuing operations of $23.0 million compared to $37.1 million for the prior year.

The Board has considered whether to include in this report the targets which applied to the bonus arrangements for the Executive Directors in 2014 but has determined that these figures are commercially sensitive. It is the Committee's intention to include the 2014 targets in a future remuneration report, once the figures are no longer commercially sensitive.

Note 5

The Long-Term Incentive Awards:
The 2014 single figure: Performance awards were granted during 2014 (see Table 6) of this report. The first EPS targets that would have led to the vesting of one-third of the awards were tested as at the 31 December 2014 and were determined as not met so no value is ascribed to the awards for Brian Purves or Andrew Beaden in the single figure table.

Note 6

Other Share Awards – These comprise the value ascribed to the Matching Shares awarded to Brian Purves and Andrew Beaden pursuant to the U.K. SIP under which both Brian Purves and Andrew Beaden each contributed £125 per month out of their salary before tax and national insurance contributions for two successive six month accumulation periods ending in June and December 2014. Contributions by each of Brian Purves and Andrew Beaden purchased 67 Partnership Shares in June 2014 at a price of $18.57 per ADS which the Company matched with 67 Matching Shares and 79 Partnership Shares in December 2014 at a price of $14.65 per ADS which the Company matched with 79 Matching Shares pursuant to the rules of the SIP. Matching Shares are forfeited if Partnership Shares are not held for 3 years or if the participant leaves employment of the Group unless under good leaver circumstances.

Note 7

Pension – More detail on pension contributions can be found in on page 52 of this report in the section titled *Pension Arrangements and Tables 9 and 10*.

Non-Executive Directors' Remuneration

Neither the Chairman of the Board (the "Chairman") nor any other Non-Executive Director received taxable benefits, annual bonus, long-term incentive awards or pensions contributions.

Table 5

US$	YEAR	BASE FEE NOTE 1	Other Share Awards (Fees in the form of share awards) NOTE 2	Total
Peter Haslehurst	**2014**	**169,559**	**82,763**	**252,322**
	2013	156,630	73,978	230,608
Joseph Bonn	**2014**	**77,500**	**37,785**	**115,285**
	2013	75,200	35,825	111,025
Kevin Flannery	**2014**	**77,500**	**37,785**	**115,285**
	2013	75,200	35,825	111,025
David Landless	**2014**	**77,500**	**66,916**	**144,416**
	2013	62,667	28,547	91,214

Table compiled in accordance with the UK 'The Large and Medium Size Companies and Groups (Accounts and Reports) (Amendments) Regulations 2013.'

Notes to Non-Executive Directors' Single Figure Table 5:

Note 1

The Chairman (Peter Haslehurst) base fee is determined and paid in sterling and translated at the average U.S. dollar rate of $1.6462:£ for 2014 (2013: $1.5663:£). The actual sterling figure paid for 2014 was £103,000 (2013:£100,000).

The base fees of the other Non-Executive Directors are determined in U.S. dollars.

The base fee of David Landless although determined in U.S. dollars, is paid in sterling converted at the $: £ exchange rate reported in the Financial Times on the 5th of each month prior to payment. Actual payments received by David Landless for 2014 aggregated £46,855. The single figure amount for David Landless in 2013 was for ten months as he joined the Board on 1 March, 2013. Actual payments received for 2013 were £40,238.

Note 2

2014 Single figure:

Part of the fees received by the Chairman and the other Non-Executive Directors are delivered as time-based RSU awards. The award value is a fixed percentage of their Base Fee (50%) as provided in the Director Equity Incentive Plan (the "EIP") which applies only to the Non-Executive Directors. The number of RSUs was calculated using the closing price of each ADS on the NYSE ($18.58) the day before the award was made. Awards were made immediately after the 2014 AGM and vest immediately before the 2015 AGM. In addition, David Landless received the awards he would have received for 2013 had he been a Director for more than six months at the date of the 2013 AGM pursuant to the rules of the EIP. The number of awards received are set out in Table 7 *Awards Granted During the Year - Non-Executive Directors Under the Director Equity Incentive Plan (EIP)*. The Single Figure table shows the value of the awards less the issue price of the ADS of £0.50 translated to U.S. dollars on the grant date at an exchange rate of $1.6774:£ ($0.84).

The RSU awards carry with them the right to receive accumulated dividend during the vesting period of the award, in shares. The dividends are not credited until the award vests. The Single Figure for Peter Haslehurst, Joseph Bonn and Kevin Flannery includes the value of the dividends vested and paid on the 2013 RSU awards that vested immediately before the 2014 AGM. The value of these awards was included in the Single Figure for 2013 as they are time based awards. The dividend shares were valued at the closing price of each ADS on the NYSE on the date of vesting, $18.54 less the issue price of £0.50 translated at the date of vesting at an exchange rate of $1.6706:£ ($0.8353). The number of their shares and value are:

Table 5(a)

	Number of dividend shares	Value of shares included in Single Figure Other Share Awards less exercise price $
Peter Haslehurst	93	1,638
Joseph Bonn	44	779
Kevin Flannery	44	779

AWARDS GRANTED DURING THE YEAR
Executive Directors Awards granted under The Long-Term Umbrella Incentive Scheme (LTIP)

Table 6

	Date of Grant	Basis of Aggregate Awards Granted	Share Price at Date of Grant $	Type of Award	Number of Shares Over Which Award Granted[1]	% of Award Receivable at Minimum performance	Face Value of Award[2] $	Exercise Price of Award Each ADS & in Aggregate[3] $	Performance period and Expiry Date of Award Once Vested[4]
Brian Purves	20 March 2014	60% of base salary	19.22	Performance nominal cost options	42,000	50% 21,000	1,210,860	0.83 each ADS Aggregate 34,860	3 years from grant date 19 March 2021
Andrew Beaden	20 March 2014	48% of base salary	19.22	Performance nominal cost options	17,700	50% 8,850	510,291	0.83 each ADS Aggregate 14,691	3 years from grant date 19 March 2021

Notes to Table 6:

1. Key feature of awards:
   - Vesting: Awards vest in equal tranches over three years, dependent on the attainment of a specified Group EPS in each year comprising Threshold, Target and Stretch (as set and defined in the award agreement) measured on 31 December 2014, 2015 and 2016. Vesting occurs on the date the Committee determines the EPS performance goal(s) are

met. If EPS goals are not attained on the specified measurement date, the awards for that period lapse. The EPS performance goals are commercially sensitive and so are not disclosed in this report. The figures will be disclosed in a later remuneration report once they are no longer commercially sensitive.

- Number and percentage of face value of awards that can vest: In respect of each performance period, the number of awards that vest are:
  - Below Threshold: Nil vesting;
  - Threshold to Target: 50%;
  - Target: 100%;
  - Between Target and Stretch: Straight line vesting between 100% and 150%;
  - Stretch or above: 150% (i.e., at stretch Brian Purves 21,000 ADSs per year; and Andrew Beaden: 8,850 ADSs per year).

2. The face value of the awards has been calculated based on the maximum number of awards that would vest if all the performance goals over the three-year performance period vest at stretch. The share price used to perform the calculation is the closing price on the NYSE for the 19 March, 2014, the day before the date of grant of $19.22 per ADS. At stretch (150% of award) Brian Purves would receive 63,000 ADSs and Andrew Beaden 26,550 ADSs. However, the Committee believe that the EPS goals at stretch are very challenging and will only be met with outstanding performance.
3. The exercise price is £0.50 each ADS translated into U.S. dollars at the rate on the date of grant of $ 1.6510:£.
4. 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).

Non-Executive Directors under the Director Equity Incentive Plan (EIP)

Table 7

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[1] $	Vesting Date	% of Face Value That Would Vest	Vesting determined by performance over
Peter Haslehurst	30 May 2014	50% of annual fee for 2014	18.58	Restricted Stock Unit	4,573	84,966	0.84 each ADS Aggregate 3,841	Day before 2015 AGM	On vesting date 100%	N/A
Joseph Bonn	30 May 2014	50% of annual fee for 2014	18.58	Restricted Stock Unit	2,086	38,758	0.84 each ADS Aggregate 1,752	Day before 2015 AGM	On vesting date100%	N/A
Kevin Flannery	30 May 2014	50% of annual fee for 2014	18.58	Restricted Stock Unit	2,086	38,758	0.84 each ADS Aggregate 1,752	Day before 2015 AGM	On vesting date100%	N/A
David Landless	30 May 2014	50% of annual fee for 2014 and 50% of 2013 of prior year fees.	18.58	Restricted Stock	3,772	70,084	0.84 each ADS Aggregate 3,168	Day before 2015 AGM	Each vesting date 100%	N/A

Note to Table 7:

1. The issue price of £0.50 per each ADS has been converted at the U.S. dollar rate for 30 May, 2014, the date of grant, of $1.6774:£.

OUTSTANDING SCHEME INTEREST AWARDS DURING 2014
Executive and Non-Executive Directors
(Includes awards made during 2014)

Table 8

	Award Scheme & Type[1]	Grant Date	Exercised Price Each Award $	No of Awards1 JAN 2014	Exercised During the Year	No of Awards31 Dec 14	No of Awards Vested 1 Jan 2014	No of Awards Vested During Year	Total No Vested Awards 31 DEC 2014	No of Unvested Awards[4]	Remaining Vesting Dates	Exercise Period
Executive Directors												
Brian Purves	IPO Options[2]	2 Oct '12	10.00	179,200	0	179,200	107,520	35,840	143,360	35,840	2/10/16	Grant date to 1 Oct '19
	LTIP2013[3] Options: TB	31/01/13	0.79	7,900	0	7,900	0	2,633	2,633	5,267	31/01/15 31/01/16	Vesting to 30/01/18
	MV	31/01/13	12.91	22,100	0	22,100	0	7,366	7,366	14,734	31/01/15 31/01/16	Vesting to 30/01/18
	Perf: EPS and TSR target[4]	31/01/13	0.79	31,500	0	31,500	0	5,250	5,250	26,250	31/12/15 31/12/16	Vesting to 30//01/20
	LtiP2014 Perf[5]	20/03/14	0.83	0	0	42,000-63,000	0	0	0	42,000-63,000	01-02/15 01-01'16 01-02/17	Vesting to 19/03/21
Andrew Beaden	ESOP2007[3]	4/08/11	3.12	59,020	0	59,020	59,020	0	59,020	0	0	Grant to 3/8/21
	IPO Options[2]	2 Oct '12	10.00	69,000	0	69,000	41,400	13,800	55,200	13,800	2/10/16	Grant date to 1 Oct '19
	LTIP2013 Options[3]: TB	31/01/13	0.79	3,200	0	3,200	0	1,066	1,066	2,134	31/01/15 31/01/16	Vesting to 30/01/18
	MV	31/01/13	12.91	9,100	0	9,100	0	3,033	3,033	6,067	31/01/15 31/01/16	Vesting to 30/01/18
	Perf: EPS and TSR target [4]	31/01/13	0.79	13,000	0	13,000	0	2,166	2,166	10,834	31/12/15 31/12/16	Vesting to 30//01/20
	LTIP2014 Perf[5]	20/03/14	0.83	0	0	17,700-26,550	0	0	0	17,700-26,550	01-02/15 01-01'16 01-02/17	Vesting to 19/03/21
Non-Executive Directors												
Peter Haslehurst	IPO Options[2]	2 Oct '12	10.00	40,400	0	40,400	24,240	8,080	32,320	8,080	2/10/2016	Grant date to 1 Oct '19
	EIP2013 RSU[6]	11/06/13	0.78	4,700	4,700	0	-	4,793	0	0	N/A	RSU
	EIP2014 RSU[6]	30/05/14	0.84	0	0	4,573	0	0	0	4,573	Day before 2015 AGM	RSU
Joseph Bonn	IPO Options[2]	2 Oct '12	10.00	20,000	0	20,000	12,000	4,000	16,000	4,000	2/10/2016	Grant date to 1 Oct '19
	EIP2013 RSU[6]	11/06/13	0.78	2,276	2,276	0	0	2,320	0	0	N/A	RSU
	EIP2014 RSU[6]	30/05/13	0.84	0	0	2,086	0	0	0	2,086	Day before 2015 AGM	RSU
Kevin Flannery	IPO Options[2]	2 Oct '12	10.00	20,000	0	20,000	12,000	4,000	16,000	4,000	2/10/2016	Grant date to 1 Oct '19
	EIP2013 RSU[6]	11/06/13	0.78	2,276	2,276	0	0	2,320	0	0	N/A	RSU
	EIP2014 RSU[6]	30/05/13	0.84	0	0	2,086	0	0	0	2,086	Day before 2015 AGM	RSU
David Landless	EIP2014 RSU[6]	30/05/14	0.84	0	0	3,772	0	0	0	3,772	Day before 2015 AGM	RSU

Key to table 8: TB = Time-based; MV =Market Value; Perf. = Performance awards; RSU= restricted stock unit paid out on vesting

Notes to Table 8:

1. All awards are made over ADSs not the underlying ordinary shares.
2. **IPO Options:** 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 the Company's future success on completion of the IPO.
3. **ESOP 2007:** The option awards were granted under The Luxfer Holdings Executive Share Options Plan (the Plan) implemented in 2007 as part of the re-organisation the Company underwent in that year.
4. **LTIP 2013:** Time-based and performance-based awards accumulate dividend shares until date of vesting only, which shares are added to the award when the option is exercised.
5. **LTIP 2013:** Performance award-targets Awards are divided equally between EPS and TSR targets.
6. **LTIP 2014:** Further detail on the 2014 LTIP awards can be found in Awards Granted During the Year section on page 49.

7. **EIP 2013 and EIP 2014 Annual awards** made under the EIP to Non-Executive Directors have been made in restricted stock units. They are paid out immediately on vesting, together with dividends which have been accumulated during the vesting period. As a result the awards shown as vesting during the year in the table are a greater number than the actual awards the difference being the dividend ADS. The 2013 awards were settled net of payroll taxes.

PENSION ARRANGEMENTS

Pension arrangements for the Executive Directors are reviewed annually to ensure that the benefits are consistent with market practice. The Group's U.K. 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 £76,000 p.a. from 6 April, 2014, (£74,000 p.a. for 2013/14);
- 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 2014 and payments made to the defined contribution arrangement during 2014 are set out in tables 9 and 10 below.

Directors' Remuneration and Benefits for the Year Ended 31 December, 2014

Table 9

Executive Directors	Defined Benefit	Funded Defined Contribution	Unfunded Defined Contribution	Total
2014				
Brian Purves	**-**	**-**	**$176,532**	**$176,532**
Andy Beaden	**$21,684**	**$52,415**	**-**	**$74,099**
2013				
Executive Directors	**Defined Benefit**	**Funded Defined Contribution**	**Unfunded Defined Contribution**	**Total**
Brian Purves	-	-	$164,653	$164,653
Andrew Beaden	$17,062	$45,798	-	$62,860

Note to Table 9:

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

Pension Benefits for the Years Ending 31 December, 2014

Table 10

Executive Directors	Accrued Pension at 31 December, 2014
Brian Purves	$54,047 p.a.
Andrew Beaden	$33,778 p.a.

Note to Table 10:

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, 2015
(*Information not subject to audit unless stated otherwise)*

Executive Directors

Set out below is a summary of how the Remuneration Policy will be applied for the Executive Directors during the year ending 31 December, 2015.

Base Salary

Table 11

	2015 $	2014 $	% increase[2]
Brian Purves[1]	642,018	642,018	0%
Andrew Beaden[1]	337,471	337,471	0%

Notes to Table 11:

1. The 2015 salary of Brian Purves and Andrew Beaden has been converted at the 2014 average U.S. dollar rate of $1.6462:£. Further detail on the 2014 salaries can be found in the Notes 1 and 2 to Table 4 *Single Figure Executive Directors' Remuneration.*
2. Taking into consideration the Company's 2014 results the Committee decided to postpone the annual review of the Executive Directors' base salary until after the half year 2015. There have been some salary increases made in the U.K. operating businesses on a business dependent basis.

