Fiberweb

Thursday, 6 August 2009

FIBERWEB plc
(“Fiberweb”, “the Group” or “the Company”)

Interim Management Report

Fiberweb plc, the leading international nonwoven fabrics producer, annouces its interim results for the six months ended 30 June 2009.

Highlights

- Fourth consecutive period of underlying(1) operating margin growth; continued steady performance improvement despite recessionary markets

- 17% volume decline, with pressure on industrial and airlaid segments mitigated by defensive consumer fabrics performance; some signs of market volumes stabilising

- Revenue decline of 6.8% to £242.5 million (H1 2008: £260.0 million) from impact of both the pass-through effect of lower raw material prices and lower volumes

- Underlying(1) operating profit increase of 21.5% to £10.7 million (H1 2008: £8.8 million)

- Underlying(1) operating profit margin increase to 4.4%, 40bps above H2 2008 and 100bps above H1 2008

- Net operating cash inflow increase of 30% to £34.0 million (H1 2008: £26.2 million), assisted by strong working capital performance

- Net debt reduced by £26.8 million from year end (31 December 2008: £149.9 million) to £123.1 million, with net debt/EBITDA now at 2.3x

- 62.5% increase in adjusted(1) earnings per share to 3.9p, giving dividend cover of 2.3x for the maintained 1.7p interim dividend

Key Financials

£ million (except where otherwise indicated)

	Six months ended	
	30 June 2009 (unaudited)	30 June 2008 (unaudited)
Results from continuing underlying(1) operations:		
Revenue	**242.5**	260.0
Underlying(1) Operating Profit	**10.7**	8.8
Underlying(1) Profit before Tax	**4.5**	4.4
Adjusted(1) Earnings per Share (pence)	**3.9**	2.4
Results after restructuring and other non-recurring items:		
Operating (Loss)/Profit from Continuing Operations	**(6.8)**	6.2
(Loss)/Profit before Tax from Continuing Operations	**(13.0)**	1.8
Basic (Loss)/Earnings per Share from Continuing Operations (pence)	**(6.2)**	1.9
Net Cash Flows from Operating Activities	**34.0**	26.2
Net Debt	**123.1**	118.9
Proposed Interim Dividend per Share (pence)	**1.7**	1.7

[1]Underlying operating profit, underlying profit before tax and adjusted earnings per share from continuing operations are stated before restructuring costs and other non-recurring items as set out in note 6 to the condensed consolidated financial statements.

Commenting on the results, Malcolm Coster, Chairman of Fiberweb plc, said:

"The Group has delivered a fourth consecutive period of steady margin, underlying profit and cash flow improvement against a difficult economic backdrop. The Board is very pleased with the performance of the Fiberweb team in their continuing initiatives to raise productivity and efficiency, to improve working capital performance further and to bring meaningful innovation to market.

The FitesaFiberweb joint venture has the potential to serve regional and global customers more effectively from its leading asset and technology base in the Americas and represents a very exciting development in the Group's evolution."

Daniel Dayan, Chief Executive of Fiberweb plc, added:

"Sharp reductions in raw material costs at the start of the year, strong pricing actions and efforts to increase manufacturing flexibility have mitigated the impact of significant market declines. The sharp volume reductions we have seen include the impact of significant product rationalisation as part of our margin improvement programme, and it is encouraging that there are now some signs of market volumes stabilising. Despite rising raw material costs during the first half, further reductions in working capital and growth in operating cash flow are reassuring, and have led to further reduction in net debt.

As no sustained volume recovery is yet apparent, we intend to continue improving our competitive position, striving for margin improvement through innovation and selective investment. We are now well-positioned to explore opportunities to develop our businesses further."

-ENDS-

Contacts

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Notes to Editors

Fiberweb plc (Fiberweb) is a leading international manufacturer of speciality nonwoven materials, with a total of 16 plants operating in eight countries across Europe, North America and Asia. The Group comprises businesses supplying tailored solutions to Industrial and Hygiene nonwovens markets. The Industrial businesses focus on growing niche markets in filtration, speciality construction and agriculture, with technologically differentiated products and strong brands. The Hygiene businesses focus on supplying leading producers of diapers, feminine hygiene and adult incontinence products with value-added and reliable nonwoven components. The Hygiene division is made up of Consumer Fabrics which supplies a full range of hygiene products from its spunbond and carded production technologies and Airlaid, which provides products principally for feminine care applications.

