Low & Bonar

Performance materials engineered
to help build your business

Interim Report 2015

Welcome to Low & Bonar

We are an international business to business performance materials group. We design and manufacture components which add value to, and improve the performance of, our customers' products by engineering a wide range of polymers using our own technologies to create yarns, fibres, industrial and coated fabrics and composite materials.

We sell globally and manufacture in Europe, North America, the Middle East and China.

Visit us online

Our website contains a full investor relations section with news, reports, webcasts, financial calendar and share price information.
Visit **www.lowandbonar.com** and click on Investor Centre.

Highlights

- Revenue increased by 0.9% on a constant currency basis; overall sales volumes were 3% up
- Year-on-year profit growth assisted by lower raw material costs
- Profit increases in Interiors & Transport, Building & Industrial and Coated Technical Textiles
- Sports & Leisure performing well and gaining market share
- Civil Engineering markets remain challenging but stable
- Slow progress at Bonar Natpet

Revenue

£186.0m **(2014: £196.3m)**

-5.2% (+0.9% on a constant currency basis)

PBTA*

£9.7m **(2014: £8.6m)**

+12.8% (+19.8% on a constant currency basis)

Earnings per share**

2.04p **(2014: 1.86p)**

+9.7% (+16.6% on a constant currency basis)

Operating margin**

6.8% **(2014: 5.9%)**

+90 basis points

* Profit before tax, amortisation and non-recurring items
** Before amortisation and non-recurring items

Results overview

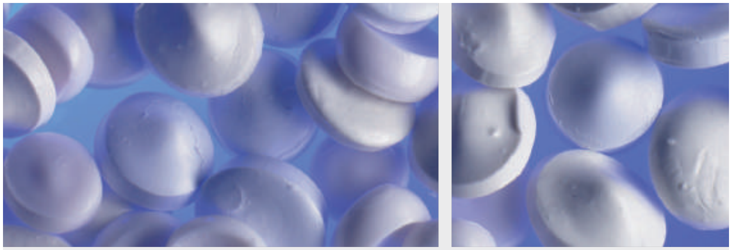
	6 months to 31 May				
	2015	2014	Actual	Constant currency[1]	12 months to 30 Nov 2014
Revenue	**£186.0m**	£196.3m	(5.2)%	0.9%	£410.6m
Operating margin[2]	**6.8%**	5.9%			7.7%
PBTA[2]	**£9.7m**	£8.6m	12.8%	19.8%	£25.2m
Profit before taxation (statutory)	**£7.4m**	£5.2m	42.3%		£16.7m
Basic EPS[2]	**2.04p**	1.86p	9.7%	16.6%	5.46p
Dividend per share	**0.98p**	0.95p	3.2%		2.70p
ROCE[3]	**11.8%**	11.4%			11.4%

[1] Constant currency is calculated by retranslating comparative period results at current period rates
[2] Before amortisation and non-recurring items
[3] Last 12 months' operating profit as a percentage of net assets plus net debt

Our Business Model

Gaining competitive advantage through technologies and innovation

Our manufacturing processes begin with the sourcing of widely available polymers, including polypropylene, polyethylene, polyester and nylon together with speciality additives and colours. Our proprietary technologies then produce a range of yarns, fabrics and coated products, tailored for our customers' requirements.



New product development

Our core capabilities

Leading positions in niche industrial markets

We hold leading positions in attractive niche markets, sustained with innovative design and manufacture of components to meet the evolving demands of our customers and markets.

Strong customer focus

Our businesses have been re-aligned to the global market areas we serve and put customers at the centre of everything we do.

Excellence in innovation

We populate our development pipelines with ideas and insight from our customers and markets. Our research and development teams focus on meeting customer needs with engineered products for specific applications. Our innovation is focused on delivering improved sustainability, increased functionality and greater efficiencies.

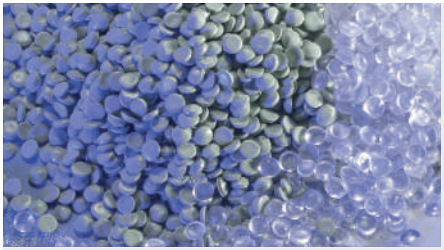
Operational capability and efficiency

We continue to invest in capability, efficiency and health and safety improvements across the Group.

Optimised organisational structure

The re-alignment of the Group's organisational structure will better defend and nurture existing business while pursuing sustainable, profitable growth, through enhanced customer and market intimacy and faster and improved execution of commercial opportunities.


Applied technology




Customer insight

- Civil Engineering
- Interiors & Transport
- Building & Industrial
- Coated Technical Textiles
- Sports & Leisure

Our proprietary polymer formulations are subsequently processed using our broad range of proprietary technologies, and are tailored to enable the final product to deliver the desired performance characteristics.

Our end products are speciality yarns, fabrics or coated or composite materials. They are typically components which are important determinants of the performance and/or efficiency of our customers' final product or process.

Our Strategy

Accelerating growth
We seek to accelerate our expansion into markets which have the opportunity to grow faster than the global average.

Excelling in innovation
Our leading position in niche industrial markets is sustained by innovative design and manufacture of components to meet specific customer needs.

Driving efficiencies and building capability
We strive to ensure our product offering is underpinned by functional and operational excellence.

Complementary M&A
We will complement our organic growth strategies with "bolt-on" M&A which either improve our global reach or provide entry into attractive adjacent markets.