Pension Arrangements

Brian Purves will continue to receive an allocation or payment, as applicable, to an unregistered alternative savings scheme based on contributions the Company would have made to the U.K. defined benefit and U.K. defined contribution arrangements had he been a member of those pension arrangements. Andrew Beaden will continue to participate in the Group U.K. defined benefit arrangements up to the salary cap applied by the rules and the UK defined contribution arrangement.

Annual Bonus

In line with the Remuneration Policy, the annual bonus for Brian Purves, as Chief Executive Officer, will continue to be capped at 100% of his base salary and for Andrew Beaden, as Group Finance Director, 80% of his base salary. The Committee did not use its discretion to add any additional percentage bonus for the year. As in previous years the bonus targets are based on a combination of two financial performance targets, trading profit and net cash flow pre-dividend and an additional specific non-financial target linked to the 2015 strategy as follows.

The bonus is calculated on a points system with a maximum of 1,200 points available to be earned. Points are earned on a sliding scale:

- Profit: 200 -700 points for Threshold to Stretch performance with 400 points for achieving Target;
- Cash: 200-300 for Target to Stretch performance;
- Non-financial strategy related: 200 points, 16.6% of the maximum bonus.

The Committee intends to disclose the financial performance targets and the non-financial objectives retrospectively in a subsequent years' Remuneration Implementation Report provided they are no longer considered commercially sensitive.

Long Term Incentives

Consistent with the re-designed structure of awards described in the Chairman's Letter, the Committee has set metrics and targets which if attained in 2015 will lead to the granting of nominal cost options to both Brian Purves and Andrew Beaden in 2016. The Committee has set a score card of metrics to assess performance consisting of profit, cash flow and EPS targets. Although two of the metrics are the same as the annual bonus for 2015, they have different weightings. Both metrics are used as they are important drivers for the Company in 2015. The options will vest in equal tranches over three years from the date of grant and will be subject to claw back in the event of a mis-statement of the 2015 financial statements, leading to an incorrect award. All ADS resulting from the awards must be held for a minimum of three years from the date of grant whether or not vested, effectively four years from the setting of the targets, (other than to fund the exercise price and tax liabilities on a vesting or exercise). The maximum value of awards that can be granted is 150% of the base salary for the Chief Executive Officer and 120% of the base salary for the Group Finance Director as set out in the Remuneration Policy.

Non-Executive Directors

Summary of how the Directors Remuneration Policy for the Non-Executive Directors will be applied during the year ending 31 December, 2015.

The Board decide on the approach to compensating the Non-Executive Directors. Under the rules of the EIP and as identified in the Remuneration Policy the Non-Executive Directors will receive a grant of RSU equivalent in value to 50% of their base fee immediately after the 2015 AGM.

Table 12

	2015 $ Base Fee	2014 $ Base Fee	% Increase Base Fee[1]	Value of Share Awards % of Base Fee 2015	Value of Share Awards % of Base Fee 2014[3]
Peter Haslehurst	**169,559[2]**	169,559	0%	**50%**	50%
Joseph Bonn	**77,500**	77,500	0%	**50%**	50%
Kevin Flannery	**77,500**	77,500	0%	**50%**	50%
David Landless	**77,500**	77,500	0%	**50%**	50%

Notes to Table 12:

1. Taking into consideration the Company's 2014 financial results and the fact that the Executive Directors annual base salary review has been postponed until after the half year 2015, the Chairman and the Non-Executive Directors also agreed to postpone the annual review of their base fees until after the half year 2015.
2. Base fees for Peter Haslehurst are determined in sterling. To reflect the fact that no increase had been awarded at the date of this report the 2014 U.S. dollar figure has been used as set out in the single figure table 4 instead of the year end exchange rate normally used.
3. Further detail on the 2014 fees and share award fees can be found in the Notes to Table 5 Single Figure – Non-Executive Directors' Remuneration.

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 2014.

Directors' Interests in Shareholdings in the Company (audited)

Table 13

	American Depository Shares (1 ADS=£0.50 ord.) Held at 1 Jan 2014 No.	American Depository Shares (1ADS=£0.50 ord.) Held at 31 Dec 2014 No.
Brian Purves[6]	649,998 [1]	650,291[1&2]
Andrew Beaden[6]	91,000[1]	91,293[1&3]
Non-Executive Directors		
Peter Haslehurst[6]	130,000[1]	132,517[1&4]
Joseph Bonn	-	1,329[4]
Kevin Flannery	10,000	11,329[4]
David Landless	-	1,924[5]

Notes to Table 13:

1. Brian Purves, Andrew Beaden and Peter Haslehurst hold a substantial number of shares as ordinary shares not yet having converted them to ADSs. For ease of comparison the table shows their interests as ADSs. Those shares acquired during the year have been acquired as ADSs.
2. The shares identified as held by Brian Purves include his beneficial holding through connected persons and the 293 shares held in the U.K. SIP. 146 of the ADS held in the U.K. SIP are Matching Shares. The ADSs held in the U.K. SIP are subject to forfeiture as explained in Note 6 to the Single Figure Table on page 47.
3. The shares identified as held by Andrew Beaden include shares held by connected persons and the 293 shares held in the U.K. SIP. 146 of the ADSs held in the U.K. SIP are Matching Shares. The ADSs held in the U.K. SIP are held subject to forfeiture as explained in Note 2 above.
4. The additional 2,517 ADSs acquired by Peter Haslehurst and 1,329 ADSs acquired by each of Joseph Bonn and Kevin Flannery during the year were as the result of their 2013 fee award shares vesting immediately before the 2014 AGM. The ADS fee awards were issued net of shares not issued to pay tax due on the value of the awards. More detail on these awards can be found in the Notes to Table 5 Single Figure – Non-Executive Directors' Remuneration.
5. 1,284 of the ADSs held by David Landless comprise restricted stock ADSs awarded to him on appointment, which vest in equal thirds over three years, commencing 15 March, 2014. The restrictions were released over 640 ADSs in March 2014. Further details of his awards can be found in Note 3 to Table 5 *Single Figure – Non-Executive Directors' Remuneration.*
6. In addition to the above interests, Brian Purves, Andrew Beaden and Peter Haslehurst also have interests in the deferred shares of £0.0001 of the Company as follows:
   Brian Purves 29,602,995,623
   Andrew Beaden 4,144,419,390
   Peter Haslehurst 5,920,598,526
   There was no movement in their interest in these shares during the year. Further detail on the deferred shares can be found in *Note 18 to the Consolidated Financial Statements.*

Executive Director Shareholding Requirements

The Executive Directors are required to hold shares (ordinary shares or the equivalent in ADS) of the value equal to one hundred per cent of their base salary. This requirement was maintained by both Brian Purves and Andrew Beaden during the year.

Total Directors Shareholdings and Interests at 31 December, 2014 (audited)

Table 14

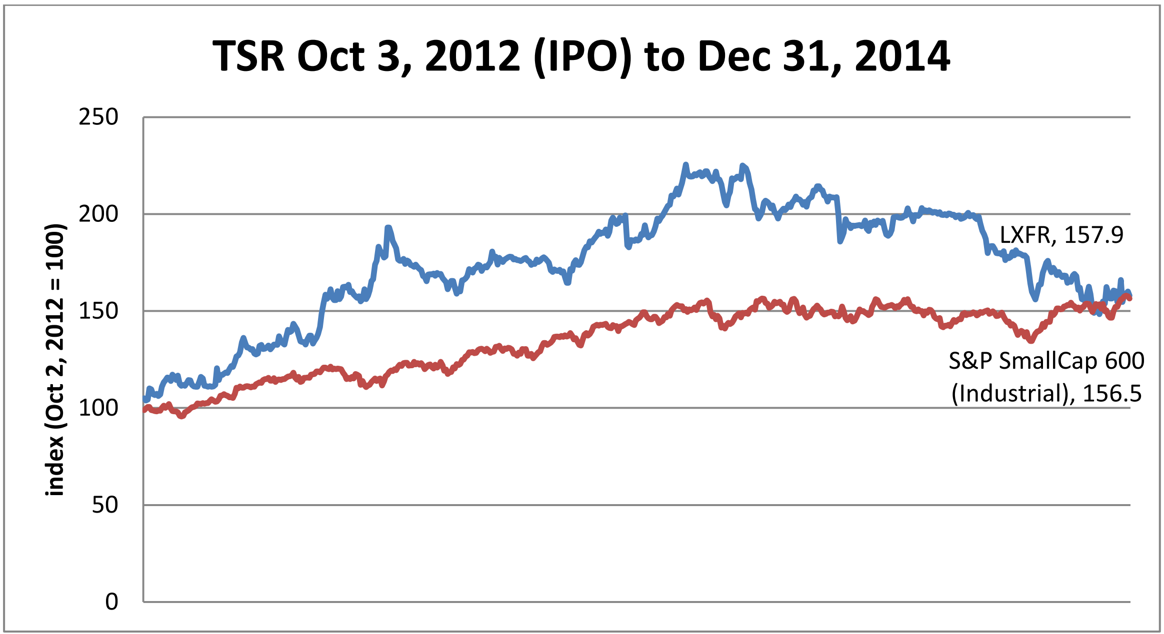
	Shares Owned Beneficially (1x ADS=£0.50 ord.)	Shares Subject to Forfeiture	Options Vested but not Exercised[1]	Unvested Options Subject to Performance Criteria[1]	Unvested Options[1]	Restricted Stock Not Yet Vested	Restricted Stock Units Not Yet Vested (Assuming Will be Settled in Shares Not Cash)
Brian Purves	650,144[2]	147[3]	158,609	68,250[4]	55,841	-	-
Andrew Beaden	91,146[2]	147[3]	120,485	28,534[4]	22,001	-	-
Non-Executive-							
Peter Haslehurst	132,517[2]	-	32,320	-	8,080	-	4,573
Joseph Bonn	1,329	-	16,000	-	4,000	-	2,086
Kevin Flannery	11,329	-	16,000	-	4,000	-	2,086
David Landless	640	-	-	-	-	1,284	3,772

Notes to Table 14:

1. A breakdown of the vested and unvested awards and brief details of the plans under which the awards were made can be found in *Table 8 and its notes Outstanding Scheme Interest Awards during 2014* on page 51 of this Report.
2. In addition to the above shareholdings and interests Brian Purves, Andrew Beaden and Peter Haslehurst also have interests in the deferred shares of £0.0001 of the Company details of which can be found in the Notes to Table 13 above.
3. Shares are Matching Shares held in the U.K. SIP which are forfeited if not held for three years or if the participant leaves other than for redundancy or retirement. Includes 1 dividend ADS acquired by dividend re-investment.
4. Unvested Options subject to performance conditions are shown at target. Details of awards that can be vested if stretch levels are achieved can be found in Note 1 to Table 6. The first EPS targets that would have led to the vesting of one third of the awards were tested as at 31 December, 2014, and were determined as not met after the year end in consequence of which 14,000 of the target awards for Brian Purves and 5,900 of the target awards for Andrew Beaden have lapsed together with the corresponding stretch awards.

Performance Graph

U.K. 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 the period starting October 3, 2012 to 31 December, 2014. We have used the S&P Small Cap 600 (Industrial) index, which we believe is the most appropriate to where we are placed as a small cap company in the United States, and the industrials sub-sector includes most of our comparable companies.



Note to Performance Graph:

1. The TSR is calculated in U.S. 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 SmallCap 600 (Industrial) on the same date.

History of Total Remuneration Figure for Chief Executive Officer

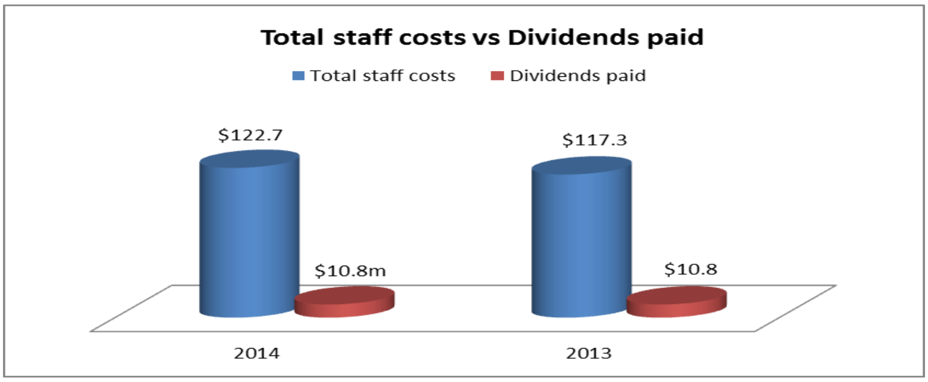
We have included the total remuneration figure for the Chief Executive Officer for a six-year period as required by legislation despite the TSR graph only reflecting the TSR from the date of the IPO.

Table 15

Year ended 31 December	2009	2010	2011	2012	2013	2014
Total remuneration ($)	807,862	897,421	998,638	1,050,878	985,076	**853,320**
Annual bonus %	40%	100%	100%	71%	0%	**0%**
Share awards vesting %	N/A	N/A	N/A	100%	59%	**0%**

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 Consolidated Financial Statements.

Percentage Change in CEO's Remuneration

Table 16

	2014 ($)	2013[2] ($)	% change
Salary			
Chief Executive	**642,018**	622,263	3%
UK employee average[1]	**53,858**	51,258	5%
Benefits			
Chief Executive	**32,369**	31,837	1%
UK employee average[1]	**847**	839	1%
Annual Bonus			
Chief Executive	**0**	0	0%[4]
UK employee average[1]	**2,042**	2,705	(25%)

Notes to Table 16:

1. We have selected U.K. employees as the most appropriate comparator as the Chief Executive Officer is based in the U.K. and the benefits structure is similar.
2. The 2013 amounts were adjusted for the impact of translation and have been calculated using the 2014 average Exchange rate of $1.6462:£.
3. The Chief Executive Officer's salary was increased by 3% in 2014 in line with average inflationary increases across the U.K. operating companies of the Group.
4. There was no bonus payment made to the Chief Executive Officer for 2013 or 2014 as his bonus targets were not met. Bonus was paid to certain U.K. employees whose targets were met.

Statement of voting at AGM

For the first time, the Remuneration Policy was subject to a mandatory vote and the Annual Remuneration Implementation Report to an advisory vote at the 2014 AGM.

Table 17

	Votes for (and percentage of votes cast)	Votes against (and percentage of votes cast)	Proportion of share capital voting	Shares on which votes were withheld
Remuneration Implementation Report	11,222,127 88.20%	1,501,005 11.80%	94.19	766
Remuneration Policy	11,225,490 88.24%	1,496,255 11.76%	94.18	2,153

The Committee are satisfied that shareholders are generally content with the Remuneration Policy and the way that it has been implemented as 88% of the shareholders voted in favour of the 2013 Remuneration Implementation Report and the Remuneration Policy. In implementing the Remuneration Policy for 2015 the Committee has sought to ascertain the views of certain major shareholders.

Approval of Report

Peter Haslehurst, the Chairman of the Committee, will attend the forthcoming AGM and will be available to answer any questions shareholders may have concerning the Directors' remuneration. This Remuneration Implementation 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
19 MARCH, 2015
For and on behalf of the Board

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 as adopted by the European Union.

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 UK 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.

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2014 and of the group's profit for the year then ended;

- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;

- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

We have audited the financial statements of Luxfer Holdings Plc for the year ended 31 December 2014 which comprise Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Cash Flows Statement, the Consolidated Statement of Changes in Equity, the Parent Company Balance Sheet and the related notes 1 to 45. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements 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 [xx], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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 and 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 Reports and Accounts 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 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; and

- 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 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.

►

Christabel Cowling (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Leeds

19 March, 2015

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.