The presentation of this Interim Management Report will be broadcast and made available later today on the Group's website: www.fiberweb.com

Cautionary statement
This Interim Management Report (IMR) has been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed. The IMR should not be relied on by any party or for any other purpose.

The IMR contains forward-looking statements. These statements are made by the directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

This IMR has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Fiberweb plc and its subsidiary undertakings when viewed as a whole.

Chief Executive's Review

Strategy and business objectives
Fiberweb's vision is to become the leading global source of speciality nonwoven fabric solutions and, in partnership with our customers, suppliers and other associates, to create and implement products and solutions that offer outstanding value.

Our strategy is to develop and exploit strengths in nonwoven fabrics with products and services where we can create sustainable differentiation and deliver value to our customers, thereby creating and sustaining value for shareholders. A critical part of implementing our strategy includes exploring potential investments and acquisitions, which might accelerate the improvement of our competitive position in this fragmented and rapidly-developing industry.

Overview of the period
The business environment during this period has, in general, remained challenging. Volumes in the first half have continued to show weakness overall, with a decline compared to the same period last year of around 17%. Industrial markets have continued under pressure due to generally poor economic activity, whilst more defensive Hygiene markets have fared better. Airlaid markets in Asia have been hit by poor volumes at a major customer, although some recovery here is expected in the second half. By contrast, a stronger performance is evident in civil engineering markets, where Terram is benefiting from innovation and increased sales resource, and in specialist meltblown medical fabrics, where Fiberweb is expanding its position.

Underlying gross and operating margins have continued to strengthen due to the ongoing benefit of cost reduction programmes, improvements in operating efficiencies, favourable product mix and lower raw material prices. However, recent increases in oil prices are beginning to drive up raw material costs, which may impact the second half, notwithstanding contractual pass-through arrangments. The cost reduction and capacity rationalisation initiatives within European Consumer Fabrics are well underway and on track and the new Italian spunbond line is now fully operational.

Notwithstanding this challenging economic backdrop, Fiberweb has delivered a solid half-year of continuing margin recovery and debt reduction.

Joint ventures
We are delighted at the **completion on 31 July of the FitesaFiberweb Joint Venture with Petropar S.A.** The Joint Venture, comprising Fiberweb's plants in Washougal, US and Queretaro, Mexico, land and buildings at its Simpsonville, US site and Petropar's existing Fitesa nonwovens business in Brazil, will create a leading producer of spunbond nonwovens in the Americas. FitesaFiberweb will focus on the large and growing markets for lightweight nonwoven fabrics, with the potential to serve producers of disposable hygiene products such as baby and adult diapers and feminine care products from its leading asset base. There are advanced plans for FitesaFiberweb to invest in a new production line in the US, though it is not expected that this would require funding from Fiberweb. As expected, Fiberweb net debt will initially increase by an estimated £10.0 million as a result of the transfer of the Washougal and Mexico plants into the Joint Venture.

In addition to the Joint Venture with Petropar, the Group has recently announced **investment** to increase production of meltblown nonwoven media. The investment will significantly increase capacity for production of air filtration media used in facemasks, respirators and HVAC applications. The new capacity is expected to be operational in January 2010 and we have already received commitments from several key customers.

Effective 1 January 2009 and completed 1 April 2009, the Group **acquired the remaining 50% interest in Coronor Composites GmbH** from its Joint Venture partner Nordenia International A.C. for consideration of €3.1 million/ £2.8 million; net of cash acquired of £1.8 million, the cash cost to the Group was £1.0 million. Coronor manufactures unique composite materials made of nonwoven fabrics and films primarily for use in the manufacture of medical drapes and its sole manufacturing line is located within Fiberweb's site at Peine, Germany. The acquisition is consistent with Fiberweb's strategy of simplifying the Group and investing in businesses with potential for sustainable differentiation and good growth prospects.

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Also in the first half of 2009, Fiberweb agreed to **consolidate its ownership in Hengguan** through the acquisition of the 35% share of its Joint Venture partner in Fiberweb Hengguan (Tianjin) Speciality Nonwovens Company Limited for cash consideration of RMB 9.2 million (c.US$1.3 million). Hengguan is a polyester spunbond fabric manufacturer that will serve primarily industrial markets. We expect this to complete in the latter half of 2009.