Review of Operations

Results overview

We are pleased to report that the Group has made a steady start to the year. Profit before tax, amortisation and non-recurring items increased by 13% to £9.7m (2014: £8.6m). The impact of foreign exchange rates was broadly neutral, a drag on profits from translation of c.£(0.6)m being offset by gains from US Dollar sales from Europe. Results were buoyed by favourable raw material polymer pricing through most of the first half of the year; pricing now is at similar levels to last year and some headwinds are expected in the second half. Sales volumes were up 3% on the first half of last year.

During the period, the Group's organisational structure has been changed and segmental analyses have been amended accordingly. The change into five global business units has, in management's view, improved the alignment to key markets, customers and opportunities, and should facilitate further efficiency gains and enable better commercial execution.

Coated Technical Textiles

Coated Technical Textiles delivered another solid result with operating profits up 5% on a constant currency basis to £6.7m (2014: £6.4m). Margins further improved to 11.5% (2014: 11.2%).

Activity levels in the Trailer market remained buoyant. As anticipated, sales to Russia were lower which impacted further progress in our niche container business. Sales in the Tensile Architecture market were flat, albeit this largely reflected timing differences on project starts which may push some sales into next year. Overall, sales for Coated Technical Textiles increased by 2% on a constant currency basis.

Civil Engineering

Profits in Civil Engineering reduced to £0.3m (2014: £1.2m). Sales volumes remained subdued but stable and were 3% down on the first half of last year; sales by Bonar Geosynthetics (formerly Texiplast) were slightly better. Actions continue to be taken to improve channel management and pricing but the benefit from these initiatives will take some time to come through. Market sentiment remains cautious with very little optimism for the short-term, particularly for infrastructure, and growing uncertainty within the Eurozone.

Interiors & Transport

Interiors & Transport delivered good profit growth; profits were up 30% to £5.2m (2014: £4.0m) on a constant currency basis. Sales volumes were up 4% and capacity is near to being sold-out. Profits benefited from favourable raw material pricing during the first half. The new factory build in Changzhou, China is progressing satisfactorily. Sales to China have been somewhat slow to build but continue to increase overall as US customer transplants scale-up. Margins advanced to 12.0% (2014: 9.5%).

Building & Industrial

Building & Industrial increased profits by 13% to £2.6m (2014: £2.3m) on a constant currency basis. Building products sales were strong in the USA, particularly roofing-related products. Screen sales to the agricultural sector were also strong and sales of filtration products continue to increase. As a result, margins improved from 8.3% to 9.1% during the first half. Together with Interiors & Transport, the Building & Industrial business benefited most from lower raw material costs, although this was largely offset by production inefficiencies at our weaving plant at Lokeren, Belgium which remain ongoing.

Sports & Leisure

Sports & Leisure has made a good start to the year. First-half profits were £0.5m (2014: a loss of £0.2m); sales volumes were 4% up and profits were buoyed by foreign exchange gains on US dollar denominated sales. We continue to believe that the business is gaining market share. Momentum going into H2 is strong and capacity constraints are expected to arise.

Bonar Natpet

Sales by Bonar Natpet, our 50/50 joint venture in Saudi Arabia, were below expectations. Despite good product quality, the take-up and activity levels generally in the GCC region have been very slow. We anticipate that full-year losses are likely to be higher than last year due to insufficient sales growth to cover full factory costs.

Amortisation and non-recurring items

The charge for amortisation of acquired intangible assets was £2.1m (2014: £2.8m) in the period: the change relates to technology assets acquired in 2006 being fully amortised last year (£0.4m) and foreign exchange retranslation. During the period, the Group incurred £0.2m of non-recurring costs, primarily in relation to the construction of the new manufacturing factory in Changzhou, China.

Interim dividend

To reflect the solid start to the year and the Board's confidence in the Group's future, we are declaring an interim dividend of 0.98 pence per share, an increase of 3.2% on last year, payable on 24 September 2015 to shareholders registered on 28 August 2015.

Net debt

Net debt, which is seasonally higher at the half year, increased to £102.4m (2014: £103.4m) from £88.0m (2014: £86.8m) at the start of the year.

Return on capital

The Group's return on capital on a 12-month trailing basis was 11.8%, compared to 11.4% in the first half of last year.

Outlook

We have made steady progress in the first half of the year and, despite some challenges anticipated in the second half, remain confident of meeting the Board's expectations for the full year.

Martin Flower
Chairman
2 July 2015

Brett Simpson
Group Chief Executive
2 July 2015

Forward looking statements

This announcement includes statements that are, or may be deemed to be, "forward looking statements". These forward looking statements can be identified by the use of forward looking terminology, including, but not limited to, the terms "believes", "estimates", "anticipates", "expects", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. These forward looking statements include matters that are not historical facts.

By their nature, forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward looking statements are not guarantees of future performance. The Group's actual results of operations, financial condition and liquidity may differ materially from the impression created by the forward looking statements contained in this announcement. In addition, even if the results of operations, financial condition, and liquidity are consistent with the forward looking statements contained in this announcement, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause these differences include, but are not limited to: changes in the competitive framework in which the Group operates and its ability to retain market share; the Group's ability to generate growth or profitable growth; the Group's ability to generate sufficient cash to service its debt; the Group's ability to control its capital expenditure and other costs; significant changes in exchange rates, interest rates and tax rates; significant technological and market changes; future business combinations or dispositions; and general local and global economic, political, business and market conditions. In light of these risks, uncertainties and assumptions, the events described in the forward looking statements in this announcement may not occur.