LUXFER HOLDINGS PLC

CONSOLIDATED INCOME STATEMENT
All amounts in millions

CONTINUING OPERATIONS	Notes	2014 $M	2013 $M	2012 $M
REVENUE	2	**489.5**	481.3	511.6
Cost of sales		**(376.6)**	(363.5)	(385.7)
Gross profit		**112.9**	117.8	125.9
Distribution costs		**(8.1)**	(6.5)	(6.9)
Administrative expenses		**(59.7)**	(52.2)	(50.4)
Share of results of joint ventures	14	**(0.3)**	0.1	(0.1)
TRADING PROFIT	2	**44.8**	59.2	68.5
Restructuring and other expense	5	**(3.9)**	(2.7)	(2.1)
OPERATING PROFIT	3	**40.9**	56.5	66.4
Other income (expense):				
Acquisitions and disposals	5	**4.5**	(0.1)	(0.8)
Finance income				
Interest received	7	**0.5**	0.3	0.2
Finance costs				
Interest costs	8	**(6.6)**	(6.2)	(6.7)
IAS 19 – retirement benefits finance charge	8	**(2.7)**	(3.8)	(3.6)
Unwind of discount on contingent consideration from acquisitions	8	**(0.3)**	-	-
PROFIT ON OPERATIONS BEFORE TAXATION		**36.3**	46.7	55.5
Tax expense	9	**(7.1)**	(12.6)	(16.0)
NET INCOME FOR THE YEAR		**29.2**	34.1	39.5
Attributable to:				
Equity shareholders		**29.2**	34.1	39.5
Earnings per share:				
Basic				
Unadjusted	10	**$1.09**	$1.27	$1.84
Diluted				
Unadjusted	10	**$1.05**	$1.22	$1.81

LUXFER HOLDINGS PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
All amounts in millions

	Notes	2014 $M	2013 $M	2012 $M
Net income for the year		**29.2**	34.1	39.5
Other comprehensive income movements				
Items that may be reclassified to the income statement:				
Exchange differences on translation of foreign operations		**(10.8)**	3.1	2.9
Fair value movements in cash flow hedges		**1.4**	(0.8)	(0.1)
Transfers to income statement on cash flow hedges		**0.1**	-	(0.2)
Exchange differences on translation of hedging reserve		**0.2**	-	-
Deferred tax on cash flow hedges		**(0.5)**	0.1	-
Hedge accounting income adjustments		**1.2**	(0.7)	(0.3)
Total hedge accounting and translation of foreign operation movements		**(9.6)**	2.4	2.6
Items that will not be reclassified to the income statement:				
Remeasurement of defined benefit retirement plans	29	**(35.4)**	23.7	(17.4)
Deferred tax on retirement benefit remeasurements	23	**8.9**	(9.1)	2.9
Retirement benefit changes		**(26.5)**	14.6	(14.5)
Total other comprehensive income movements for the year		**(36.1)**	17.0	(11.9)
Total comprehensive (loss) / income for the year		**(6.9)**	51.1	27.6
Attributed to:				
Equity shareholders		**(6.9)**	51.1	27.6

LUXFER HOLDINGS PLC

CONSOLIDATED BALANCE SHEET
All amounts in millions

	Notes	December 31, 2014 $M	December 31, 2013 $M
ASSETS			
Non-current assets			
Property, plant and equipment	11	**143.8**	137.9
Intangible assets	12	**93.3**	41.4
Investments	14	**7.4**	7.9
Deferred tax assets	23	**19.2**	15.8
		263.7	203.0
Current assets			
Inventories	15	**104.6**	94.1
Trade and other receivables	16	**73.6**	68.6
Income tax receivable		**2.1**	2.0
Cash and short term deposits	17	**14.6**	28.4
		194.9	193.1
Assets classified as held for sale	32	**1.2**	-
		196.1	193.1
TOTAL ASSETS		**459.8**	396.1
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary share capital	18	**25.3**	25.3
Deferred share capital	18	**150.9**	150.9
Share premium account	20	**56.2**	55.6
Retained earnings	20	**308.8**	317.3
Own shares held by ESOP	18	**(0.4)**	(0.5)
Other capital reserves	18	**3.7**	2.6
Hedging reserve	20	**0.9**	(0.3)
Translation reserve	20	**(36.2)**	(25.4)
Merger reserve	20	**(333.8)**	(333.8)
Capital and reserves attributable to the Group’s equity holders		**175.4**	191.7
Total equity		**175.4**	191.7
Non-current liabilities			
Bank and other loans	21	**121.4**	63.8
Retirement benefits	29	**90.9**	67.6
Deferred tax liability	23	**2.0**	5.5
Contingent consideration	25	**2.6**	-
Provisions	22	**2.1**	2.2
		219.0	139.1
Current liabilities			
Trade and other payables	24	**62.8**	63.2
Current income tax liabilities		**0.5**	0.3
Provisions	22	**2.1**	1.8
		65.4	65.3
Total liabilities		**284.4**	204.4
TOTAL EQUITY AND LIABILITIES		**459.8**	396.1

Brian Purves **Andrew Beaden**

March 19, 2015

Company Registration no. 3690830

LUXFER HOLDINGS PLC

CONSOLIDATED CASH FLOW STATEMENT
All amounts in millions

	Notes	2014	2013	2012
		$M	**$M**	**$M**
RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the year		**29.2**	34.1	39.5
Adjustments to reconcile net income for the year to net cash from operating activities:				
Income taxes	9	**7.1**	9.6	11.1
Deferred income taxes	9	**-**	3.0	4.9
Depreciation and amortization		**18.1**	15.8	14.7
Charges on retirement benefit obligations	5	**-**	1.7	-
Share based compensation charges	6	**1.8**	1.8	0.8
Loss on disposal of property, plant and equipment	3	**0.3**	0.3	-
Net interest costs		**6.1**	5.9	6.5
IAS 19 finance charge		**2.7**	3.8	3.6
Unwind of discount on contingent consideration from acquisitions		**0.3**	-	-
Acquisitions and disposals	5	**(4.5)**	0.1	-
Share of results of joint ventures	14	**0.3**	(0.1)	0.1
Changes in operating assets and liabilities:				
Increase in assets classified as held for sale		**(1.2)**	-	-
(Increase)/decrease in receivables		**(7.8)**	5.7	(1.3)
(Increase)/decrease in inventories		**(8.5)**	(9.1)	24.1
Decrease in payables		**(1.9)**	(11.2)	(15.3)
Movement in retirement benefit obligations		**(10.4)**	(11.4)	(9.8)
Decrease in provisions	22	**-**	(0.7)	(0.6)
Acquisition and disposal costs paid	25	**(1.6)**	-	-
Income tax paid		**(7.0)**	(12.2)	(9.3)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**23.0**	37.1	69.0
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of property, plant and equipment		**(20.4)**	(24.2)	(19.3)
Purchases of intangible assets		**(1.9)**	(2.3)	-
Receipts from sales of property, plant and equipment		**-**	0.1	-
Investment in joint ventures – equity funding	14	**-**	(2.5)	(0.4)
Investment in joint ventures – debt funding	14	**0.2**	(4.5)	-
Proceeds from sale of business		**-**	-	1.5
Interest income received from joint ventures		**0.3**	-	-
Net cashflow on purchase of businesses	25	**(58.0)**	-	(11.0)
Disposal of intellectual property	5	**-**	-	(0.2)
NET CASH USED IN INVESTING ACTIVITIES		**(79.8)**	(33.4)	(29.4)
NET CASH FLOW BEFORE FINANCING		**(56.8)**	3.7	39.6
FINANCING ACTIVITIES				
Interest and similar finance costs paid on banking facilities		**(1.3)**	(0.9)	(1.8)
Interest paid on Loan Notes due 2018		**(4.0)**	(4.0)	(3.9)
Interest paid on Loan Notes due 2021		**(0.2)**	-	-
Dividends paid	19	**(10.8)**	(10.8)	(5.8)
Draw down on banking facilities		**35.2**	-	-
Issue of Loan Notes due 2021		**25.0**	-	-
Repayment of banking facilities and other loans		**(0.3)**	-	(72.8)
Share issue costs		**-**	(0.3)	(3.5)
Purchase of shares from ESOP	18	**0.1**	-	0.1
Proceeds from issue of shares		**0.6**	-	65.1
Other interest received		**0.2**	0.3	0.2
Amendment to banking facilities and other loans - financing costs		**(1.5)**	-	(0.6)
Issue of Loan Notes due 2021 – financing costs		**(0.2)**	-	-
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		**42.8**	(15.7)	(23.0)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(14.0)**	(12.0)	16.6
Net (decrease)/increase in cash and cash equivalents		**(14.0)**	(12.0)	16.6
Net foreign exchange differences		**0.2**	0.2	1.4
Cash and cash equivalents at January 1	17	**28.4**	40.2	22.2
Cash and cash equivalents at December 31	17	**14.6**	28.4	40.2

LUXFER HOLDINGS PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
All amounts in millions

		Equity attributable to the equity holders of the parent						
		Ordinary share capital	Deferred share capital	Share premium account	Retained earnings	Own shares held by ESOP	Other reserves [1]	Total equity
	Notes	$M	$M	$M	$M	$M	$M	$M
At January 1, 2012		**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		**-**	**-**	**-**	**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)
Equity settled 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	23	-	-	-	(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)
Equity settled 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**
Net income for the year		-	-	-	29.2	-	-	29.2
Currency translation differences		-	-	-	-	-	(10.6)	(10.6)
Increase in fair value of cash flow hedges		-	-	-	-	-	1.4	1.4
Transfer to income statement on cash flow hedges		-	-	-	-	-	0.1	0.1
Remeasurement of defined benefit retirement plans		-	-	-	(35.4)	-	-	(35.4)
Deferred tax on items taken to other comprehensive income	23	-	-	-	8.9	-	(0.5)	8.4
Total comprehensive income for the year		**-**	**-**	**-**	**2.7**	**-**	**(9.6)**	**(6.9)**
Equity dividends	19	-	-	-	(10.8)	-	-	(10.8)
Proceeds from shares issued	20	-	-	0.6	-	-	-	0.6
Equity settled share based compensation charges	18	-	-	-	-	-	1.1	1.1
Deferred tax on items taken to equity	23	-	-	-	(0.4)	-	-	(0.4)
Purchase of shares from ESOP	18	-	-	-	-	0.1	-	0.1
Other changes in equity in the year		**-**	**-**	**0.6**	**(11.2)**	**0.1**	**1.1**	**(9.4)**
At December 31, 2014		**25.3**	**150.9**	**56.2**	**308.8**	**(0.4)**	**(365.4)**	**175.4**

[1] Other reserves include a hedging reserve of a gain of $0.9 million (2013: loss of $0.3 million and 2012: gain of $0.4 million), a translation reserve of $36.2 million (2013: $25.4 million and 2012: $28.5 million), a merger reserve of $333.8 million (2013 and 2012: $333.8 million) and additional capital reserves of $3.7 million (2013: $2.6 million and 2012: $0.8 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in millions)

1. Accounting policies

Basis of preparation and statement of compliance with IFRS

The consolidated financial statements have been prepared in accordance with both the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and as adopted by the European Union as they apply to the financial statements of the Group for the year ended December 31, 2014. 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 19, 2015, which is the date the financial statements were authorized by the board. The financial statements were issued on March 19, 2015.

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 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, 2012, December 31, 2013 and December 31, 2014.

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 GBP 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.

Contingent consideration arising as a result of a business combination is recognized at fair value at the acquisition date. Subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with the relevant IFRSs.

Other intangible assets

Other intangible assets are measured initially at purchase cost, or where acquired in a business combination at fair value, and are amortized on a straight-line basis over the lower of their estimated useful lives as follows:

Technology and patents	14 – 20 years
Tradenames and trademarks	20 – 25 years
Customer relationships	12.5 years
Backlogs and non-compete agreements	5 – 6 years
Development costs	5 – 10 years
Software	4 - 7 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. Remeasurements 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 and are added to the carrying amount of the facility. 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, net of direct issue costs.

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, 2014 is $90.9 million (December 31, 2013: $67.6 million). Further details are given in Note 29.

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.

Measurement of contingent consideration

Contingent consideration arising from business combinations is valued at fair value at the acquisition date. When the contingent consideration meets the definition of a financial liability, it is subsequently re-measured to fair value at each reporting date. The determination of the fair value is based on an estimate of the future profitability of the acquired businesses.

(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 that are applicable to the Group. Adoption of these revised standards and interpretations did not have any effect on the financial statements of the Group.

International Financial Reporting 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

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 start of the period covered by these financial statements:

International Financial Reporting Standards		**Effective date**
IAS 19	Employee Benefits (Amendments)	July 1, 2014
IFRSs	Annual Improvements to IFRSs: 2010 – 2012 and 2011 – 2013 Cycles	July 1, 2014
IFRS 14	Regulatory deferral accounts	No earlier than January 1, 2016
IAS 1	Disclosure initiative	No earlier than January 1, 2016
IAS 16, IAS 38	Clarification of Acceptable Methods of Depreciation and Amortization	No earlier than January 1, 2016
IAS 27	Equity Method in Separate Financial Statements	No earlier than January 1, 2016
IFRS 10, IFRS 11, IFRS 12, IAS 28	Investment Entities (Amendments)	No earlier than January 1, 2016
IFRSs	Annual Improvements to IFRSs: 2012 - 2014 Cycle	No earlier than January 1, 2016
IFRS 15	Revenue from Contracts with Customers	No earlier than January 1, 2017
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 as adopted by the EU. Where mandatory effective dates differ, the Group applies the earlier date as issued by the IASB.

(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 by the chief operating decision maker based on trading profit or loss (defined as operating profit or loss before restructuring and other expense), and adjusted EBITDA, (defined as profit for the period before tax expense, finance income and costs, accounting charges relating to acquisitions and disposals of businesses, IAS 19 retirement benefits finance charges, restructuring and other income and expense, other share based compensation charges, amortization and depreciation and profit or loss on disposal of property, plant and equipment). For the purposes of our divisional segmental analysis, IFRS8 requires the use of “segment profit” performance measures that are used by our chief operating decision maker. Trading profit is the “segment profit” used to satisfy this requirement in the below analysis.