On 29 June 2009, the Group further simplified its investments in associated undertakings through the disposal of its 25.1% interest in German associate Coratech GmbH for net proceeds of €0.8 million/ £0.7 million, recognising a small gain of £0.1 million.

Performance
We continue to **derive a degree of stability from the Group's portfolio** of hygiene and industrial products. As industrial segments continue to face challenging market declines, hygiene areas have, as expected, seen more stable overall demand in developed markets. Total Consumer Fabric volumes are down 10% year on year, whilst Airlaid volume in Asia reduced by 24%. We anticipate pick up in the Asian volume in the second half. Overall, Industrial volumes are down 27% year on year, with industrial volumes in Europe basically flat following successful innovation, growth in medical and relatively strong civil engineering performance. American Industrial volumes are down around 40% in very weak markets. Fiberweb has secured its first significant order for Defencell™ for supply in the third quarter, which will impact positively in the second half.

We have **increased underlying operating margin** by another 40 basis points to 4.4%, following a similar increase in the second half of 2008, delivering our fourth consecutive half-year improvement in return on sales. This has been achieved despite macro-economic contraction of volumes, through a combination of product rationalisation, improved operating efficiencies, better capacity utilisation, especially in our European Consumer Fabrics business, lower raw material costs and reductions in overhead costs.

The Board maintains its **medium-term target to achieve net debt of around twice earnings before interest, tax, depreciation and amortisation (EBITDA)**. This will be achieved through a combination of continuing improvement in trading cash flow, asset disposals where value can be achieved and a higher return threshold for investments, recognising the variable nature of the timing of capital expenditure. However, the current economic backdrop makes this a challenging target in the short-term.

We have **reduced net debt** by £8.9 million since 31 December 2008 to £123.1 million excluding the positive impact of £17.9 million due to the recent appreciation of Sterling against the Group's main trading and borrowing currencies, the US Dollar and the Euro. The total reported reduction in net debt was £26.8 million. This same appreciation of Sterling is likely to reduce reported second half earnings in comparison to first half earnings. This reduction in net debt has been achieved through further significant reduction in trade working capital, which fell from 17.1% to 14.8% of sales during the period to generate a cash inflow of £14.7 million (six months ended 30 June 2008: £5.3 million), and through stronger operational performance. The reduction in net debt is also after financing £15.9 million in respect of capital investment and £4.4 million in respect of previously announced restructuring programmes. Covenant headroom is significantly improved on all measures at the end of the first half.

We have **continued to invest** in new production technology orientated towards more speciality products, with £10.7 million of our total first half spend of £15.9 million invested in the spunbond line in Italy, which has recently completed commissioning.

Further cost reduction
The Group has recognised a further £4.0 million in respect of restructuring charges (six months ended 30 June 2008: £2.8 million), primarily in respect of the capacity rationalisation in Europe, with a cash outflow of £4.4 million in respect of both first half initiatives and the implementation of restructuring actions recognised in the year ended 31 December 2008. Also in connection with the European restructuring, the Group has recorded a further write-down of £13.5 million (six months ended 30 June 2008: £9.4 million) in respect of older technology within the European Consumer Fabrics division.

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Outlook
Fiberweb has demonstrated steady progress in improving underlying operating margins and in reducing debt. The second half is expected to be as challenging as the first half, with no sign yet of a sustained volume recovery and an upward trend in both raw material costs and in the strength of Sterling against our major trading currencies. However, self-help measures to improve productivity and efficiency, the impact of new products and increasing manufacturing flexibility are expected to ensure that the Group will meet expectations for the full-year.

Financial Review

Results for the six months ended 30 June 2009
The Hygiene and Industrial segmentation reported in 2008 was based on the classification of reporting entities according to the principal market served by each operational site. Following the restructuring in 2008, Fiberweb now manages the trading results of individual reporting entities and operational sites analysed by the specific markets they serve. 2008 comparatives have been restated accordingly.