Other than in accordance with its legal or regulatory obligations, the Group does not undertake any obligation to update or revise publicly any forward looking statement, whether as a result of new information, future events or otherwise.

Condensed Consolidated Income Statement

	Six months ended 31 May 2015 Unaudited			Six months ended 31 May 2014 Unaudited (restated – see note 3)			Year ended 30 November 2014		
	Before amortisation and non-recurring items £m	Amortisation and non-recurring items £m	Total £m	Before amortisation and non-recurring items £m	Amortisation and non-recurring items £m	Total £m	Before amortisation and non-recurring items £m	Amortisation and non-recurring items £m	Total £m
Revenue	**186.0**	**–**	**186.0**	196.3	–	196.3	410.6	–	410.6
Operating profit/(loss)	**12.7**	**(2.3)**	**10.4**	11.6	(3.4)	8.2	31.7	(8.5)	23.2
Financial income	**–**	**–**	**–**	–	–	–	0.1	–	0.1
Financial expense	**(2.2)**	**–**	**(2.2)**	(2.7)	–	(2.7)	(5.5)	–	(5.5)
Net financing costs	**(2.2)**	**–**	**(2.2)**	(2.7)	–	(2.7)	(5.4)	–	(5.4)
Share of results of joint venture	**(0.8)**	**–**	**(0.8)**	(0.3)	–	(0.3)	(1.1)	–	(1.1)
Profit/(loss) before taxation	**9.7**	**(2.3)**	**7.4**	8.6	(3.4)	5.2	25.2	(8.5)	16.7
Taxation	**(2.7)**	**0.5**	**(2.2)**	(2.4)	0.8	(1.6)	(7.0)	2.1	(4.9)
Profit/(loss) after taxation	**7.0**	**(1.8)**	**5.2**	6.2	(2.6)	3.6	18.2	(6.4)	11.8
Profit/(loss) for the period from continuing operations	**7.0**	**(1.8)**	**5.2**	6.2	(2.6)	3.6	18.2	(6.4)	11.8
Profit for the period from discontinued operations	**–**	**–**	**–**	–	–	–	–	0.9	0.9
Profit/(loss) for the period	**7.0**	**(1.8)**	**5.2**	6.2	(2.6)	3.6	18.2	(5.5)	12.7
Attributable to									
Equity holders of the Company	**6.7**	**(1.8)**	**4.9**	6.1	(2.6)	3.5	17.9	(5.5)	12.4
Non-controlling interest	**0.3**	**–**	**0.3**	0.1	–	0.1	0.3	–	0.3
	7.0	**(1.8)**	**5.2**	6.2	(2.6)	3.6	18.2	(5.5)	12.7
Earnings per share									
Continuing operations:									
Basic	**2.04p**		**1.49p**	1.86p		1.07p	5.46p		3.50p
Diluted	**2.02p**		**1.47p**	1.83p		1.05p	5.37p		3.44p
Discontinued operations:									
Basic	**–**		**–**	–		–	–		0.26p
Diluted	**–**		**–**	–		–	–		0.26p
Total:									
Basic	**2.04p**		**1.49p**	1.86p		1.07p	5.46p		3.76p
Diluted	**2.02p**		**1.47p**	1.83p		1.05p	5.37p		3.70p

Condensed Consolidated Balance Sheet

	31 May 2015 Unaudited £m	31 May 2014 Unaudited £m	30 November 2014 £m
Non-current assets			
Goodwill	**71.1**	79.6	78.0
Intangible assets	**22.9**	30.6	27.8
Property, plant and equipment	**118.5**	110.0	119.3
Investment in joint venture	**2.8**	4.3	3.6
Investment in associate	**0.5**	0.5	0.5
Deferred tax assets	**3.6**	3.1	4.4
Post-employment benefits	**1.3**	–	0.2
	220.7	228.1	233.8
Current assets			
Inventories	**88.0**	93.0	90.9
Trade and other receivables	**79.5**	83.2	75.3
Cash and cash equivalents	**25.2**	21.0	25.8
	192.7	197.2	192.0
Current liabilities			
Interest-bearing loans and borrowings	**–**	87.6	–
Current tax liabilities	**4.0**	4.1	4.8
Trade and other payables	**75.7**	75.4	82.4
Provisions	**0.2**	–	0.5
Derivative liabilities	**0.1**	–	–
	80.0	167.1	87.7
Net current assets	**112.7**	30.1	104.3
Total assets less current liabilities	**333.4**	258.2	338.1
Non-current liabilities			
Interest-bearing loans and borrowings	**127.6**	36.8	113.8
Deferred tax liabilities	**19.1**	21.7	20.8
Post-employment benefits	**10.1**	13.4	11.0
Other payables	**1.6**	1.5	2.0
	158.4	73.4	147.6
Net assets	**175.0**	184.8	190.5
Equity attributable to equity holders of the parent			
Share capital	**47.3**	47.3	47.3
Share premium account	**74.0**	73.9	74.0
Translation reserve	**(58.8)**	(41.4)	(43.0)
Retained earnings	**106.6**	99.3	105.8
Total equity attributable to			
Equity holders of the parent	**169.1**	179.1	184.1
Non-controlling interest	**5.9**	5.7	6.4
Total equity	**175.0**	184.8	190.5