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, 2014	Gas Cylinders $M	Elektron $M	Unallocated $M	Total Continuing Activities $M
Revenue				
Segment Revenue	258.9	231.5	-	**490.4**
Inter-segment sales	-	(0.9)	-	**(0.9)**
Sales to external customers	258.9	230.6	-	**489.5**
Result				
Adjusted EBITDA	14.7	50.1	-	**64.8**
Other share based compensation charges	(0.8)	(0.8)	-	**(1.6)**
Loss on disposal of property, plant and equipment	(0.2)	(0.1)	-	**(0.3)**
Depreciation and amortization	(7.8)	(10.3)	-	**(18.1)**
Trading profit – segment result	5.9	38.9	-	**44.8**
Restructuring and other expense (Note 5)	(1.1)	(2.6)	(0.2)	**(3.9)**
Operating profit/(loss)	4.8	36.3	(0.2)	**40.9**
Acquisitions and disposals (Note 5)	1.2	3.3	-	**4.5**
Net interest costs	-	-	(6.1)	**(6.1)**
IAS 19 finance charge	-	-	(2.7)	**(2.7)**
Unwind of discount on contingent consideration from acquisitions	(0.1)	(0.2)	-	**(0.3)**
Profit/(loss) before tax	5.9	39.4	(9.0)	**36.3**
Tax expense				**(7.1)**
Net income for the year				**29.2**
Other segment information				
Segment assets	189.5	216.8	53.5	**459.8**
Segment liabilities	(33.0)	(25.1)	(226.3)	**(284.4)**
Net assets/(liabilities)	156.5	191.7	(172.8)	**175.4**
Capital expenditure: Property, plant and equipment	8.2	12.3	**-**	**20.5**
Capital expenditure: Intangible assets	1.0	0.9	**-**	**1.9**

(Dollars in millions)

2. Revenue and segmental analysis (continued)

Year ended December 31, 2013	**Gas Cylinders $M**	**Elektron $M**	**Unallocated $M**	**Total Continuing Activities $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				
Adjusted EBITDA	26.8	49.8	-	**76.6**
Other share based compensation charges	(0.6)	(0.7)	-	**(1.3)**
Loss on disposal of property, plant and equipment	(0.1)	(0.2)	-	**(0.3)**
Depreciation and amortization	(7.1)	(8.7)	-	**(15.8)**
Trading profit – segment result	19.0	40.2	-	**59.2**
Restructuring and other 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**

Year ended December 31, 2012	**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				
Adjusted EBITDA	22.2	61.0	-	**83.2**
Depreciation and amortization	(6.5)	(8.2)	-	**(14.7)**
Trading profit – segment result	15.7	52.8	-	**68.5**
Restructuring and other expense (Note 5)	(1.1)	(0.2)	(0.8)	**(2.1)**
Operating profit	14.6	52.6	(0.8)	**66.4**
Acquisitions 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**

(Dollars in millions)

Capital expenditure: Property, plant and equipment	8.2	11.3	-	**19.5**
Capital expenditure: Intangible assets	-	-	-	**-**

2. Revenue and segmental analysis (continued)

GEOGRAPHIC ORIGIN:

Year ended December 31, 2014	**United Kingdom $M**	**Rest of Europe $M**	**North America $M**	**Australasia $M**	**Asia $M**	**Total $M**
Revenue						
Segment revenue	181.9	81.9	292.1	0.1	5.5	**561.5**
Inter-segment sales	(38.2)	(4.6)	(29.2)	-	-	**(72.0)**
Sales to external customers	143.7	77.3	262.9	0.1	5.5	**489.5**
Result						
Adjusted EBITDA	24.4	(1.9)	41.1	0.1	1.1	**64.8**
Other share based compensation charges	(1.1)	-	(0.5)	-	-	**(1.6)**
Loss on disposal of property, plant and equipment	(0.1)	-	(0.2)	-	-	**(0.3)**
Depreciation and amortization	(6.5)	(2.9)	(8.6)	-	(0.1)	**(18.1)**
Trading profit/(loss) – segment result	16.7	(4.8)	31.8	0.1	1.0	**44.8**
Restructuring and other expense (Note 5)	(0.9)	(0.3)	(2.7)	-	-	**(3.9)**
Operating profit/(loss)	15.8	(5.1)	29.1	0.1	1.0	**40.9**
Other geographical segment information						
Non-current assets [1]	70.8	18.5	154.8	-	0.4	**244.5**
Net (liabilities)/assets [2]	(14.8)	45.2	139.6	0.1	5.3	**175.4**
Capital expenditure: Property, plant and equipment	8.0	2.0	10.5	-	-	**20.5**
Capital expenditure: Intangible assets	0.9	0.4	0.6	-	-	**1.9**

[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, 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						
Adjusted EBITDA	21.9	6.4	47.2	0.1	1.0	**76.6**
Other share based compensation charges	(0.9)	-	(0.4)	-	-	**(1.3)**
Loss on disposal of property, plant and equipment	(0.1)	-	(0.2)	-	-	**(0.3)**
Depreciation and amortization	(5.9)	(2.8)	(7.0)	-	(0.1)	**(15.8)**
Trading profit – segment result	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 [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**

[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, 2012	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						
Adjusted EBITDA	30.2	5.9	46.1	0.1	0.9	**83.2**
Depreciation and amortization	(5.5)	(2.7)	(6.5)	-	-	**(14.7)**
Trading profit – segment result	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[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**

[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, 2014	54.7	109.1	4.6	231.0	16.2	73.9	**489.5**
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**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in millions)

3. Operating profit

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

	2014 $M	2013 $M	2012 $M
Research and development expenditure charged to the income statement	**8.4**	8.2	7.1
Research and development capital expenditure included within non-current assets	**2.2**	1.6	1.8
Total research and development expenditure	**10.6**	9.8	8.9
less external funding received – grants and recharges to third parties	**-**	(0.2)	(0.7)
less research and development expenditure capitalized within non-current assets	**(2.2)**	(1.6)	(1.8)
Net research and development	**8.4**	8.0	6.4
Depreciation of property, plant and equipment (Note 11)	**16.9**	15.5	14.4
Amortization of intangible assets (Note 12)	**1.2**	0.3	0.2
Loss on disposal of property, plant and equipment	**0.3**	0.3	-
Net foreign exchange gains	**(0.5)**	-	(0.7)
Staff costs (Note 6)	**122.7**	117.3	114.2
Cost of inventories recognized as expense	**329.9**	333.0	356.5

4. Fees payable to auditors

	2014 $M	2013 $M	2012 $M
Fees payable to auditors for the audit of the financial statements	**1.1**	1.0	0.9
Fees payable to auditors for non-audit services:			
Audit related assurance services	**-**	0.1	0.4
Tax compliance services	**0.3**	0.4	0.5
Tax advisory services	**0.2**	0.2	0.3
	0.5	0.7	1.2
Total fees payable	**1.6**	1.7	2.1

The audit fee for the company financial statements of Luxfer Holdings PLC was $0.2 million (2013 and 2012: $0.1 million).

Included in fees payable to auditors was $0.7 million (2013: $1.0 million and 2012: $1.3 million) relating to the company and its UK subsidiaries.

(Dollars in millions)

5. Other income (expense) items

(a) Restructuring and other expense	2014	2013	2012
	$M	$M	$M
Charged to Operating profit:			
Rationalization of operations	(1.7)	(0.5)	(1.3)
Environmental costs	(2.0)	-	-
I.P.O related share based compensation charges	(0.2)	(0.5)	(0.8)
Charges on retirement benefit obligations	-	(1.7)	-
	(3.9)	(2.7)	(2.1)

(b) Acquisitions and disposals	2014	2013	2012
	$M	$M	$M
(Charged)/credited to Non-operating profit:			
Net acquisition costs	(1.8)	(0.1)	(0.6)
Disposal costs of intellectual property	-	-	(0.2)
Remeasurement of contingent consideration	6.3	-	-
	4.5	(0.1)	(0.8)

Rationalization of operations

In 2014, $1.1 million (2013: $0.3 million and 2012: $1.1 million) of costs have been incurred in relation to rationalization costs in the Gas Cylinders division and $0.6 million (2013: $0.2 million and 2012: $0.2 million) have been incurred in the Elektron division.

Environmental costs

In 2014, $2.0 million of additional costs were incurred in relation to the remediation of an effluent pond contaminated with low-level radioactive material in our Elektron division. On planned removal and safe disposal of normal effluent from one of our Elektron sites, an unusual contamination of sludge waste was discovered that did not relate to the current operations and most likely related to historical contamination of raw materials from over 15 years ago. The material was removed and safely disposed of in late 2014.

I.P.O. related share based compensation charges

In 2014, a charge of $0.2 million (2013: $0.5 million and 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 31.

Charges 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. There was no such charge in 2014.

Net acquisition costs

In 2014, acquisition costs of $1.5 million were recognized by the Elektron division and $0.3 million by the Gas Cylinders division in relation to acquisitions in the year. The acquisitions are described in further detail in Note 25. In 2013, $0.1 million was recognized in relation to the acquisition of Dynetek Industries Limited (“Dynetek Industries”) and the finalization of the fair value exercise (2012: $0.6 million).

(Dollars in millions)

5. Other income (expense) items (continued)

Remeasurement of contingent consideration

In 2014, a credit of $6.3 million was recognized in the income statement in relation to the remeasurement of deferred contingent consideration arising from acquisitions. Of the $6.3 million, $4.8 million related to the Elektron division and specifically to the acquisition of Luxfer Magtech Inc. where an element of deferred consideration was considered no longer payable due to the acquired business narrowly failing to achieve a profit trigger as at 31 December 2014. In addition $1.5 million related to the Gas Cylinders division, being the acquisition of Luxfer Utah and a subsequent reassessment of the potential profitability of this acquisition in the light of our revised expectations for the demand of CNG systems following the recent fall in oil prices.

Disposal costs of intellectual property

In 2012, 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.

6. Staff Costs

	2014	2013	2012
	$M	$M	$M
Wages and salaries	**98.0**	92.8	89.6
Social security costs	**12.3**	12.2	12.3
Retirement benefit costs	**6.6**	6.4	6.7
IAS 19 - retirement benefits finance charge	**2.7**	3.8	3.6
Redundancy costs:			
Continuing activities	**1.3**	0.3	1.2
Share based compensation charges under IFRS 2	**1.8**	1.8	0.8
	122.7	117.3	114.2

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

	2014	2013	2012
	No.	No.	No.
Production and distribution	**1,435**	1,363	1,284
Sales and administration	**198**	190	183
Research and development	**57**	52	53
	1,690	1,605	1,520

The compensation of the members of our board of directors (each, a “director” was):

	2014	2013	2012
	$M	$M	$M
Remuneration (short-term benefits)	**1.4**	1.3	1.6
Social security costs	**0.2**	0.2	0.2
Post-employment benefits	**0.3**	0.2	0.2
Total short-term and post-retirement benefits	**1.9**	1.7	2.0

(Dollars in millions)

6. Staff costs (continued)

In 2014, compensation of key management personnel (including directors) was $2.5 million (2013: $2.3 million and 2012: $2.8 million) for short-term employee benefits, and $0.5 million (2013: $0.5 million and 2012: $0.4 million) for post-employment benefits. Social security costs were incurred of $0.3 million.

Details of the share awards granted are included in the remuneration report in table 5 of the Remuneration Report.

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.

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. Information regarding the share options exercised during the year is included within table 8 of the Remuneration Report.

On February 5, 2014 to as a part of a relocation, one of the subsidiary companies of the Group purchased outright the residential property of David Rix, a member of our executive management board. The property was valued on an arm's length basis by third parties with a purchase price of $1.3 million. This asset is currently held as a current asset in the Group balance sheet. During 2014, to reflect the general decline in property values at the location in question we revised the fair value of the property down to $1.2 million.

7. Finance income

	2014	2013	2012
	$M	$M	$M
Bank interest received	**0.2**	0.2	0.2
Other interest received	**0.3**	0.1	-
Total finance income	**0.5**	0.3	0.2

8. Finance costs

	2014	2013	2012
	$M	$M	$M
Interest paid:			
Bank and other loans	**5.2**	5.0	5.7
Amortization of issue costs	**1.4**	1.2	1.0
IAS 19 finance charge	**2.7**	3.8	3.6
Unwind of discount on contingent consideration from acquisitions	**0.3**	-	-
Total finance costs	**9.6**	10.0	10.3

(Dollars in millions)

9. Income tax

(a) Analysis of taxation charge for the year

	2014 $M	2013 $M	2012 $M
Current tax:			
UK Corporation tax	**0.4**	0.2	3.3
Adjustments in respect of previous years	**-**	(0.7)	(0.4)
	0.4	(0.5)	2.9
Non-UK tax	**6.8**	10.2	9.9
Adjustments in respect of previous years	**(0.1)**	(0.1)	(1.7)
Total current tax charge	**7.1**	9.6	11.1
Deferred tax:			
Origination and reversal of temporary differences	**0.1**	2.6	3.5
Adjustments in respect of previous years	**(0.1)**	0.4	1.4
Total deferred tax (credit)/charge	**-**	3.0	4.9
Tax on profit on operations	**7.1**	12.6	16.0

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 21.5% (2013: 23.25% and 2012: 24.5%) for corporation tax in the UK.

The differences are explained below:

	2014 $M	2013 $M	2012 $M
Profit on operations before taxation	**36.3**	46.7	55.5
Profit on operations at 2014 standard rate of corporation tax in the UK of 21.5% (2013: 23.25% and 2012: 24.5%)	**7.8**	10.9	13.6
Effects of:			
Income not taxable	**(1.7)**	(1.1)	(0.2)
Unprovided deferred tax	**(1.2)**	(1.1)	(1.3)
Foreign tax rate differences	**2.4**	4.3	4.6
Adjustment in respect of previous years	**(0.2)**	(0.4)	(0.7)
Tax expense	**7.1**	12.6	16.0

9. Income tax (continued)

(c) Factors that may affect future taxation charge

As at December 31, 2014, the Group had carried forward tax losses of $91.8 million (UK: $62.4 million, non-UK $29.4 million). Carried forward tax losses for 2013 were $99.4 million (UK: $71.9 million, non-UK: $27.5 million) and for 2012 were $85.4 million (UK: $71.9 million, non-UK: $13.5 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, 2014, 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, 2014.

(Dollars in millions)

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 has been adjusted for the dilutive effects of all potential ordinary shares and share options granted to employees.

Following the approval of a two-for-one share split at the Annual General Meeting on May 29, 2014, the nominal value of each ordinary share is £0.50 and now represents 1 American Depositary Share ("ADS"), resulting in the earnings per ordinary share being equivalent to the earnings per ADS.

The 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 £0.50 ordinary shares are not traded on any recognized stock exchange. The Depository for the ADSs holds 1 £0.50 ordinary share for every 1 ADS traded, through American Depositary Receipts.

Under IAS 33, the number of shares used in the earnings per share calculations for the prior periods shown has been adjusted to achieve comparability.

Management believe the use of non-GAAP financial measures such as adjusted earnings per share more closely reflects the underlying earnings per share performance.

	2014	**2013**	**2012**
	$M	**$M**	**$M**
Basic earnings:			
Basic earnings attributable to ordinary shareholders	**29.2**	34.1	39.5
Adjusted earnings:			
Accounting charges relating to acquisitions and disposals of businesses			
Unwind of discount on contingent consideration from acquisitions	**0.3**	-	-
Acquisitions and disposals (Note 5)	**(4.5)**	0.1	0.8
Amortization on acquired intangibles	**0.6**	-	-
IAS 19 – retirement benefits finance charge	**2.7**	3.8	3.6
Restructuring and other expense (Note 5)	**3.9**	2.7	2.1
Other share based compensation charges	**1.6**	1.3	-
Tax thereon	**(2.9)**	(2.2)	(1.3)
Adjusted earnings	**30.9**	39.8	44.7
Weighted average number of £0.50 ordinary shares:			
For basic earnings per share	**26,889,330**	26,814,154	21,483,354
Exercise of share options	**846,463**	1,232,248	371,538
For diluted earnings per share	**27,735,793**	28,046,402	21,854,892
Earnings per share using weighted average number of ordinary shares outstanding:			
Basic			
Adjusted	**$1.15**	$1.48	$2.08
Unadjusted	**$1.09**	$1.27	$1.84
Diluted			
Adjusted	**$1.11**	$1.42	$2.05
Unadjusted	**$1.05**	$1.22	$1.81

(Dollars in millions)

11. Property, plant and equipment

	Freehold $M	Long leasehold $M	Short leasehold $M	Plant and equipment $M	Total $M
Cost:					
At January 1, 2013	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**
Additions	1.2	1.7	0.1	17.5	**20.5**
Business additions	5.6	0.2	0.1	2.4	**8.3**
Disposals	-	-	-	(2.3)	**(2.3)**
Exchange adjustments	(1.9)	(0.3)	(0.1)	(15.4)	**(17.7)**
At December 31, 2014	56.7	6.3	8.3	318.1	**389.4**
Depreciation:					
At January 1, 2013	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**
Provided during the year	1.9	0.1	0.7	14.2	**16.9**
Disposals	-	-	-	(2.0)	**(2.0)**
Exchange adjustments	(0.6)	(0.2)	(0.1)	(11.1)	**(12.0)**
At December 31, 2014	19.0	3.4	3.9	219.3	**245.6**
Net book values:					
At December 31, 2014	37.7	2.9	4.4	98.8	**143.8**
At December 31, 2013	34.1	1.2	4.9	97.7	**137.9**
At January 1, 2013	32.5	0.9	4.9	91.3	**129.6**

Long and short leasehold

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

(Dollars in millions)

12. Intangible assets

	Goodwill	Customer related	Technology and trading related	Development costs	Other	Total
	$M	$M	$M	$M	$M	$M
Cost:						
At January 1, 2013	56.2	-	1.7	-	1.4	**59.3**
Additions	-	-	-	0.8	1.5	**2.3**
Business additions	0.2	-	-	-	-	**0.2**
Exchange adjustments	0.8	-	0.1	-	-	**0.9**
At December 31, 2013	57.2	-	1.8	0.8	2.9	**62.7**
Additions	-	-	-	1.4	0.5	**1.9**
Business additions	31.9	13.4	8.8	-	-	**54.1**
Exchange adjustments	(2.7)	-	(0.8)	(0.1)	0.1	**(3.5)**
At December 31, 2014	86.4	13.4	9.8	2.1	3.5	**115.2**
Amortization:						
At January 1, 2013	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**
Provided during the year	-	0.4	0.3	-	0.5	**1.2**
Exchange adjustments	(0.5)	-	-	-	(0.1)	**(0.6)**
At December 31, 2014	18.5	0.4	1.4	-	1.6	**21.9**
Net book values:						
At December 31, 2014	67.9	13.0	8.4	2.1	1.9	**93.3**
At December 31, 2013	38.2	-	0.7	0.8	1.7	**41.4**
At January 1, 2013	37.3	-	0.7	-	0.4	**38.4**

Customer related intangibles include customer relationships, order backlogs and non-compete agreements. Technology and trading related intangibles include technology, patents, tradenames and trademarks.