	Hygiene £'m	Industrial £'m	Unallocated Corporate £'m	Total Continuing £'m
H1 2009				
External sales by origin	147.9	94.6	-	242.5
Underlying* operating profit	8.7	6.0	(4.0)	10.7
Restructuring costs and other non-recurring items	(17.1)	(0.4)	-	(17.5)
Segment result	(8.4)	5.6	(4.0)	(6.8)
Underlying* operating profit margin	5.9%	6.4%	-	4.4%
Capital additions	15.0	0.9	-	15.9
Depreciation	12.3	4.3	0.1	16.7
H1 2008 (restated)				
External sales by origin	158.8	101.2	-	260.0
Underlying* operating profit	6.4	5.6	(3.2)	8.8
Restructuring costs and other non-recurring items	(7.8)	6.0	(0.8)	(2.6)
Segment result	(1.4)	11.6	(4.0)	6.2
Underlying* operating profit margin	4.0%	5.5%	-	3.4%
Capital additions	11.8	1.6	-	13.4
Depreciation	11.4	3.7	0.1	15.2

*Underlying results are stated before restructuring costs and other non-recurring items as set out in note 6 to the condensed consolidated financial statements.

Underlying operating performance for the six months ended 30 June 2009 has seen continuing progress, despite a sales decrease of 6.8%, with an absolute increase in underlying operating profit of £1.9 million (21.5%) and a 29.4% increase in the underlying operating margin to 4.4% (six months ended 30 June 2008: 3.4%).

At constant currency, sales fell by 22.8% reflecting the combined effect of the pass-through of lower raw material prices and volume contraction as the global slowdown continues. Underlying operating profit fell by 4.0% at equivalent exchange from £11.1 million to £10.7 million. Underlying gross margin has improved from 19.9% last year to 21.8% this year. This improvement reflects both cost and capacity rationalisation programmes and efforts to exit low margin businesses and improve manufacturing efficiency, as well as reduced raw material prices. These factors combined to outweigh the adverse impact of lower volumes on contribution and production overhead recovery.

Other operating income of £0.6 million is in line with the £0.8 million reported in the prior period. Central costs of £4.0 million are up on the £3.2 million in the six months ended 30 June 2008, due to increased costs in respect of share options, higher professional fees in respect of corporate activity and the recent investment in management training for the Group's sales and marketing leaders.

Industrial Division

£'m	H1 2009	H1 2008	Change	% change
Revenue	94.6	101.2	(6.6)	(6.6)
Underlying Operating Profit	6.0	5.6	0.4	7.1
Return on Sales %	6.4%	5.5%		

Overview
Industrial sales are down 6.6% year on year. At constant currency however, sales have fallen by £27.9 million, or 22.8%, primarily as a result of the on-going downturn in the construction sector in both the US and Western Europe. Despite the sales reduction, underlying Industrial operating margins have strengthened to 6.4% versus 5.5% last year, with an increase in underlying operating profits of £0.4 million; at constant currency, underlying operating profit fell by £0.8 million or 11.9%.

Americas
In the first half, the Americas industrial businesses saw volumes contract by 43.8% over the same period last year. This significant decrease reflects not only the economic slow-down but also the impact of the deliberate strategic exit from unprofitable markets during the course of 2008. This is evidenced in revenue terms, where Americas Industrial sales of £44.2 million represent a decrease at constant currency of 27.5% (reported sales are down 3.9%). The positive impact of margin improvement programmes, especially in filtration and graphic arts, and cost reduction actions, together with lower raw material prices, are evident in a further improvement in underlying operating margins from 3.4% to 4.4% in the first half of 2009. In absolute terms, underlying operating profit has increased by £0.4 million to £1.9 million; at constant currency, underlying operating profit decreased by £0.4 million.

Europe and Rest of the World
In the face of difficult construction markets, we have seen revenues fall by £10.9 million at constant currency, to £50.4 million. Return on sales, however, has benefited from lower resin prices and mix, improving from 7.4% to 8.6%. Underlying operating profit is flat year on year; at constant currency, underlying operating profit fell from £4.5 million to £4.1 million as a result of the lower absolute sales. A strong performance at the Group's UK industrial business, Terram, as a result of innovation and investment in increased sales resource, helped to maintain absolute profits during an otherwise challenging first half. Operating margins in mainland Europe were also boosted by lower resin prices.