Condensed Consolidated Cash Flow Statement

	Six months ended 31 May 2015 Unaudited £m	Six months ended 31 May 2014 Unaudited £m	Year ended 30 November 2014 £m
Profit for the period from continuing operations	**5.2**	3.6	11.8
Profit for the period from discontinued operations	**–**	–	0.9
Profit for the period	**5.2**	3.6	12.7
Adjustments for:			
Depreciation	**6.2**	6.3	12.7
Amortisation	**2.6**	3.2	6.1
Income tax expense	**2.2**	1.6	4.9
Net financing costs	**2.2**	2.7	5.4
Share of results of joint venture	**0.8**	0.3	1.1
Increase in working capital	**(13.0)**	(24.0)	(7.0)
Non-cash pension charges	**0.5**	0.4	1.1
(Decrease)/increase in provisions	**(0.3)**	–	0.5
Repayment of short-term loan to joint venture	**–**	6.0	4.4
Loss on disposal of property, plant and equipment	**0.2**	–	–
Equity-settled share-based payment	**0.3**	0.4	0.6
Cash inflow from operations	**6.9**	0.5	42.5
Net financing costs paid	**(2.0)**	(2.3)	(4.5)
Tax paid	**(3.4)**	(3.9)	(7.7)
Pension cash contributions	**(0.3)**	(0.3)	(4.0)
Net cash inflow/(outflow) from operating activities	**1.2**	(6.0)	26.3
Acquisition of property, plant and equipment	**(13.4)**	(5.2)	(19.0)
Dividends paid to non-controlling interests	**(1.0)**	–	–
Intangible assets purchased	**(0.3)**	(0.4)	(1.2)
Net cash outflow from investing activities	**(14.7)**	(5.6)	(20.2)
Drawdown of borrowings	**19.3**	22.1	106.0
Repayment of borrowings	**–**	–	(93.4)
Proceeds of share issues	**–**	0.1	0.1
Purchase of non-controlling interest	**–**	(1.2)	(1.4)
Equity dividends paid	**(5.8)**	(5.7)	(8.8)
Net cash inflow from financing activities	**13.5**	15.3	2.5
Net cash inflow	**–**	3.7	8.6
Cash and cash equivalents at start of period	**25.8**	17.9	17.9
Foreign exchange differences	**(0.6)**	(0.6)	(0.7)
Cash and cash equivalents at end of period	**25.2**	21.0	25.8

Condensed Consolidated Statement of Comprehensive Income

	Six months ended 31 May 2015 Unaudited £m	Six months ended 31 May 2014 Unaudited £m	Year ended 30 November 2014 £m
Profit for the period	**5.2**	3.6	12.7
Other comprehensive (expense)/income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations, net of hedging	**(15.8)**	(4.8)	(5.8)
Items that will not be reclassified to profit or loss:			
Actuarial gain/(loss) on defined benefit pension scheme	**1.5**	(0.6)	(0.8)
Deferred tax on defined benefit pension schemes	**–**	–	0.8
Total other comprehensive expense for the period, net of tax	**(14.3)**	(5.4)	(5.8)
Total comprehensive (expense)/income for the period	**(9.1)**	(1.8)	6.9
Attributable to			
Equity holders of the parent	**(9.5)**	(1.6)	6.3
Non-controlling interest	**0.4**	(0.2)	0.6
	(9.1)	(1.8)	6.9

Condensed Consolidated Statement of Changes in Equity

	Six months ended 31 May 2015 Unaudited £m	Six months ended 31 May 2014 Unaudited £m	Year ended 30 November 2014 £m
Shareholders' equity at start of period	**184.1**	186.7	186.7
Total comprehensive (expense)/income for the period	**(9.5)**	(1.6)	6.3
Dividends paid to Ordinary Shareholders	**(5.8)**	(5.7)	(8.8)
Shares issued	**–**	–	0.1
Share-based payment	**0.3**	0.4	0.6
Purchase of non-controlling interest	**–**	(0.7)	(0.8)
Net decrease in shareholders' funds	**(15.0)**	(7.6)	(2.6)
Shareholders' equity at end of period	**169.1**	179.1	184.1

Responsibility Statement

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU; and
- the interim report includes a fair review of the information required by:
  a. DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  b. DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board

Brett Simpson
Group Chief Executive
2 July 2015

By order of the Board

Mike Holt
Group Finance Director
2 July 2015

Notes to the Interim Report 2015

1. Segmental information for the six months ended 31 May 2015

The Group's principal activities are in the international manufacturing and supply of those performance materials commonly referred to as technical textiles. For the purposes of management reporting to the chief operating decision maker, the Group has been reorganised during the period into five reportable business units: Civil Engineering, Interiors & Transport, Building & Industrial, Coated Technical Textiles and Sports & Leisure. Financial information for each business unit is also available in a disaggregated form in line with the identified cash generating units. Segment assets and liabilities include items directly attributable to segments as well as those that can be allocated on a reasonable basis. The Group's reportable segments have changed to reflect the new management structure and comparative information has been restated on the same basis. Unallocated items comprise mainly cash and cash equivalents, interest-bearing loans, borrowings, investments in joint ventures and associates, post-employment benefits and corporate assets and expenses. Inter-segment sales are not material.