The additions to goodwill of $31.9 million in the year ended December 31, 2014 relate to the acquisitions of Luxfer Utah and Luxfer Magtech, as disclosed in Note 25.

The additions to goodwill of $0.2 million in the year ended December 31, 2013 relate to the acquisition of Dynetek Industries 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, 2013	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**
Additions	4.1	27.8	**31.9**
Exchange adjustments	(1.5)	(0.7)	**(2.2)**
At December 31, 2014	27.3	40.6	**67.9**

The Gas Cylinders division goodwill of $27.3 million (December 31, 2013: $24.7 million) included goodwill attributable to our Luxfer Gas Cylinders operations of $26.1 million (December 31, 2013: $23.4 million) and goodwill attributable to our Superform operations of $1.2 million (December 31, 2013: $1.3 million). The Elektron division goodwill of $40.6 million (December 31, 2013: $13.5 million) included goodwill attributable to our MEL Chemicals operations of $5.0 million (December 31, 2013: $5.2 million) and goodwill attributable to our Magnesium Elektron operations of $35.6 million (December 31, 2013: $8.3 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% (2013: 2.5% and 2012: 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 12% for the Gas Cylinders CGU , and 10.4% for all other CGUs (2013: 9% and 2012: 10%), 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 $1.65 - $1.70 and US$: € exchange ranging from €1.32 - €1.42. 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, 2013	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**
Debt funding of joint ventures	-	(0.2)	-	**(0.2)**
Share of results of joint ventures	(0.3)	-	-	**(0.3)**
At December 31, 2014	2.9	4.3	0.2	**7.4**

Investment in joint ventures

At December 31, 2014, 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 Korea 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%	Distribution

During 2012, the Group acquired two Joint Ventures in India and South Korea through its acquisition of Dynetek Industries and at the end of 2012 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 activity in 2014 and there was a break-even contribution to net income by Luxfer Holdings NA, LLC.

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 a $10 million secured credit line for working capital and supplier finance of which $4.3 million was drawn down as at December 31, 2014.

The profit attributable to the Luxfer Uttam India Private Limited joint venture for 2014 was $nil (2013: loss of $0.1 million).

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

The Group has looked in detail at the ownership agreements of its joint ventures in order to determine the level of control that it has. The Group has determined that it has joint control of its joint ventures mainly based upon the number of members on each company board of directors and their associated voting rights. The Group therefore accounts for all material joint ventures on an equity basis.

Related party transactions with joint ventures have been disclosed in Note 32 to the Group's financial statements.

(Dollars in millions)

15. Inventories

	December 31, 2014 $M	December 31, 2013 $M
Raw materials and consumables	**37.6**	37.7
Work in progress	**33.0**	27.6
Finished goods and goods for resale	**34.0**	28.8
	104.6	94.1

The provision against obsolete and excess inventories at December 31, 2014 was $8.5 million (December 31, 2013: $4.8 million). The movement represents the net increase in inventory provisions. The cost of inventories recognized as an expense during the year has been disclosed in Note 3.

16. Trade and other receivables

	December 31, 2014 $M	December 31, 2013 $M
Trade receivables	**61.1**	53.0
Amounts owed by joint ventures and associates	**2.8**	1.7
Other receivables	**2.1**	5.4
Prepayments and accrued income	**6.8**	7.7
Derivative financial instruments	**0.8**	0.8
	73.6	68.6

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, 2014, trade receivables with a nominal value $2.6 million (December 31, 2013: $0.6 million) were impaired and fully provided for. Movements in the provision for impairment of trade receivables were as follows:

	2014 $M	2013 $M
At January 1	**0.6**	2.2
Charge/(credit) in the year	**2.1**	(1.1)
Utilized in the year	**(0.1)**	(0.5)
At December 31	**2.6**	0.6

17. Cash and short term deposits

	December 31, 2014 $M	December 31, 2013 $M
Cash at bank and in hand	**14.6**	28.4

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

Following the approval of a two-for-one share split at the Annual General Meeting on May 29, 2014, the nominal value of each ordinary share is £0.50 and now represents 1 ADS. The number of shares for the prior periods shown has been adjusted to achieve comparability.

	December 31, 2014 No.	December 31, 2013 No.	December 31, 2014 $M	December 31, 2013 $M
Authorized:				
Ordinary shares of £0.50 each	40,000,000	40,000,000	**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]
	769,463,688,000	769,463,688,000	**186.6**[1]	186.6 [1]
Allotted, called up and fully paid:				
Ordinary shares of £0.50 each	27,096,691	27,001,924	**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]
	769,440,804,691	769,440,709,924	**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 20,000,000 shares were issued, and the rate at the end of October 2012 was $1.6129:£1 when 7,000,000 shares were issued.

The rights of the shares are as follows:

Ordinary shares of £0.50 each

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

During the year, the Group has allotted and issued 94,767 ordinary shares of £0.50 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 Group's share award and share incentive plans.

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, 2014, there were 25,208,151 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 £0.50 ordinary share for every ADS 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, 2013 and December 31, 2013	**0.5**
Purchases of shares from ESOP	**(0.1)**
At December 31, 2014	**0.4**

As at December 31, 2014, there were 140,948 ordinary shares of £0.50 each held by The Luxfer Group Employee Share Ownership Plan.

(d) Share based compensation reserve

	Share based compensation $M
At January 1, 2012	**-**
Equity settled share based compensation charges	**0.8**
At December 31, 2012	**0.8**
Equity settled share based compensation charges	**1.8**
At December 31, 2013	**2.6**
Equity settled share based compensation charges	**1.1**
At December 31, 2014	**3.7**

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 31. The charge in 2014 related to options over ADSs and not directly in ordinary shares.

During the year, shares were purchased on the open market by one of the share based compensation schemes for the value of $0.7 million. These shares are held by the scheme, in the names of the employees who are members of the scheme until the end of the holding period.

19. Dividends paid and proposed

	2014 $M	2013 $M	2012 $M
Dividends declared and paid during the year:			
Interim dividend paid August 10, 2012 ($0.19 per ordinary share[1])	-	-	3.8
Interim dividend paid October 25, 2012 ($0.10 per ordinary share[1])	-	-	2.0
Interim dividend paid February 6, 2013 ($0.10 per ordinary share[1])	-	2.7	-
Interim dividend paid May 8, 2013 ($0.10 per ordinary share[1])	-	2.7	-
Interim dividend paid August 7, 2013 ($0.10 per ordinary share[1])	-	2.7	-
Interim dividend paid November 6, 2013 ($0.10 per ordinary share[1])	-	2.7	-
Interim dividend paid February 5, 2014 ($0.10 per ordinary share[1])	**2.7**	-	-
Interim dividend paid May 7, 2014 ($0.10 per ordinary share[1])	**2.7**	-	-
Interim dividend paid August 6, 2014 ($0.10 per ordinary share)	**2.7**	-	-
Interim dividend paid November 5, 2014 ($0.10 per ordinary share)	**2.7**	-	-
	10.8	10.8	5.8

	2014 $M	2013 $M	2012 $M
Dividends proposed and paid after December 31 (not recognized as a liability as at December 31):			
Interim dividend paid February 6, 2013: ($0.10 per ordinary share[1])	-	-	2.7
Interim dividend paid February 5, 2014: ($0.10 per ordinary share[1])	-	2.7	-
Interim dividend paid February 4, 2015: ($0.10 per ordinary share)	**2.7**	-	-

	2.7	2.7	2.7

[1]The amount paid per ordinary share has been adjusted for prior periods to achieve comparability, following the approval of a two-for-one share split at the Annual General Meeting on May 29, 2014.

(Dollars in millions)

20. Reserves

	Share premium account $M	Hedging reserve $M	Translation reserve $M	Merger reserve $M	Retained earnings $M
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**
Net income for the year	-	-	-	-	29.2
Currency translation differences	-	0.2	(10.8)	-	-
Increase in fair value of cash flow hedges	-	1.4	-	-	-
Transfer to income statement on cash flow hedges	-	0.1	-	-	-
Remeasurement of defined benefit retirement plans	-	-	-	-	(35.4)
Deferred tax on items taken to other comprehensive income	-	(0.5)	-	-	8.9
Equity dividends	-	-	-	-	(10.8)
Arising from issue of share capital	0.6	-	-	-	-
Deferred tax on items taken to equity	-	-	-	-	(0.4)
At December 31, 2014	**56.2**	**0.9**	**(36.2)**	**(333.8)**	**308.8**

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, 2014 of $1.3 million includes an increase in the fair value of cash flow hedges of $1.4 million, a gain of $0.1 million of cash flow hedges being transferred to the income statement, a $0.5 million decrease in deferred tax, and a gain on exchange movements of $0.2 million. For further information regarding the Group's forward foreign currency contracts, forward aluminum commodity contracts and forward rate interest rate agreements refer to Note 28 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

Non-current	December 31, 2014 $M	December 31, 2013 $M
Loan Notes due 2018	**63.9**	63.8
Loan Notes due 2021	**24.8**	-
Revolving credit facility	**32.7**	-
	121.4	63.8

21. Bank and other loans (continued)

On March 25, 2014 the Group amended its banking facilities, providing an expanded $150 million of committed revolving credit facilities, at slightly lower costs to previous terms, with an uncommitted standby accordion facility, which allows for up to an additional $50 million of borrowing. The amended facility is due to mature at the end of April 2019. The cost of extending these facilities was an additional $1.3 million commitment fee plus legal costs of $0.2 million.

On September 18, 2014, the Group issued $25 million principal amount of Loan Notes due 2021 in a private placement to an insurance company. The arrangement also allows for a further $50 million of borrowing through an uncommitted three-year shelf facility with the insurance company. The costs of this arrangement were legal costs of $0.2 million.

As at December 31, 2014 the outstanding debt was made up of the Loan Notes due 2018 of $65 million (December 31, 2013: $65 million), the Loan Notes due 2021 of $25 million (December 31, 2013: $nil) with $34.3 million draw down on the revolving credit facility (December 31, 2013: $nil).

The $65 million seven year private placement will be repayable in full in 2018 and bears interest at a fixed rate of 6.19%. The $25 million seven year private placement will be repayable in full in 2021 and bears interest at a fixed rate of 3.67%. The banking facilities mature at the end of April 2019 and bear interest equal to a margin based upon the Group's leverage plus either EURIBOR or LIBOR, depending on the currency drawn down.

The private placement notes and the revolving credit facility are unsecured. As at December 31, 2014, the total amounts outstanding on the Loan Notes due 2018 and the Loan Notes due 2021 were $65.0 million and $25.0 million respectively, which are shown in non-current bank and other loans net of unamortized finance costs of $1.1 million and $0.2 million respectively. The maturity profile of the Group's undiscounted contractual payments is disclosed in Note 27.

(Dollars in millions)

22. Provisions

	Rationalization & redundancy $M	Employee benefits $M	Environmental provisions $M	Total $M
At January 1, 2013	**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**
Charged to income statement	1.7	0.7	2.0	**4.4**
Cash payments	(1.1)	(0.5)	(2.8)	**(4.4)**
Acquired on acquisition of business	-	-	0.2	**0.2**
At December 31, 2014	**0.9**	**1.7**	**1.6**	**4.2**

(Dollars in millions)

22. Provisions (continued)

	Rationalization & redundancy $M	Employee benefits $M	Environmental provisions $M	Total $M
At December 31, 2014				
Included in current liabilities	0.9	-	1.2	**2.1**
Included in non-current liabilities	-	1.7	0.4	**2.1**
	0.9	1.7	1.6	**4.2**
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**

Rationalization and redundancy

At December 31, 2014 the Group had $0.9 million of provisions relating to redundancy and the rationalization of its operations (December 31, 2013: $0.3 million). $0.7 million of this provision relates to a rationalization and restructuring program across 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, 2014 the Group had $1.7 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, 2013: $1.5 million).

Environmental provisions

As at December 31, 2014, the Group had environmental provisions of $1.6 million relating to environmental clean-up costs (December 31, 2013: $2.2 million). $0.6 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, $0.8 million relates to work required at the UK Elektron division site and $0.2 million relates to work required at the newly acquired Elektron business in the USA. This work is expected to take place over the next 2 years.

(Dollars in millions)

23. Deferred tax

	Accelerated tax depreciation $M	Other temporary differences $M	Tax losses $M	Retirement benefit obligations $M	Total $M
At January 1, 2013	**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)**
Charged/(credited) to income statement	1.3	(1.4)	(1.3)	1.4	**-**
Charged/(credited) to other comprehensive income	-	0.5	-	(8.9)	**(8.4)**
Charged to equity	-	0.4	-	-	**0.4**
Exchange adjustment	-	0.1	0.1	0.9	**1.1**
At December 31, 2014	**12.8**	**(6.2)**	**(3.1)**	**(20.7)**	**(17.2)**

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, 2014 $M	December 31, 2013 $M
Deferred tax liabilities	**(2.0)**	(5.5)
Deferred tax assets	**19.2**	15.8
Net deferred tax asset	**17.2**	10.3

At the balance sheet date, the Group has unrecognized deferred tax assets relating to certain trading and capital losses and other temporary differences of $17.8 million (December 31, 2013: $19.5 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 $17.8 million (December 31, 2013: $19.5 million), $16.3 million (December 31, 2013: $19.1 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 $65.3 million (December 31, 2013: $72.7 million), for which there are no deferred tax liabilities recognized or unrecognized (December 31, 2013: $nil).

(Dollars in millions)

24. Trade and other payables

	December 31, 2014 $M	December 31, 2013 $M
Trade payables	**34.2**	33.7
Other taxation and social security	**4.4**	4.7
Accruals	**24.0**	23.4
Interest payable	**0.2**	0.2
Derivative financial instruments	**-**	1.2
	62.8	63.2

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

25. Acquisitions

On March 21, 2014 the Group acquired a business specializing in the design and manufacture of composite cylinders and the associated production assets in Utah, acquiring 100% of the voting rights of the two legal entities that make up the business, Vexxel Composites LLC and Hypercomp Engineering Inc (together, “Luxfer Utah”). This provides our North American Gas Cylinders business with a facility purpose-built for the design and manufacture of Type 4 (polymer-lined) composite cylinder products, which are being targeted initially at the class 8 heavy-duty truck market, where an increasing rate of conversion from diesel to CNG is widely anticipated. 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.