Hygiene Division

£'m	H1 2009	H1 2008	Change	% change
Revenue	147.9	158.8	(10.9)	(6.9)
Underlying Operating Profit	8.7	6.4	2.3	36.0
Return on Sales %	5.9%	4.0%		

Overview
Revenue from our hygiene businesses has decreased by £10.9 million or 6.9% over the same period last year, of which £3.4 million is attributed to the closure of the Korma, Italy facility. At constant currency and excluding the effect of Korma, the decrease is £39.5 million or 21.1%, reflecting not only overall volume reduction of 10% but also the impact of the pass-through of lower raw material prices. In response to the challenging market conditions, Fiberweb's rationalisation initiatives within its European hygiene businesses are well underway and the new Italian spunbond line has been successfully commissioned and is now fully operational. Underlying operating profit margins have strengthened in the first half to 5.9% from 4.0% in the first half of last year, due to lower raw material prices, the Korma closure and the initial impact of rationalisation activity in European Consumer Fabrics. In absolute terms, underlying operating profit has increased by £2.3 million or 36.0%; at constant currency, underlying operating profit has increased by £1.2 million or 16.0% year on year.

Americas
Reported sales of £62.2 million have increased by £7.9 million or 14.6% over the same period last year; at constant currency, sales have decreased by 13.6% or £9.8 million. The corresponding volume reduction is only 2.1%, with the balance of the impact explained by the pass-through of lower raw material prices; in the Group's hygiene businesses, almost all of the fluctuations in raw material prices are passed on to customers, albeit with time lags of up to three months. The lower reduction in volumes compared with the industrial businesses confirms the more defensive nature of the Group's hygiene operations. Underlying operating margins have improved from 5.2% to 8.3% this half, benefiting from the lower raw material prices, exchange rate movements and product and customer mix, most notably in our Mexican plant as shortfall in demand from a major customer has been compensated with higher margin business. Underlying operating profit of £5.2 million has increased by £2.3 million; at constant currency, underlying operating profit has increased by £1.6 million.

Europe and Rest of the World
As expected, we have seen hygiene volumes decline by some 19.4% compared to the same period last year, attributed to the over-capacity in the European spunbond industry and the impact of the closure of the Korma airlaid facility. The corresponding reduction in sales at equivalent exchange is £33.7 million (28.2%); reported sales of £85.7 million are down £18.9 million year on year. The greater fall in absolute sales value again reflects the higher level of contractual pass-through of lower raw material prices, and also other price decreases driven by the market conditions. Airlaid markets in Asia have been particularly impacted by poor volumes at a major customer, although some recovery is expected here in the second half. Underlying operating profit is flat year on year; at constant currency, the poorer performance in Asia and volume and sales price reductions in Europe have been partially offset by lower raw material prices, cost saving action and the closure of the poor performing Italian airlaid facility, such that underlying operating profit reduced by £0.4 million (10.0%) to £3.5 million.

Raw material prices
The Group has benefited overall from weak polymer prices in the first half due to surplus production capacity and lower demand. Overall, the net positive effect of raw material costs is estimated at £6.8 million during the first six months of this year, offset by the adverse impact on margins of sales volume contraction. However, the recent rise in polymer prices is beginning to affect raw material costs, which may have some impact in the second half.

Restructuring costs and other non-recurring items
In the six months ended 30 June 2009, the Group has recognised £17.5 million of restructuring costs and other non-recurring items (six months ended 30 June 2008: £2.6 million comprising £12.8 million of restructuring costs and related impairments, offset by gains of £10.2 million on disposal of businesses). £4.0 million relates to restructuring costs, primarily attributable to the rationalisation of the Group's European hygiene operations and £13.5 million reflects impairment of older plant within the division as we continue to update our technology base to maintain the competitiveness of our capacity.

Cash flow

£'m	H1 2009	H1 2008
Underlying EBITDA – continuing	27.4	24.0
Inflow from decrease in working capital	14.7	5.3
Cash outflow in respect of non-recurring items	(4.4)	(3.3)
Other	(3.7)	0.2
Net cash flows from operating activities	**34.0**	**26.2**
Capital expenditure	(15.9)	(13.4)
Net interest paid	(4.9)	(4.6)
Dividends	(3.0)	(3.0)
Net proceeds on disposals	0.7	20.1
Acquisition of businesses	(1.0)	-
Investment in associate	(0.5)	-
Other	(0.4)	1.1
Total cash flow	**9.0**	**26.4**
Net debt brought forward	(149.9)	(137.6)
Other	(0.1)	(0.2)
Exchange gains/(losses)	17.9	(7.5)
Net debt carried forward	**(123.1)**	**(118.9)**