Segment analysis

Revenue from external customers	**Six months ended 31 May 2015 £m**	Six months ended 31 May 2014 £m	Year ended 30 November 2014 £m
Civil Engineering	**37.5**	44.4	94.6
Interiors & Transport	**43.3**	41.8	88.9
Building & Industrial	**28.6**	28.9	62.7
Coated Technical Textiles	**58.2**	63.3	128.2
Sports & Leisure	**18.4**	17.9	36.2
Revenue for the period	**186.0**	196.3	410.6

	Before amortisation and non-recurring items			After amortisation and non-recurring items		
Profit for the period	**Six months ended 31 May 2015 £m**	Six months ended 31 May 2014 £m	Year ended 30 November 2014 £m	**Six months ended 31 May 2015 £m**	Six months ended 31 May 2014 £m	Year ended 30 November 2014 £m
Civil Engineering	**0.3**	1.3	4.1	**(0.2)**	0.2	2.1
Interiors & Transport	**5.2**	3.8	10.1	**5.0**	3.5	9.2
Building & Industrial	**2.6**	2.3	8.0	**2.4**	1.9	7.1
Coated Technical Textiles	**6.7**	7.2	13.7	**5.4**	5.8	10.0
Sports & Leisure	**0.5**	(0.2)	0.9	**0.5**	(0.2)	0.3
Unallocated central	**(2.6)**	(2.8)	(5.1)	**(2.7)**	(3.0)	(5.5)
Operating profit	**12.7**	11.6	31.7	**10.4**	8.2	23.2
Financial income				**–**	–	0.1
Financial expense				**(2.2)**	(2.7)	(5.5)
Net financing costs				**(2.2)**	(2.7)	(5.4)
Share of result of joint venture				**(0.8)**	(0.3)	(1.1)
Profit before taxation				**7.4**	5.2	16.7
Taxation				**(2.2)**	(1.6)	(4.9)
Profit for the period – continuing operations				**5.2**	3.6	11.8
Profit for the period – discontinued operations				**–**	–	0.9
Profit for the period				**5.2**	3.6	12.7

Notes to the Interim Report 2015 continued

1. Segmental information for the six months ended 31 May 2015 continued

Segment assets, liabilities, other information

31 May 2015	Civil Engineering £m	Interiors & Transport £m	Building & Industrial £m	Coated Technical Textiles £m	Sports & Leisure £m	Unallocated Central £m	Total £m
Reportable segment assets	70.9	89.4	58.3	130.2	30.6	–	379.4
Investment in joint venture							2.8
Investment in associate							0.5
Cash and cash equivalents							25.2
Post-employment benefits							1.3
Other unallocated assets							4.2
Total Group assets							413.4
Reportable segment liabilities	(13.2)	(18.8)	(12.7)	(18.1)	(8.1)	–	(70.9)
Loans and borrowings							(127.6)
Derivative liabilities							(0.1)
Post-employment benefits							(10.1)
Other unallocated liabilities							(29.7)
Total Group liabilities							(238.4)
Other information							
Additions to property, plant and equipment	2.0	6.5	0.9	2.0	0.4	–	11.8
Additions to intangible assets and goodwill	0.1	0.1	0.1	–	–	–	0.3
Depreciation	1.0	2.1	1.1	1.6	0.4	–	6.2
Amortisation of acquired intangible assets	0.5	0.1	0.2	1.3	–	–	2.1
Non-recurring items	–	0.1	–	–	–	0.1	0.2

1. Segmental information for the six months ended 31 May 2015 continued

Segment assets, liabilities, other information continued

31 May 2014	Civil Engineering £m	Interiors & Transport £m	Building & Industrial £m	Coated Technical Textiles £m	Sports & Leisure £m	Unallocated Central £m	Total £m
Reportable segment assets	77.4	78.8	62.0	147.6	30.1	–	395.9
Investment in joint venture							4.3
Investment in associate							0.5
Cash and cash equivalents							21.0
Other unallocated assets							3.6
Total Group assets							425.3
Reportable segment liabilities	(17.2)	(14.6)	(13.8)	(22.1)	(8.8)	–	(76.5)
Loans and borrowings							(124.4)
Post-employment benefits							(13.4)
Other unallocated liabilities							(26.2)
Total Group liabilities							(240.5)
Other information							
Additions to property, plant and equipment	1.1	1.7	1.1	0.6	0.2	–	4.7
Additions to intangible assets and goodwill	0.1	0.1	–	0.2	–	–	0.4
Depreciation	1.0	2.1	1.0	1.8	0.4	–	6.3
Amortisation of acquired intangible assets	0.7	0.3	0.4	1.4	–	–	2.8
Non-recurring items	0.4	–	–	–	–	0.2	0.6

30 November 2014	£m	£m	£m	£m	£m	£m	£m
Reportable segment assets	74.0	83.5	59.8	143.7	29.8	–	390.8
Investment in joint venture							3.6
Investment in associate							0.5
Cash and cash equivalents							25.8
Post-employment benefits							0.2
Other unallocated assets							4.9
Total Group assets							425.8
Reportable segment liabilities	(19.1)	(17.0)	(15.2)	(19.8)	(9.0)	–	(80.1)
Loans and borrowings							(113.8)
Post-employment benefits							(11.0)
Other unallocated liabilities							(30.4)
Total Group liabilities							(235.3)
Other information							
Additions to property, plant and equipment	3.8	8.5	2.6	3.1	1.1	–	19.1
Additions to intangible assets and goodwill	0.3	0.2	0.3	0.4	–	–	1.2
Depreciation	2.0	4.3	2.1	3.6	0.7	–	12.7
Amortisation of acquired intangible assets	1.2	0.5	0.7	2.8	–	–	5.2
Non-recurring items	0.8	0.4	0.2	0.9	0.6	0.4	3.3