On July 29, 2014, the Group closed the acquisition of the trade and assets of two related businesses: Truetech Inc. and Innotech Products Limited (together, “Luxfer Magtech”). The acquired businesses produce magnesium-based flameless heating pads for self-heating meals used by the U.S. military and emergency relief agencies; an extensive line of self-heating meals, soups and beverages used by military and civilian end-users; seawater desalinization kits, chemical agent detection kits; and chemical decontamination equipment. Truetech Inc. operates a manufacturing and warehousing facility on a company-owned site in Riverhead, New York, and Innotech operates a leased manufacturing, assembly and distribution facility in Cincinnati, Ohio. The acquired businesses have been combined within Luxfer Magtech Inc, a new wholly-owned subsidiary of Luxfer Group, and will operate as part of the Group’s specialty materials Elektron division. On closing, an initial consideration of $59.3 million was paid, and with the acquired businesses having $4 million of cash, the net cash cost was $55.3 million.

(Dollars in millions)

25. Acquisitions (continued)

Assessment of assets acquired and liabilities assumed

	Luxfer Utah $M	Luxfer Magtech $M	Total Group $M
Property, plant and equipment	1.1	7.2	**8.3**
Intangible assets	0.6	21.6	**22.2**
Cash and short term deposits	0.1	4.0	**4.1**
Inventories	-	6.5	**6.5**
Trade and other receivables	0.4	1.5	**1.9**
Total assets	2.2	40.8	**43.0**
Trade and other payables	(0.9)	(2.8)	**(3.7)**
Provisions	-	(0.2)	**(0.2)**
Bank and other loans	(0.3)	-	**(0.3)**
Total liabilities	(1.2)	(3.0)	**(4.2)**
Net assets acquired	1.0	37.8	**38.8**
Identifiable net assets at fair value	1.0	37.8	**38.8**
Goodwill arising on acquisition	4.1	27.8	**31.9**
Gross purchase consideration	5.1	65.6	**70.7**
Represented by:			
Amounts paid	2.8	59.3	**62.1**
Contingent consideration liability	2.3	6.3	**8.6**
	5.1	65.6	**70.7**

The table above represents the initial assessment of the fair values of the assets acquired of the businesses at the date of initial acquisition, which will be finalized during 2015.

Goodwill includes the fair value of the expertise of the acquired workforce following the business combination and also the synergies that are expected to arise. Goodwill is expected to be tax deductible for the acquisition of Luxfer Magtech.

The contingent consideration for Luxfer Utah is linked into the future profitability of the company, and substantially all of it will be payable at March 31, 2017. The contingent consideration is shown in the balance sheet as at December 31, 2014, at $1.0 million, following a remeasurement of contingent consideration at the year-end based upon the estimated future cashflows and the weighted probability of those cashflows being achieved, resulting in a credit to the income statement of $1.5 million, net of an unwind of discount on contingent consideration of $0.2 million. The potential undiscounted future payment has been estimated at $1.3 million. The maximum undiscounted amount payable under the sale agreement is $9.3 million.

The contingent consideration for Luxfer Magtech is linked into the future profitability of the company and will be payable annually from 2015 to 2020. The contingent consideration is shown in the balance sheet as at December 31, 2014, at $1.6 million, following a remeasurement of contingent consideration at the year-end based upon the estimated future cashflows and the weighted probability of those cashflows being achieved, resulting in a credit to the income statement of $4.8 million, net of an unwind of discount on contingent consideration of $0.1 million. The potential undiscounted future payment has been estimated at $2.3 million. The maximum undiscounted amount payable under the sale agreement is $10.0 million.

(Dollars in millions)

25. Acquisitions (continued)

	December 31, 2014		
	Luxfer Utah	**Luxfer Magtech**	**Total Group**
	$M	**$M**	**$M**
Acquisition costs:			
Transaction costs	0.3	1.5	**1.8**
	0.3	1.5	**1.8**

	December 31, 2014		
	Luxfer Utah	**Luxfer Magtech**	**Total Group**
	$M	**$M**	**$M**
Net cashflow on purchase of business:			
Included in net cashflows from investing activities:			
Amounts paid	2.8	59.3	**62.1**
Cash acquired	(0.1)	(4.0)	**(4.1)**
	2.7	55.3	**58.0**
Included in net cashflows from operating activities:			
Acquisition costs	0.3	1.5	**1.8**
Less: acquisition costs unpaid	-	(0.2)	**(0.2)**
	0.3	1.3	**1.6**

Transaction costs for acquisitions were $1.8 million of which $1.6 million is included in cashflows from operating activities with the remainder provided for on the balance sheet.

The post-acquisition contribution to revenue and profit before tax for acquisitions was $17.0 million revenue and a profit of $1.7 million. Had the acquisitions occurred at the beginning of the year, the contribution to revenue and profit before tax is estimated to have been $33.0 million revenue and a profit of $5.1 million.

(Dollars in millions)

26. Commitments and contingencies

	December 31, 2014 $M	December 31, 2013 $M	December 31, 2012 $M
Operating lease commitments – Group as a lessee			
Minimum lease payments under operating leases recognized in the income statement	**5.2**	4.8	3.7

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, 2014 $M	December 31, 2013 $M	December 31, 2012 $M
Within one year	**5.1**	4.9	4.4
In two to five years	**13.6**	13.1	12.3
In over five years	**15.3**	16.4	15.9
	34.0	34.4	32.6

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, 2014, the Group had capital expenditure commitments of $2.3 million (December 31, 2013: $2.6 million and December 31, 2012: $0.9 million) for the acquisition of new plant and equipment.

27. 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 when it draws down 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 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, 2014, 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 Loan Notes due 2018, the Loan Notes due 2021 and the banking facilities throughout all of the quarterly measurement dates from and including September 30, 2011 to December 31, 2014.

(Dollars in millions)

27. 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, 2014				December 31, 2013			
	Within 12 months	**1-5 years**	**> 5 years**	**Total**	**Within 12 months**	**1-5 years**	**> 5 years**	**Total**
	$M	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**
Loan Notes due 2018	-	**65.0**	-	**65.0**	-	65.0	-	65.0
Loan Notes due 2021	-	-	**25.0**	**25.0**	-	-	-	-
Revolving credit facility	-	**34.3**	-	**34.3**	-	-	-	-
Contingent consideration	-	**3.6**	-	**3.6**	-	-	-	-
Trade payables	**34.2**	-	-	**34.2**	33.7	-	-	33.7
Accruals	**24.0**	-	-	**24.0**	23.4	-	-	23.4
Interest payable	**0.2**	-	-	**0.2**	0.2	-	-	0.2
Derivative financial instruments	-	-	-	-	1.2	-	-	1.2
	58.4	**102.9**	**25.0**	**186.3**	58.5	65.0	-	123.5

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 variable rate debt have been based on a forward curve.

	December 31, 2014	**December 31, 2013**
	$M	**$M**
Undiscounted contractual maturity of financial liabilities:		
Amounts payable:		
Within 12 months	**64.1**	62.5
1-5 years	**120.3**	78.9
> 5 years	**26.6**	-
	211.0	141.4
Less: future finance charges	**(24.7)**	(17.9)
	186.3	123.5

Capital risk management

In prior years the Group had sought to reduce its indebtedness and increase the level of equity funding and organized its capital structure to fund medium and long-term investment programs aimed at the development of new products and production facilities. 2014 saw an increase in the Group's indebtedness as it pursued acquisitions as part of its growth strategy, described in further detail in Note 25.

(Dollars in millions)

27. 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 2014, 2013 and 2012:

	2014 $M	2013 $M	2012 $M
For continuing operations:			
Operating profit	**40.9**	56.5	66.4
Add back: Restructuring and other expense (Note 5)	**3.9**	2.7	2.1
Loss on disposal of property, plant and equipment	**0.3**	0.3	-
Other share based compensation charges	**1.6**	1.3	-
Depreciation and amortization	**18.1**	15.8	14.7
Adjusted EBITDA	**64.8**	76.6	83.2
Bank and other loans	**121.4**	63.8	63.5
Total debt	**121.4**	63.8	63.5
Less:			
Cash and short term deposits	**(14.6)**	(28.4)	(40.2)
Net debt	**106.8**	35.4	23.3
Net debt: EBITDA ratio	**1.6x**	0.5x	0.3x

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, 2014, the Group has a provision for bad and doubtful debtors of $2.6 million (December 31, 2013: $0.6 million) and a charge of $2.1 million (2013: credit of $0.4 million) has gone to the Income Statement in relation to bad debts incurred in 2014.

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

	Total $M	Neither past due nor impaired $M	Past due but not impaired < 31 days $M	31- 61 days $M	61-91 days $M	91-121 days $M	> 121 days $M
At December 31, 2014	**61.1**	**48.7**	**9.8**	**1.2**	**0.7**	**0.7**	**-**
At December 31, 2013	53.0	41.8	9.5	1.6	0.1	-	-

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 2014 represented 27% (2013: 30.0% and 2012: 36.0%) of total revenue. There were no customers in 2014 or 2013 that represented over 10% of total revenue.

Included in the trade receivables of $61.1 million is an amount outstanding of $6.5 million which relates to one customer of the Gas Cylinders Division. In the first half of 2014 the group’s Gas Cylinders Division made a number of gas transportation module sales to this customer, for which extended terms were granted for part of the supply contract, in relation to a receivable of $8.5 million. The contract revenue and associated cost of sales were recognised when the risks and rewards of ownership of the modules were transferred to the customer. Late in 2014, the customer experienced financial difficulties due to engineering delays in its project and accordingly a provision of $2.0 million has been recognised against the receivable to impair the balance to an estimated recoverable amount of $6.5 million.

27. 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 2014 the Group had revenue of $143.7 million derived from UK operations, operating profit of $15.8 million and when adding back restructuring and other expense, share based compensation, loss on disposals and depreciation and amortization, an adjusted EBITDA of $24.4 million. During 2014, the average exchange rate for GBP sterling was £0.6075 being stronger than the 2013 average of £0.6384. This resulted in a positive impact of $7.2 million on revenue, $1.1 million on operating profit and $1.4 million on adjusted EBITDA. Based on the 2014 level of sales and profits a weakening in GBP sterling leading to a £0.05 increase in the GBP sterling to US dollar exchange rate would result in a decrease of $11.6 million in revenue, $1.8 million in operating profit and $2.3 million in adjusted EBITDA.

The capital employed as at December 31, 2014 in the UK was $75.4 million translated at an exchange rate of £0.6417. A £0.05 increase in exchange rates would reduce capital employed by approximately $5.4 million.

During 2014, the average exchange rate for the Euro was €0.7575, being weaker than the 2013 average of €0.7518. This resulted in a negative impact of $0.5 million on revenue, $0.1 million on operating profit and $0.2 million on adjusted EBITDA. Based on the 2014 level of sales and profits a weakening in the Euro leading to a €0.05 increase in the Euro to US dollar exchange rate would result in a decrease of $4.4 million in revenue, $0.9 million in operating profit and $1.7 million 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 $20 million net sales risk after offsetting raw material purchases made in US dollars and a substantial euro sales risk, with approximately €45 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 2014 our Elektron division has incurred a transaction gain of $0.1 million, and the transaction impact at our Gas Cylinders division was a loss of $0.3 million.

Based on a $20 million net exposure to the US dollar, a $0.10 increase in exchange rates would have a $1.3 million annual decrease in Group operating profit and based on a €45 million euro sales risk a €0.10 increase in exchange rates would have a $3.9 million annual decrease in Group operating profit.

27. 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 2014 the Group purchased approximately 10,500 metric tons of primary aluminum. 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, 2014, the Group had hedged 60% of its main primary aluminum requirements for 2015. Before hedging the risk, a $100 increase in the LME price of aluminum would increase our Gas Cylinders division's costs by $1.1 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 2014 the Group purchased approximately 8,500 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 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.

(Dollars in millions)

28. 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, 2014 $M	Fair value December 31, 2014 $M	Book value December 31, 2013 $M	Fair value December 31, 2013 $M
Financial assets:				
Cash at bank and in hand	**14.6**	**14.6**	28.4	28.4
Financial liabilities[1]:				
Loan Notes due 2018	**65.0**	**71.3**	65.0	66.6
Loan Notes due 2021	**25.0**	**25.0**	-	-
Revolving credit facility	**34.3**	**34.3**	-	-
Contingent consideration	**2.6**	**2.6**	-	-

[1]The financial instruments included in financial liabilities are shown gross of unamortized finance costs. The fair value of these financial instruments 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 27.

As at December 31, 2014, the amount drawn in bank and other loans was $124.3 million (December 31, 2013: $65.0 million), of which $117.0 million was denominated in US dollars with the remainder being denominated in GBP sterling (December 31, 2013: all $65.0 million was denominated in US dollars).

Derivative financial instruments are as follows:	Book value December 31, 2014 $M	Fair value December 31, 2014 $M	Book value December 31, 2013 $M	Fair value December 31, 2013 $M
Held to hedge purchases and sales by trading businesses:				
Forward foreign currency contracts	**0.2**	**0.2**	0.8	0.8
LME derivative contracts	**0.6**	**0.6**	(1.2)	(1.2)

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, 2014 bank and other loans of $124.3 million (December 31, 2013: $65.0 million) were outstanding. As at December 31, 2014 bank and other loans are shown net of issue costs of $2.9 million and these issue costs are to be amortized to the expected maturity of the facilities. As at December 31, 2014, $34.3 million of the total $124.3 million of bank and other loans was variable interest rate debt and subject to floating interest rate risk, with the remainder being fixed rate debt.

28. 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.

Contingent consideration

Disclosure of the basis of calculation of the fair value of contingent consideration is included within Note 25 of the financial statements.

(Dollars in millions)

28. Financial instruments (continued)

Fair value hierarchy

At December 31, 2014, 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, 2014 $M	Level 1 $M	Level 2 $M	Level 3 $M
Derivative financial liabilities at fair value through profit or loss:				
Forward foreign currency contracts	**0.2**	-	0.2	-
LME derivative contracts	**0.6**	-	0.6	-
Interest bearing loans and borrowings:		-		-
Loan Notes due 2018	**71.3**	-	71.3	-
Loan Notes due 2021	**25.0**	-	25.0	-
Revolving credit facility	**34.3**	-	34.3	-
Other financial liabilities				
Contingent consideration	**2.6**	-	-	2.6

During the year ended December 31, 2014, there were no transfers between Level 1 and Level 2 fair value measurements.

The contingent consideration relates to amounts payable in the future on acquisitions. This is based upon an estimate of the future profitability of the businesses versus targets agreed upon as part of the acquisitions.

(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, 2014 $M**	**December 31, 2013 $M**
US Dollar	**4.8**	13.3
GBP	**2.3**	6.3
Euro	**3.2**	3.8
Australian Dollar	**0.4**	0.2
Chinese Renminbi	**2.5**	1.9
Czech Koruna	**0.6**	0.2
Canadian Dollar	**0.7**	2.5
Japanese Yen	**0.1**	0.2
	14.6	28.4

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.

(Dollars in millions)

28. Financial instruments (continued)

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 and interest rates on the Group's variable rate debt have been based on a forward curve.

	December 31, 2014				December 31, 2013			
	Within 12 months	1-5 years	> 5 years	Total	Within 12 months	1-5 years	> 5 years	Total
	$M	$M	$M	$M	$M	$M	$M	$M
Floating interest rate risk:								
Revolving credit facility (including interest payments)	0.8	38.1	-	38.9	-	-	-	-
Fixed interest rate risk:								
Loan Notes due 2018 (including interest payments)	4.0	74.9	-	78.9	4.0	78.9	-	82.9
Loan Notes due 2021 (including interest payments)	0.9	3.7	26.6	31.2	-	-	-	-
	5.7	**116.7**	**26.6**	**149.0**	4.0	78.9	-	82.9

(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, Euros and Australian dollars. The Group is also exposed to a number of other currencies like Japanese yen with hedges against these on a more ad hoc basis, when exposures are more significant.

At December 31, 2014, the fair value of forward foreign exchange contracts deferred in equity was a gain of $0.8 million (2013: gain of $1.0 million and 2012: gain of $0.7 million). During 2014 a gain of $0.1 million (2013: $nil and 2012: loss of $0.2 million) has been transferred to the income statement in respect of contracts that have matured in the year.