Net cash inflows from operating activities of £34.0 million is ahead of the £26.2 million generated in the same period last year. The increase reflects our improved trading result and another period of particularly strong working capital performance. Trade working capital fell during the period as a percentage of annualised sales from 17.1% at December 2008 to 14.8%. In cash flow terms, this reduction generated an inflow of £14.7 million compared to an inflow of £5.3 million in the same period last year and an inflow of £17.7 million in the year ended 31 December 2008. The Group paid £1.9 million in taxes in the six months to 30 June 2009 (six months ended 30 June 2008: £1.1 million).

Cash flow in the six months ended 30 June 2008 was boosted by net proceeds of £20.1 million from the Group's disposal of Bidim and sale of its investment in SGN and dividend income of £0.9 million from SGN prior to its disposal. This compares to a net outflow of £0.3 million from acquisitions and disposals in the same period this year, comprising a net payment of £1.0 million in respect of the acquisition of the remaining 50% of Coronor, offset by proceeds of £0.7 million on the disposal of the Group's 25.1% investment in associate Coratech. The Group has also paid £0.5 million (six months ended 30 June 2008: £nil) in respect of professional fees related to the FitesaFiberweb Joint Venture.

Capital investment in the first half of £15.9 million (six months ended 30 June 2008: £13.4 million) included £10.7 million in connection with the new spunbond line in Italy. Net interest payments of £4.9 million compare to £4.6 million in the same period last year; the increase reflects reduced interest income as a result of low interest rates.

Net debt
Net debt at 30 June 2009 stands at £123.1 million, reduced by £8.9 million since year end, excluding the positive effect of exchange gains of £17.9 million as Sterling has strengthened against both the US Dollar and the Euro since the beginning of the year. Net debt/EBITDA now stands at 2.3x (30 June 2008: 2.6x).

Dividend and dividend policy
In line with the Group's dividend policy, the Board has approved a maintained interim dividend of 1.7 pence. It will be paid on 6 November 2009 to shareholders on the register at close of business on 2 October 2009. During the period, the Group paid £3.0 million in respect of the final dividend approved for the year ended 31 December 2008 (six months ended 30 June 2008: £3.0m).

Looking forward, the Directors are focused on maintaining a balance between a policy of paying an attractive dividend and retaining funds for investment in value generating businesses and opportunities. With this balance in mind the Board's intention is to retain a measure of flexibility in setting dividend levels, whilst targeting a pay-out ratio of at least 30% of adjusted earnings.

Responsibility statement

We confirm that to the best of our knowledge:

(a) the condensed consolidated set of financial statements has been prepared in accordance with IAS 34 "Interim Financial Reporting";

(b) the Interim Management Report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year), and

(c) the Interim Management Report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

By order of the Board,

Chief Executive Officer
D Dayan

5 August 2009

Chief Financial Officer
D Abrams

5 August 2009

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Exchange rates

		30 June 2009	30 June 2008	31 December 2008
USD	Average	1.49	1.98	1.85
	Period end	1.65	1.99	1.44
Euro	Average	1.11	1.29	1.26
	Period end	1.17	1.26	1.03

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CONDENSED CONSOLIDATED INCOME STATEMENT (unaudited)
Six months ended 30 June 2009