Notes to the Interim Report 2015 continued

1. Segmental information for the six months ended 31 May 2015 continued

Geographical analysis

	External revenue by location of customers			Non-current assets by location of assets		
	Six months ended 31 May 2015 £m	Six months ended 31 May 2014 £m	Year ended 30 November 2014 £m	**31 May 2015 £m**	31 May 2014 £m	30 November 2014 £m
Western Europe	**99.3**	114.2	231.1	**157.8**	181.8	177.1
Eastern Europe	**15.7**	17.9	43.1	**10.0**	9.4	10.0
North America	**43.8**	33.9	75.0	**23.2**	21.9	22.9
Middle East	**8.7**	11.9	20.7	**8.1**	6.9	7.9
Asia	**10.1**	11.5	26.0	**16.7**	5.0	11.3
Rest of the World	**8.4**	6.9	14.7	**–**	–	–
	186.0	196.3	410.6	**215.8**	225.0	229.2

Revenues arising in the UK, which is the parent company's country of domicile, were £11.1m (six months ended 31 May 2014: £12.6m; year ended 30 November 2014: £25.6m). The net book value of non-current assets located in the UK at 31 May 2015 was £1.5m (31 May 2014: £1.1m; 30 November 2014: £1.3m). More than 10% of the Group's revenues arose in Germany. The net book value of non-current assets located in Germany at 31 May 2015 was £69.7m (31 May 2014: £81.0m; 30 November 2014: £78.4m) and revenues arising in Germany in the period ended 31 May 2015 were £25.9m (six months ended 31 May 2014: £34.5m; year ended 30 November 2014: £69.8m).

Constant currency analyses

Constant currency analyses retranslate prior period results at the current period's rates of exchange. Management believe this allows a better understanding of underlying business performance.

	Six months ended 31 May 2015 (reported) £m	Six months ended 31 May 2014 (reported) £m	Year on year change %	Six months ended 31 May 2014 (constant currency) £m	Year on year change %
Revenue					
Civil Engineering	**37.5**	44.4	(15.5)%	40.2	(6.7)%
Interiors & Transport	**43.3**	41.8	3.6%	42.1	2.9%
Building & Industrial	**28.6**	28.9	(1.0)%	27.7	3.2%
Coated Technical Textiles	**58.2**	63.3	(8.1)%	57.1	1.9%
Sports & Leisure	**18.4**	17.9	2.8%	17.3	6.4%
Revenue for the period	**186.0**	196.3	(5.2)%	184.4	0.9%
PBTA					
Civil Engineering	**0.3**	1.3	(76.9)%	1.2	(75.0)%
Interiors & Transport	**5.2**	3.8	36.8%	4.0	30.0%
Building & Industrial	**2.6**	2.3	13.0%	2.3	13.0%
Coated Technical Textiles	**6.7**	7.2	(6.9)%	6.4	4.7%
Sports & Leisure	**0.5**	(0.2)	–	(0.2)	–
Unallocated Central	**(2.6)**	(2.8)	7.1%	(2.8)	7.1%
Operating profit before non-recurring items	**12.7**	11.6	9.5%	10.9	16.5%
Net financing costs	**(2.2)**	(2.7)	18.0%	(2.5)	(12.0)%
Share of results of joint venture	**(0.8)**	(0.3)	(166.7)%	(0.3)	(166.7)%
PBTA before non-recurring items	**9.7**	8.6	12.8%	8.1	19.8%

2. General information

Low & Bonar PLC is a company domiciled and incorporated in Scotland. The interim condensed consolidated financial statements (the "interim financial statements") of the Company as at and for the six months ended 31 May 2015 comprise the Company and its subsidiaries (together the "Group") and the Group's interests in its associates and joint ventures. The consolidated financial statements of the Group as at and for the year ended 30 November 2014 are available on request from the Company's head office or from the Group's website at www.lowandbonar.com.

3. Basis of preparation

The interim financial statements are prepared in accordance with IAS 34, "Interim Financial Reporting", as endorsed and adopted for use in the European Union. This interim condensed consolidated financial information has not been audited or reviewed by the Group's auditors in accordance with International Standard on Review Engagements 2410 issued by the Auditing Practices Board. The information has been prepared on the basis of accounting policies consistent with those applied in the consolidated financial statements for the year ended 30 November 2014.

The interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements for the Group as at and for the year ended 30 November 2014.

Other information

The comparative figures for the financial year ended 30 November 2014 are not the Company's statutory accounts for that financial year as defined in section 434 of the Companies Act 2006. Those accounts have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

As a consequence of the Group's adoption of IAS19 Employee Benefits (revised) in the prior period, the Group now presents pension scheme interest as a single net interest charge. The financing cost for the six months ended 31 May 2014 has been restated accordingly.

The financial statements are presented in Pounds Sterling, rounded to the nearest hundred thousand Pounds. They are prepared on the historical cost basis except for the valuation to fair value of certain financial instruments.