(Dollars in millions)

28. Financial instruments (continued)

At December 31, 2014 and 2013 the Group held various foreign exchange contracts designated as hedges in respect of forward sales for US dollars, Euros, Australian dollars and Japanese yen for the receipt of GBP sterling or Euros. The Group also held foreign exchange contracts designated as hedges in respect of forward purchases for US dollars by the sale of GBP sterling. The contract totals in GBP sterling and Euros, range of maturity dates and range of exchange rates are disclosed below:

December 31, 2014

Sales hedges

	Euros	Japanese Yen	US dollars
Contract totals/£M	38.8	0.1	30.5
Maturity dates	01/15 to 06/16	01/15 to 01/15	01/15 to 06/16
Exchange rates	€1.1584 to €1.2802	¥186.3 to ¥186.3	$1.2970 to $1.7098

	Australian dollars
Contract totals/€M	6.7
Maturity dates	01/15 to 03/15
Exchange rates	$1.5082 to $1.5898

Purchase hedges

	US dollars
Contract totals/£M	17.6
Maturity dates	01/15 to 06/16
Exchange rates	$1.5330 to $1.7103

December 31, 2013

Sales hedges

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

Purchase hedges

	US dollars
Contract totals/£M	17.3
Maturity dates	01/14 to 04/15
Exchange rates	$1.4888 to $1.6181

28. Financial instruments (continued)

Aluminum commodity contracts

The Group did not hold any forward aluminum commodity contracts at December 31, 2014 or December 31, 2013.

Forward rate interest rate agreements

The Group did not hold any forward rate interest rate agreements at December 31, 2014 or December 31, 2013.

LME derivative contracts

As at 31 December 2014, the Group has hedged 5,400 and 2,100 metric tons of aluminum for supply in 2015 and 2016 respectively using its ancillary banking facilities. The fair value of LME derivative contracts deferred in equity was a gain of $0.5 million (2013: loss of $1.4 million 2012: loss of $0.3 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 2014 a loss of $10.8 million (2013: gain of $3.1 million and 2012: gain of $2.9 million) was recognized in translation reserves.

(e) Un-drawn committed facilities

At December 31, 2014 the Group had committed banking facilities of $150 million. The facilities were for providing loans and overdrafts, with a separate facility for letters of credit which at December 31, 2014 was £7.0 million ($10.9 million). Of the committed facilities, $34.3 million of loans were drawn and $nil for letters of credit were utilized. The Group also has a separate bonding facility for bank guarantees denominated in GBP sterling of £3.0 million ($4.7 million), of which £1.4 million ($2.2 million) was utilized at December 31, 2014.

At December 31, 2013 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). Of these committed facilities, $nil of short-term loans were drawn and $nil for letters of credit was utilized. The Group had 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 utilized at December 31, 2013.

(Dollars in millions)

29. 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.

Remeasurements 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 plan 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 18 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 2014 for retirement benefits was a cost of $9.3 million (2013: $11.9 million and 2012: $10.4 million).

The movement in the pension liability is shown below:

	2014	**2013**
	$M	**$M**
Balance at January 1	**67.6**	96.7
Charged to the Income Statement	**9.3**	10.2
Contributions	**(17.0)**	(17.8)
Charged to the Statement of Comprehensive Income	**35.4**	(23.7)
Settlement charge	**-**	1.7
Exchange adjustments	**(4.4)**	0.5
Balance at December 31	**90.9**	67.6

The financial assumptions used in the calculations are:

	Projected Unit Valuation					
	United Kingdom			**Non United Kingdom**		
	2014	**2013**	**2012**	**2014**	**2013**	**2012**
	%	**%**	**%**	**%**	**%**	**%**
Discount Rate	**3.50**	4.50	4.40	**4.10**	4.90	4.20
Retail Price Inflation	**2.90**	3.40	3.00	-	-	-
Inflation related assumptions:						
Salary Inflation	**3.90**	4.40	4.00	-	-	-
Consumer Price Inflation	**1.90**	2.40	2.30	-	-	-
Pension increases – pre 6 April 1997	**2.30**	2.60	2.40	-	-	-
- 1997-2005	**2.80**	3.30	2.90	-	-	-
- post 5 April 2005	**2.00**	2.20	2.10	-	-	-

(Dollars in millions)

29. Retirement benefits (continued)

Other principal actuarial assumptions:	2014 Years	2013 Years	2012 Years
Life expectancy of male in the UK aged 65 at accounting date	**20.6**	20.5	20.3
Life expectancy of male in the UK aged 65 at 20 years after accounting date	**22.3**	22.2	22.1

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 and index linked bonds and swaps) 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 2013 a total of $12.9 million of lump sums were paid to members. This resulted in a settlement charge of $1.7 million in 2013.

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

	2014 UK $M	2014 Non UK $M	2014 Total $M	2013 UK $M	2013 Non UK $M	2013 Total $M	2012 UK $M	2012 Non UK $M	2012 Total $M
In respect of defined benefit plans									
Current service cost	**1.5**	**0.1**	**1.6**	1.4	0.1	1.5	1.2	-	1.2
Net interest on net liability	**2.5**	**0.2**	**2.7**	3.1	0.7	3.8	2.8	0.8	3.6
Administrative expenses	**1.2**	**0.4**	**1.6**	1.5	0.2	1.7	2.2	0.1	2.3
Past service cost	**-**	**-**	**-**	-	-	-	0.1	-	0.1
Settlements	**-**	**-**	**-**	-	1.7	1.7	-	-	-
Total charge for defined benefit plans	**5.2**	**0.7**	**5.9**	6.0	2.7	8.7	6.3	0.9	7.2
In respect of defined contribution plans									
Total charge for defined contribution plans	**1.4**	**2.0**	**3.4**	1.3	1.9	3.2	1.3	1.9	3.2
Total charge for pension plans	**6.6**	**2.7**	**9.3**	7.3	4.6	11.9	7.6	2.8	10.4

Of the charge for the year, charges of $4.6 million and $2.0 million (2013: $4.5 million and $1.9 million; 2012: $4.6 million and $2.2 million); have been included in cost of sales and administrative costs respectively; a charge of $nil (2013: $1.7 million; 2012: $nil) has been included in restructuring and other expense and a charge of $2.7 million (2013: $3.8 million; 2012: $3.6 million) has been included in finance costs.

For the year, the amount of loss recognized in the Statement of Comprehensive Income is $35.4 million (2013: gain of $23.7 million and 2012: loss of $17.4 million).

The actual return of the plan assets was a gain of $32.5 million (2013: gain of $33.4 million and 2012: gain of $31.3 million).

(Dollars in millions)

29. Retirement benefits (continued)

The value of the plan assets were:

	2014 UK $M	2014 Non UK $M	2014 Total $M	2013 UK $M	2013 Non UK $M	2013 Total $M
Assets in active markets:						
Equities and growth funds	**186.3**	**26.9**	**213.2**	197.3	28.7	226.0
Government bonds	**43.6**	**-**	**43.6**	22.0	-	22.0
Corporate bonds	**75.0**	**23.5**	**98.5**	76.8	19.8	96.6
Cash	**0.5**	**-**	**0.5**	0.3	-	0.3
Total market value of assets	**305.4**	**50.4**	**355.8**	296.4	48.5	344.9
Present value of plan liabilities	**(382.3)**	**(64.4)**	**(446.7)**	(357.8)	(54.7)	(412.5)
Deficit in the plan	**(76.9)**	**(14.0)**	**(90.9)**	(61.4)	(6.2)	(67.6)
Related deferred tax asset	**15.4**	**5.3**	**20.7**	12.3	1.7	14.0
Net pension liability	**(61.5)**	**(8.7)**	**(70.2)**	(49.1)	(4.5)	(53.6)

The plans do not invest directly in property occupied by the Group or in financial securities issued by the Group.

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

	2014 UK $M	2014 Non UK $M	2014 Group $M	2013 UK $M	2013 Non UK $M	2013 Group $M
At January 1	**357.8**	**54.7**	**412.5**	343.7	72.8	416.5
Service cost	**1.5**	**0.1**	**1.6**	1.4	0.1	1.5
Interest on obligation	**15.7**	**2.6**	**18.3**	14.3	2.9	17.2
Contributions from plan members	**0.8**	**-**	**0.8**	0.8	-	0.8
Actuarial losses and (gains) on financial assumptions	**44.5**	**5.5**	**50.0**	3.7	(6.3)	(2.6)
Actuarial losses on demographic assumptions	**-**	**4.3**	**4.3**	-	-	-
Actuarial losses and (gains) on plan experience	**(2.2)**	**0.3**	**(1.9)**	-	(1.1)	(1.1)
Exchange difference	**(22.7)**	**(0.2)**	**(22.9)**	6.6	0.1	6.7
Benefits paid	**(13.1)**	**(2.9)**	**(16.0)**	(12.7)	(2.6)	(15.3)
Settlements	**-**	**-**	**-**	-	(11.2)	(11.2)
At December 31	**382.3**	**64.4**	**446.7**	357.8	54.7	412.5

The defined benefit obligation comprises $2.2 million (December 31, 2013: $2.2 million) arising from unfunded plans and $444.5 million (December 31, 2013: $410.3 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 18%
RPI inflation (and related increases)	Increase/decrease by 1.0%	Increase/decrease by 9%
Post retirement mortality	Increase by 1 year	Increase by 3%

The sensitivities have been calculated to show the movement in the total defined benefit obligation in isolation, assuming no other changes in market conditions at the accounting date. In practice, for example, a change in discount rate is likely to be associated with a movement in the value of the invested assets held by the plans.

(Dollars in millions)

29. Retirement benefits (continued)

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

	2014 UK $M	2014 Non UK $M	2014 Group $M	2013 UK $M	2013 Non UK $M	2013 Group $M
At January 1	**296.4**	**48.5**	**344.9**	266.9	52.9	319.8
Interest on plan assets	**13.2**	**2.4**	**15.6**	11.2	2.2	13.4
Actuarial (gains) and losses	**17.1**	**(0.1)**	**17.0**	15.3	4.7	20.0
Exchange difference	**(18.5)**	**-**	**(18.5)**	6.2	-	6.2
Contributions from employer	**10.7**	**2.9**	**13.6**	10.2	4.4	14.6
Contributions from plan members	**0.8**	**-**	**0.8**	0.8	-	0.8
Administrative expenses	**(1.2)**	**(0.4)**	**(1.6)**	(1.5)	(0.2)	(1.7)
Benefits paid	**(13.1)**	**(2.9)**	**(16.0)**	(12.7)	(2.6)	(15.3)
Settlements	**-**	**-**	**-**	-	(12.9)	(12.9)
At December 31	**305.4**	**50.4**	**355.8**	296.4	48.5	344.9

The estimated amount of employer contributions expected to be paid to the defined benefit pension plans for the year ending December 31, 2015 is $12.2 million (2014: $13.4 million actual employer contributions).

(Dollars in millions)

30. 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 £0.50 ordinary shares			
	£0.0001 deferred shares	£0.50 ordinary shares	£0.49 options held	£1.50 options held	£2.00 options held	Total options held
At January 1, 2014	15,977,968,688	187,348	30,400	41,600	59,020	131,020
Options exercised during the year	-	(46,400)	(4,800)	(41,600)	-	(46,400)
At December 31, 2014	15,977,968,688	140,948	25,600	-	59,020	84,620

As at December 31, 2014 the loan outstanding from the ESOP was $3.3 million (December 31, 2013: $3.6 million).

During the year ended December 31, 2014, all of the shares held by the ESOP were subject to a 2-for-1 share split, so that each £1 ordinary share was split into two £0.50 ordinary shares. All prior year comparatives have been restated for the share split. 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 £0.50 ordinary share held by the ESOP as at December 31, 2014 was $14.93 (December 31, 2013: $20.86).

(Dollars in millions)

31. 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 Director 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, were granted under the LTIP and 9,252 ADS Restricted Stock was granted under the Director EIP. In March 2013, 1,924 ADS Restricted Stock was granted under the Director EIP. These awards were a mixture of time-based, market-based and performance-based awards.

In March 2014, 201,870 Restricted Stock Units and Options over ADSs were granted under the LTIP, which were all performance based awards. Following the Annual General Meeting on May 29, 2014, 12,517 Restricted Stock Units and Options over ADSs were granted under the Director EIP, which were all time-based awards.

	2014	**2013**	**2012**
	$M	**$M**	**$M**
I.P.O. related share based compensation charges	**0.2**	0.5	0.8
Other share based compensation charges	**1.6**	1.3	-
	1.8	1.8	0.8

There were no cancellations or modifications to the awards in 2014.

The following table illustrates the number of, and movements in, share options during the year, with each option relating to 1 American Depositary Share:

	2014	**2014**	**2013**	**2013**
	Number	**WAEP**	**Number**	**WAEP**
At January 1	1,131,776	$8.00	816,400	$10.00
Granted during the year	214,387	$0.83	317,376	$2.80
Exercised during the year	(84,366)	$(9.72)	-	-
Accrued dividend awards	11,033	$8.00	-	-
Lapsed during the year	(34,236)	$(9.80)	(2,000)	$(0.76)
At December 31	**1,238,594**	$6.90	1,131,776	$8.00

The weighted average remaining contractual life for the share options outstanding as at December 31, 2014 was 4 years (December 31, 2013: 5 years). The weighted average fair value of options granted during the year was $17.05 (December 31, 2013: $7.27).

(Dollars in millions)

31. Share based compensation (continued)

'The following table list the inputs to the models used for the plans for the year ended December 31, 2014:

	2014	2013
Dividend yield (%)	**2.00**	2.25
Expected volatility range (%)	**25.03 – 38.72**	41.3 – 42.8
Risk-free interest rate (%)	**0.13 – 1.81**	0.15 – 0.86
Expected life of share options range (years)	**1 – 5**	1 – 7
Weighted average exercise price ($)	**$0.83**	$2.81
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.

Employee share incentive plans

The Group operates an all-employee share incentive plan in its UK and US operations and will look to implement plans in other geographic regions.

32. Related party transactions

Joint venture in which the Group is a venturer

During 2014, the Group maintained its 51% investment in the equity of the joint venture Luxfer Uttam India Private Limited. During 2014, the Gas Cylinders division made $1.2 million of sales to the joint venture. At December 31, 2014, the amounts receivable from the joint venture amounted to $1.6 million. All sales to the joint venture are made at arm's length.

During 2014, the Group was repaid $0.2 million of its debt investment in the joint venture Luxfer Holdings NA, LLC, of which it holds 49% of the equity. The debt investment is 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 at an interest rate of 8% per annum. During 2014, the Gas Cylinders division made $2.0 million of sales to the joint venture. At December 31, 2014, the amounts receivable from the joint venture amounted to $1.2 million of trade debt and $4.3 million of debt investment. All sales to the joint venture are made at arm's length.

Transactions with other related parties

As at December 31, 2014 the directors and key management comprising the members of the Executive Management Board, owned 1,387,889 £0.50 ordinary shares (2013: 1,430,515 £0.50 ordinary shares) and held awards over a further 1,008,526 £0.50 ordinary shares (2013: 891,196 £0.50 ordinary shares).

During the years ended December 31, 2014 share options held by members of the Executive Management board were exercised, information relating to these exercised is disclosed in table 8 of the Remuneration Report.

On February 5, 2014 to as a part of a relocation, one of the subsidiary companies of the Group purchased outright the residential property of David Rix, a member of our executive management board. The property was valued on an arm's length basis by third parties with a purchase price of $1.3 million. This asset is currently held as a current asset in the Group balance sheet. During 2014, to reflect the general decline in property values at the location in question we revised the fair value of the property down to $1.2 million, the cost of which is included within administrative expenses, within the Gas Cylinders Division.