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Except as described above, in preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation were the same as those applied to the consolidated financial statements as at and for the year ended 30 November 2014.

Included within the Other Receivables balance is £5.5m (31 May 2014: £3.5m; 30 November 2014: £4.7m) owed by Bonar Natpet LLC, a joint venture; and included within the Other Payables balance is £6.0m (31 May 2014: £nil; 30 November 2014: £3.1m) due to National Petrochemical Industrial Company (Natpet), the Group's joint venture partner in Bonar Natpet LLC. Note 11 also sets out the detail of the transaction undertaken in the prior year to purchase the non-controlling interest in Bonar Emirates Technical Yarns Industries LLC. Other than these transactions, there have been no related party transactions or changes in related party transactions described in the latest annual report that could have a material effect on the financial position or performance of the Group in the first six months of the financial year.

The Group's business has a seasonal bias towards the second half of the financial year due to higher levels of infrastructure and civil engineering spend in the Northern hemisphere summer period.

This interim report was approved by the Board of Directors on 2 July 2015.

Notes to the Interim Report 2015 continued

4. Taxation

Taxation on profit/(loss) before taxation, amortisation, non-recurring items and share of results of joint ventures has been provided at a rate of 26.5% for the six months ended 31 May 2015 which is the estimated rate of tax for the full year (six months ended 31 May 2014: 26.5%; year ended 30 November 2014: 26.5%).

5. Dividend

The Board has declared an interim ordinary dividend of 0.98p per share payable on 24 September 2015 to Ordinary Shareholders on the register of members at close of business on 28 August 2015. In accordance with IAS 10 "Events after the Balance Sheet Date", this dividend has not been reflected in the interim accounts. During the period a final dividend of 1.75p was paid to Ordinary Shareholders in respect of the financial year ended 30 November 2014.

6. Earnings per share

Basic earnings per share and earnings per share before amortisation and non-recurring items are based on the weighted average number of Ordinary Shares in issue during the half year. The calculation of fully-diluted earnings per share is based on the weighted average number of Ordinary Shares in issue plus the dilutive effect of outstanding share options and the Low & Bonar 2003 Long-Term Incentive Plan (the '2003 LTIP') awards (to the extent to which performance criteria had been achieved at 31 May 2015).

During the period 471,471 Ordinary Shares were issued (six months ended 31 May 2014: 1,169,271 Ordinary Shares were issued; year ended 30 November 2014: 1,520,135 Ordinary Shares issued).

The weighted average number of Ordinary Shares and diluted weighted average number of Ordinary Shares are set out below.

	31 May 2015 (millions)	31 May 2014 (millions)	30 November 2014 (millions)
Weighted average number of shares	**327.971**	326.486	327.035
Effect of dilutive items	**3.396**	5.824	5.572
Diluted weighted average number of shares	**331.367**	332.310	332.607

The directors consider that the calculation of earnings per share before amortisation and non-recurring items gives a more meaningful indication of the Group's underlying performance. For the six months ended 31 May 2015, the basic EPS measure was 2.04p per share (six months ended 31 May 2014: 1.86p; year ended 30 November 2014: 5.46p).

7. Amortisation and non-recurring items

	Six months ended 31 May 2015 £m	Six months ended 31 May 2014 £m	Year ended 30 November 2014 £m
Amounts charged to operating profit			
China office set-up costs	**0.1**	–	0.2
Acquisition related costs	**–**	0.1	0.1
Reorganisation costs	**–**	–	1.6
Site clean-up costs	**–**	0.4	0.5
Redundancy costs	**–**	–	0.6
Non-recurring pension admin costs	**0.1**	0.1	0.3
Total non-recurring items	**0.2**	0.6	3.3
Amortisation of acquired intangible assets	**2.1**	2.8	5.2
Total charge to operating profit	**2.3**	3.4	8.5
Share of results of joint venture	**–**	–	–
Total charge to profit before tax	**2.3**	3.4	8.5

Current period

During the period initial costs relating to the Group's construction of a new manufacturing location in Changzhou, China, represented £0.1m (six months ended 31 May 2014: £nil; year ended 30 November 2014: £0.2m).

The Group also incurred £0.1m (six months ended 31 May 2014: £0.1m; year ended 30 November 2014: £0.3m) of non-recurring pension administration costs relating to its UK defined benefit scheme.

Prior period

During the year ended 30 November 2014, restructuring and redundancy costs of £2.2m (six months ended 31 May 2014: £nil) were incurred in relocating part of the Yarns business from Dundee to Abu Dhabi, and in the integration the Group's operations into a single global business.

Acquisition-related costs of £0.1m (six months ended 31 May 2014: £0.1m) were expensed in the year ended 30 November 2014. A further £0.5m (six months ended 31 May 2014: £0.4m) of non-recurring costs, and £0.4m (six months ended 31 May 2014: £0.1m) of capital expenditure, were incurred in the year ended 30 November 2014 on site clean-up and environmental rectification work to bring Texiplast in line with Group environmental, health and safety standards.

Notes to the Interim Report 2015 continued

8. Pensions and other post-employment assets and liabilities

The Group operates a number of pension schemes in the UK and overseas. These are either defined benefit or defined contribution in nature. The assets of the schemes are held separately from those of the Group.

The movement in the Group's UK and overseas defined benefit schemes' deficits in the six months ended 31 May 2015 is summarised below.