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

33. Post Balance Sheet Events

Since the balance sheet date, the Company has allotted and issued 8,563 ordinary shares of £0.50, 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 over ADSs which vested under the Company's Long-Term Umbrella Incentive Plan.

LUXFER HOLDINGS PLC

COMPANY BALANCE SHEET
(Sterling in millions)

	Notes	2014 £M	2013 £M
FIXED ASSETS			
Investments	35	**301.4**	262.2
		301.4	262.2
CURRENT ASSETS			
Debtors	36	**6.3**	2.1
Cash at bank		**4.9**	7.3
		11.2	9.4
CREDITORS: amounts falling due within one year	37	**(2.5)**	(2.2)
NET CURRENT ASSETS		**8.7**	7.2
TOTAL ASSETS LESS CURRENT LIABILITIES		**310.1**	269.4
CREDITORS: amounts falling due in more than one year			
BANK AND OTHER LOANS	38	**(37.0)**	-
PROVISIONS FOR LIABILITIES	39	**2.0**	1.3
PENSION COMMITMENTS	42	**(39.2)**	(29.4)
NET ASSETS		**235.9**	241.3
CAPITAL AND RESERVES			
Ordinary share capital	40	**13.5**	13.5
Deferred share capital	40	**76.9**	76.9
Share premium account	41	**35.2**	34.8
Other capital reserves	40	**2.4**	1.6
Own shares held by ESOP	40	**(0.2)**	(0.2)
Profit and loss account	41	**108.1**	114.7
Equity shareholders' funds	41	**235.9**	241.3

SIGNED ON BEHALF OF THE BOARD

Brian Purves **Andrew Beaden**

March 19, 2015

Company Registration no. 3690830

34. Significant accounting policies

Authorisation of financial statements

The Company's financial statements for the year ended December 31, 2014 were authorized for issue by the Board of Directors on March 19, 2015 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 £16.4 million (2013: profit of £14.9 million). The audit fee for the Company financial statements was £0.1 million (2013: £0.1 million). Fees paid to auditor 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)

34. 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.

35. 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, 2014	218.0	40.9	0.6	2.7	**262.2**
Additions	-	35.5	0.7	-	**36.2**
Repayments	-	-	-	(0.1)	**(0.1)**
Exchange adjustment	-	3.0	-	0.1	**3.1**
At December 31, 2014	218.0	79.4	1.3	2.7	**301.4**

(Sterling in millions)

35. 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, 2014 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
Luxfer Germany GmbH *	Germany	Ordinary shares	100%	Engineering
Vexxel Composites LLC *	United States	Common stock	100%	Manufacturing
Hypercomp Engineering Inc*	United States	Common stock	100%	Engineering
Luxfer Magtech Inc*	United States	Common stock	100%	Manufacturing
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)

36. Debtors

	2014 £M	2013 £M
Amounts due from subsidiary undertakings	**6.3**	1.9
Prepayments and accrued income	**-**	0.2
	6.3	2.1

37. Creditors: amounts falling due within one year

	2014 £M	2013 £M
Amounts owed to subsidiary undertakings	**2.5**	2.1
Group relief payable	**-**	0.1
	2.5	2.2

38. Bank and other loans

	2014 £M	2013 £M
Loan Notes due 2021	**15.9**	-
Revolving credit facility	**21.1**	-
	37.0	**-**

On September 18, 2014, the company issued \$25.0 million (£16.0 million) principal amount of Loan Notes due 2021 in a private placement to an insurance company. The arrangement also allows for a further \$50.0 million (£32.1 million) of borrowing through an uncommitted three-year shelf facility with the insurance company. The costs of this arrangement were legal costs of £0.1 million.

The seven year private placement will be repayable in full in 2021, bears interest at a fixed rate of 3.67% and is unsecured. As at December 31, 2014, the total amount outstanding on the Loan Notes due 2021 was £16.0 million, which is shown in bank and other loans net of unamortized finance costs of £0.1 million.

39. Provisions for liabilities

	Deferred tax assets £M
At January 1, 2014	1.3
Movements in the profit and loss account	0.7
Movements in reserves	-
At December 31, 2014	2.0

The company has recognized a partial deferred tax asset for losses. The company has not provided deferred tax on losses carried forward of £22.7 million (2013: £29.9 million). A deferred tax asset of £2.0 million (2013: £1.3 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)

40. Share capital

(a) Ordinary share capital

Following the approval of a two-for-one share split at the Annual General Meeting on May 29, 2014, the nominal value of each ordinary share is £0.50 and now represents 1 American Depositary Share (ADS). The number of shares for the prior periods shown has been adjusted to achieve comparability.

	2014 No.	2013 No.	2014 £M	2013 £M
Authorized:				
Ordinary shares of £0.50 each	**40,000,000**	40,000,000	**20.0**	20.0
Deferred ordinary shares of £0.0001 each	**769,423,688,000**	769,423,688,000	**76.9**	76.9
	769,463,688,000	769,463,688,000	**96.9**	96.9
Allotted, called up and fully paid:				
Ordinary shares of £0.50 each	**27,096,691**	27,001,924	**13.5**	13.5
Deferred ordinary shares of £0.0001 each	**769,413,708,000**	769,413,708,000	**76.9**	76.9
	769,440,804,691	769,440,709,924	**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.

During the year, the Company has allotted and issued 94,767 ordinary shares of £0.50 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 share award and share incentive plans.

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, 2014, 25,208,151 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 £0.50 ordinary share for every ADS 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)

40. Share capital (continued)

(c) Own shares held by ESOP

	2014	2013
	£M	£M
At beginning of year	**0.2**	0.2
Purchase of shares from ESOP	**-**	-
At end of year	**0.2**	0.2

As at December 31, 2014 there were 140,948 ordinary shares of £0.50 each held by The Luxfer Group Employee Share Ownership Plan.

(d) Share based compensation reserve

	Share based compensation
	£M
At January 1, 2013	**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**
I.P.O. related share based compensation charges	**0.1**
Other share based compensation charges	**0.7**
At December 31, 2014	**2.4**

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 44.

41. Reconciliation of shareholders' funds and movements in reserves

	Share Capital	Deferred Share Capital	Share Premium account	Other capital reserves	Own shares held by ESOP	Profit and loss account	Shareholders' funds
	£M	£M	£M	£M	£M	£M	£M
At January 1, 2013	**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)**
Equity settled 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**
Profit for the year	-	-	-	-	-	16.4	**16.4**
Equity dividends	-	-	-	-	-	(6.6)	**(6.6)**
Equity settled share based compensation charges	-	-	-	0.8	-	-	**0.8**
Arising from issue of share capital	-	-	0.4	-	-	-	**0.4**
Actuarial gains and losses on pension schemes	-	-	-	-	-	(19.5)	**(19.5)**
Deferred tax on items taken to equity	-	-	-	-	-	3.1	**3.1**
At December 31, 2014	**13.5**	**76.9**	**35.2**	**2.4**	**(0.2)**	**108.1**	**235.9**

The Company had a surplus on its profit and loss account of £108.1 million as at December 31, 2014 (December 31, 2013: £114.7 million). The profit after taxation dealt with in the financial statements of the parent company was £16.4 million (2013: £14.9 million).

(Sterling in millions)

42. 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 credit to the profit and loss account for this scheme in the UK was £0.9 million. The Company's subsidiaries have recognized a charge of £6.4 million, this being their contributions to the scheme and the Company has recognized a credit of £7.3 million.

The financial assumptions used in the calculations are:

	Projected Unit Valuation		
	2014	**2013**	**2012**
	%	**%**	**%**
Discount Rate	**3.50**	4.50	4.40
Retail Price Inflation	**2.90**	3.40	3.00
Inflation related assumptions:			
Salary Inflation	**3.90**	4.40	4.00
Consumer Price Inflation	**1.90**	2.40	2.30
Pension Increases – pre 6 April 1997	**2.30**	2.60	2.40
– 1997-2005	**2.80**	3.30	2.90
– post 5 April 2005	**2.00**	2.20	2.10

(Sterling in millions)

42. Retirement benefits (continued)

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

	Long term rate of return expected 2014 %	2013 %	2012 %
Equities and Growth Funds	**6.60**	7.90	7.40
Gilts	**2.10**	3.40	2.80
Other Bonds	**3.50**	4.60	4.20
Cash	**2.10**	3.40	2.80

Other principal actuarial assumptions:	2014 Years	2013 Years
Life expectancy of male in the UK aged 65 at accounting date	**20.6**	20.5
Life expectancy of male in the UK aged 65 at 20 years after accounting date	**22.3**	22.2

At December 31, 2014 the cumulative amount of losses recognized in the Statement of Total Recognized Gains and Losses amounted to a loss of £63.9 million (December 31, 2013: loss of £44.4 million).

The actual return of the scheme assets was a gain of £18.0 million (2013: gain of £15.9 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, 2014 £M	Value at Dec 31, 2013 £M	Value at Dec 31, 2012 £M
Equities and Growth Funds	**119.5**	119.1	115.1
Gilts	**28.0**	13.3	9.7
Other Bonds	**48.2**	46.3	39.0
Cash	**0.2**	0.2	0.4
Total market value of assets	**195.9**	178.9	164.2
Present value of scheme liabilities	**(244.9)**	(215.7)	(211.4)
Deficit in the scheme	**(49.0)**	(36.8)	(47.2)
Related deferred tax asset	**9.8**	7.4	10.9
Net pension liability	**(39.2)**	(29.4)	(36.3)

(Sterling in millions)

42. Retirement benefits (continued)

Analysis of amount charged to operating profit:	**2014**	**2013**
	£M	**£M**
In respect of defined benefit schemes:		
Current service cost (employer's)	**(0.7)**	(0.8)
Total operating credit for defined benefit schemes	**(0.7)**	(0.8)

Analysis of amount credited/(charged) to other finance income:	**2014**	**2013**
	£M	**£M**
Expected return on pension scheme assets	**11.2**	9.4
Interest on pension scheme liabilities	**(9.6)**	(9.1)
Net credit to other finance income	**1.6**	0.3

Analysis of amount recognized in the Statement of Total Recognized Gains and Losses	**2014**	**2013**
	£M	**£M**
Actual return less expected return on pension scheme assets	**6.8**	6.5
Changes in assumptions underlying the present value of scheme liabilities	**(26.3)**	(2.1)
Actuarial (loss)/gain recognized in Statement of Total Recognized Gains and Losses	**(19.5)**	4.4

	2014	**2013**
Analysis of movement in deficit in the scheme during the year		
	£M	**£M**
Deficit in defined benefit schemes at beginning of year	**(36.8)**	(47.2)
Current service cost	**(1.2)**	(1.3)
Aggregate contributions (employer's and employees')	**6.9**	7.0
Other finance costs	**1.6**	0.3
Actuarial (loss)/gain recognized in Statement of Total Recognized Gains and Losses	**(19.5)**	4.4
Deficit in defined benefit schemes at end of year	**(49.0)**	(36.8)

Analysis of movement in present value of scheme assets:

	2014	**2013**
	£M	**£M**
At January 1	**178.9**	164.2
Expected return on scheme assets	**11.2**	9.4
Actuarial gains	**6.8**	6.5
Contributions from employer	**6.4**	6.5
Contributions from scheme members	**0.5**	0.5
Benefits paid	**(7.9)**	(8.2)
At December 31	**195.9**	178.9

(Sterling in millions)

42. Retirement benefits (continued)

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

	2014 £M	2013 £M
At January 1	**215.7**	211.4
Service cost	**0.7**	0.8
Interest cost	**9.6**	9.1
Contributions from scheme members	**0.5**	0.5
Actuarial losses	**26.3**	2.1
Benefits paid	**(7.9)**	(8.2)
At December 31	**244.9**	215.7

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 18%
RPI inflation (and related increases)	Increase/decrease by 1.0%	Increase/decrease by 9%
Post retirement mortality	Increase by 1 year	Increase by 3%

History of experience in gains and losses:	2014	2013	2012	2011	2010
Difference between the expected and actual return on scheme assets					
Amount £M	**6.8**	6.5	5.5	(15.5)	8.0
Percentage of scheme assets	**3%**	4%	3%	(10)%	5%
Experience gains and losses on scheme liabilities:					
Amount £M	**(1.4)**	-	0.1	2.2	1.1
Percentage of present value of scheme liabilities	**(1%)**	0%	0%	1%	0%
Total amount recognized in Statement of Total Recognized Gains and Losses:					
Amount £M	**(19.5)**	4.4	(12.8)	(26.5)	3.4
Percentage of present value of scheme liabilities	**(8%)**	2%	(6)%	14%	(6)%

The estimated amount of employer contributions expected to be paid to the UK defined benefit pension scheme for the year ending December 31, 2015 is £6.2 million (2014: £6.4 million actual employer contributions).

(Sterling in millions)

43. 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.

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 £0.50 ordinary shares			
	£0.0001 deferred shares	£0.50 ordinary shares	£0.49 options held	£1.50 options held	£2.00 options held	Total options held
At January 1, 2014	15,977,968,688	187,348	30,400	41,600	59,020	131,020
Options exercised during the year	-	(46,400)	(4,800)	(41,600)	-	(46,400)
At December 31, 2014	15,977,968,688	140,948	25,600	-	59,020	84,620

During the year ended December 31, 2014, all of the shares held by the ESOP were subject to a 2-for-1 share split, so that each £1 ordinary share was split into two £0.50 ordinary shares. All prior year comparatives have been restated for the share split. 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 £0.50 ordinary share held by the ESOP as at December 31, 2014 was $14.93 (December 31, 2013: $20.86).

(Sterling in millions)

44. 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 Director 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, were granted under the LTIP and 9,252 ADS Restricted Stock was granted under the Director EIP. In March 2013, 1,924 ADS Restricted Stock was granted under the Director EIP. These awards were a mixture of time-based, market-based and performance-based awards.

In March 2014, 201,870 Restricted Stock Units and Options over ADSs were granted under the LTIP, which were all performance based awards. Following the Annual General Meeting on May 29, 2014, 12,517 Restricted Stock Units and Options over ADSs were granted under the Director EIP, which were all time-based awards.

	2014	2013
	£M	£M
I.P.O. related share based compensation charges	**0.1**	0.3
Other share based compensation charges	**0.2**	0.2
	0.3	0.5

There were no cancellations or modifications to the awards in 2014.

The following table illustrates the number of, and movements in, share options during the year:

	2014	**2014**	**2013**	**2013**
	Number	**WAEP**	**Number**	**WAEP**
At January 1	1,131,776	\$8.00	816,400	\$10.00
Granted during the year	214,387	\$0.83	317,376	\$2.80
Exercised during the year	(84,366)	\$(9.72)	-	-
Accrued dividend awards	11,033	\$8.00	-	-
Lapsed during the year	(34,236)	\$(9.80)	(2,000)	\$(0.76)
At December 31	**1,238,594**	\$6.90	1,131,776	\$8.00

The weighted average remaining contractual life for the share options outstanding as at December 31, 2014 was 4 years (December 31, 2013: 5 years). The weighted average fair value of options granted during the year was \$17.05 (December 31, 2013: \$7.27).

(Sterling in millions)

44. Share based compensation (continued)

The following tables list the inputs to the models used for the plans for the year ended December 31, 2014:

	2014	2013
Dividend yield (%)	**2.00**	2.25
Expected volatility range (%)	**25.03 – 38.72**	41.3 – 42.8
Risk-free interest rate (%)	**0.13 – 1.81**	0.15 – 0.86
Expected life of share options range (years)	**1 - 5**	1 – 7
Weighted average exercise price ($)	**$0.83**	$2.81
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.

Employee share incentive plans

The Group operates an all-employee share incentive plan in its UK and US operations and will look to implement plans in other geographic regions.

45. 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 2014, the Company was repaid £0.1 million ($0.2 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 at an interest rate of 8% per annum. At December 31, 2014, the amounts receivable from the joint venture amounted to £2.7 million ($4.3 million) of debt investment.

Other than the transactions mentioned above, no other related party transactions have been identified.