	UK schemes £m	**Overseas schemes £m**	**Six months ended 31 May 2015 Total £m**	Six months ended 31 May 2014 Total £m	Year ended 30 November 2014 Total £m
Net asset/(liability) at start of period	**0.2**	**(11.0)**	**(10.8)**	(12.7)	(12.7)
Current service cost	**–**	**(0.1)**	**(0.1)**	(0.1)	(0.3)
Past service cost	**–**	**–**	**–**	–	0.1
Interest cost	**–**	**(0.1)**	**(0.1)**	(0.2)	(0.4)
Contributions from employers	**–**	**0.3**	**0.3**	0.3	4.0
Administration costs	**(0.4)**	**–**	**(0.4)**	(0.3)	(0.8)
Actuarial gain/(loss)	**1.5**	**–**	**1.5**	(0.6)	(0.8)
Exchange adjustments	**–**	**0.8**	**0.8**	0.2	0.1
Net asset/(liability) at end of period	**1.3**	**(10.1)**	**(8.8)**	(13.4)	(10.8)

9. Reconciliation of net cash flow to movement in net debt

	Six months ended 31 May 2015 £m	Six months ended 31 May 2014 £m	Year ended 30 November 2014 £m
Net increase in cash and cash equivalents	**–**	3.7	8.6
Net cash flow from movements in debt financing	**(19.3)**	(22.1)	(12.6)
Amortisation of bank arrangement fees	**(0.2)**	(0.2)	(0.6)
Foreign exchange differences	**5.1**	2.0	3.4
Movement in net debt in period	**(14.4)**	(16.6)	(1.2)
Net debt at start of period	**(88.0)**	(86.8)	(86.8)
Net debt at end of period	**(102.4)**	(103.4)	(88.0)
Derivative liabilities	**(0.1)**	–	–
Total net debt and derivative liabilities	**(102.5)**	(103.4)	(88.0)

	31 May 2015 £m	31 May 2014 £m	30 November 2014 £m
Analysis of net debt			
Cash at bank and in hand	**25.2**	21.0	25.8
Bank loans and overdrafts falling due within one year	**–**	(87.8)	–
5.9% €45m Senior Note due September 2016	**(32.3)**	(36.6)	(36.0)
Bank loans and overdrafts falling due after more than one year	**(96.2)**	–	(78.9)
Prepaid arrangement fees	**1.3**	0.4	1.5
Preference shares	**(0.4)**	(0.4)	(0.4)
Net debt	**(102.4)**	(103.4)	(88.0)

10. Fair value of financial instruments

Estimation of fair value

The major methods and assumptions used in estimating the fair values of financial instruments are summarised as follows.

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

Trade and other receivables/payables

The fair value of trade and other receivables and trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Notes to the Interim Report 2015 continued

10. Fair value of financial instruments continued

Interest-bearing financial assets and liabilities

The fair value of interest-bearing assets and liabilities that bear interest at floating rates approximates to their carrying value. The fair value of the fixed interest financial liabilities is determined by discounting future contracted cash flows, using appropriate yield curves, to their net present value.

Forward exchange contracts

The fair value of forward foreign exchange contracts is based on their publicly available market price. If this is not available, forward contracts are marked to market based on the current spot rate.

All financial instruments have been measured using a Level 2 valuation method.

11. Prior year purchase of non-controlling interest

On 11 May 2014, the Group purchased the non-controlling interest in Bonar Emirates Technical Yarns Industries LLC for a cash consideration of $2m (£1.2m). As this was a transaction with minority equity owners of the business without a change of control, it was recognised as an equity transaction in the Group's reserves and not as a business combination or investment. Directly attributable costs of £0.1m were recorded in equity.

As a result of the purchase of this non-controlling interest, the financial statements show no non-controlling interest in the Condensed Consolidated Balance Sheet in relation to Bonar Emirates Technical Yarns Industries LLC and recorded a non-controlling share of profits only up to 11 May 2014, being £0.0m.

12. Risks and uncertainties

The Board has considered the principal risks and uncertainties affecting the Group in the second half of the year. The Group has in place processes for identifying, evaluating and managing key risks. The principal risks and uncertainties, together with the approach to their mitigation, are discussed in the Business Review on pages 23 to 25 of the 2014 Annual Report, which is available on the Group's website at www.lowandbonar.com, remain relevant and there are no significant changes. In summary, the Group's principal risks and uncertainties are:

- Global economic activity
- Growth strategy
- Organic growth/competition
- Cyber security
- Business continuity
- Raw material pricing
- Health and safety
- Employee
- Funding
- Treasury
- Pension funding
- Laws and regulations

The Directors have reviewed the Group's medium-term forecasts along with possible changes in trading performance arising from these uncertainties to determine whether the Group's committed banking facilities are sufficient to support its projected liquidity requirements and whether the forecast earnings are sufficient to meet the covenants associated with its facilities. The Directors believe that the Group's current committed borrowing facilities, which comprise a €165m revolving loan facility maturing in July 2019 and a €45m private placement note maturing in September 2016 are sufficient to support the current requirements of the Group, and that the Group will continue to operate within the associated covenants.

After making enquiries, the Directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future, and have continued to adopt the going concern basis in preparing the interim financial statements.

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Low & Bonar

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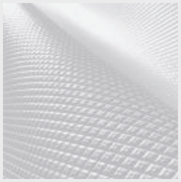

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