		Six months ended 30 June 2009 (unaudited)			**Six months ended 30 June 2008** (unaudited)			Year ended 31 December 2008 (audited)		
Continuing Operations	Note	**Under-lying* £'m**	**Note i £'m**	**Total £'m**	Under-lying* £'m	Note i £'m	Total £'m	Under-lying* £'m	Note i £'m	Total £'m
Revenue	3	**242.5**	**-**	**242.5**	260.0	-	260.0	512.8	-	512.8
Cost of sales		**(189.6)**	**(13.5)**	**(203.1)**	(208.3)	(9.4)	(217.7)	(415.6)	(20.2)	(435.8)
Gross profit		**52.9**	**(13.5)**	**39.4**	51.7	(9.4)	42.3	97.2	(20.2)	77.0
Distribution costs		**(21.0)**	**-**	**(21.0)**	(23.3)	-	(23.3)	(42.2)	-	(42.2)
Administrative expenses		**(21.9)**	**-**	**(21.9)**	(20.5)	(0.6)	(21.1)	(37.9)	(0.6)	(38.5)
Other operating income	4	**0.6**	**-**	**0.6**	0.8	-	0.8	1.5	-	1.5
Share of profit of associated undertakings		**0.1**	**-**	**0.1**	0.1	-	0.1	0.2	-	0.2
Profit on disposal of investment	6, 16	**-**	**-**	**-**	-	2.9	2.9	-	3.0	3.0
Profit on disposal of businesses	6, 16	**-**	**-**	**-**	-	7.3	7.3	-	6.6	6.6
Restructuring costs		**-**	**(4.0)**	**(4.0)**	-	(2.8)	(2.8)	-	(23.0)	(23.0)
Operating profit/(loss) from continuing operations	3	**10.7**	**(17.5)**	**(6.8)**	8.8	(2.6)	6.2	18.8	(34.2)	(15.4)
Investment revenue		**-**	**-**	**-**	0.7	-	0.7	0.9	-	0.9
Other gains and losses	7,16	**-**	**-**	**-**	0.8	-	0.8	0.8	-	0.8
Finance costs		**(6.2)**	**-**	**(6.2)**	(5.9)	-	(5.9)	(11.5)	-	(11.5)
Profit/(loss) before tax		**4.5**	**(17.5)**	**(13.0)**	4.4	(2.6)	1.8	9.0	(34.2)	(25.2)
Income tax on operations	8	**(1.5)**	**5.2**	**3.7**	(1.5)	2.0	0.5	(2.9)	3.2	0.3
Recognition of deferred tax	8	**1.8**	**-**	**1.8**	-	-	-	2.9	-	2.9
Tax		**0.3**	**5.2**	**5.5**	(1.5)	2.0	0.5	-	3.2	3.2
Profit/(loss) for the period from continuing operations		**4.8**	**(12.3)**	**(7.5)**	2.9	(0.6)	2.3	9.0	(31.0)	(22.0)
Attributable to:										
Equity holders of the parent		**4.8**	**(12.3)**	**(7.5)**	2.9	(0.6)	2.3	9.0	(31.0)	(22.0)

*Underlying trading results before items described in note i below
Note i: Restructuring costs and non-recurring items as set out in note 6 to the condensed consolidated financial statements
The Condensed Consolidated Income Statement has been prepared in accordance with the accounting policies set out in note 2

	Note	Six months ended 30 June 2009	Six months ended 30 June 2008	Year ended 31 December 2008
(Loss)/earnings per share, attributable to the ordinary equity holders of the parent				
From continuing operations:				
Basic	10	**(6.2)p**	1.9p	(18.0)p
Diluted	10	**(6.2)p**	1.9p	(18.0)p
Adjusted earnings[(1)] per share attributable to the ordinary equity holders of the parent				
From continuing operations:				
Basic	10	**3.9p**	2.4p	7.4p
Diluted	10	**3.9p**	2.4p	7.3p

(1) Adjusted earnings per share are shown calculated on earnings before restructuring costs and non-recurring items because the directors regard this as providing additional useful information on underlying trends. Before recognition of deferred tax assets of £1.8 million (six months ended 30 June 2008: £nil; year ended 31 December 2008: £2.9 million), adjusted earnings per share are 2.4p (six months ended 30 June 2008: 2.4p; year ended 31 December 2008: 5.0p).

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (unaudited)
Six months ended 30 June 2009

	Six months ended 30 June 2009 £'m (unaudited)	30 June 2008 £'m (unaudited)	Year ended 31 December 2008 £'m (audited)
(Loss)/profit for the period	**(7.5)**	2.3	(22.0)
Transferred to profit or loss on interest rate cash flow hedges	**1.2**	(0.1)	0.3
Transferred to profit on disposal of businesses	**-**	(6.1)	(6.1)
Items recognised directly in equity:			
Exchange (losses)/gains on translation of foreign operations	**(25.2)**	11.0	52.7
(Losses)/gains on interest rate cash flow hedges	**(0.4)**	1.0	(5.3)
Actuarial (losses)/gains on defined benefit pension schemes	**(0.3)**	0.3	(5.9)
Tax on items recognised directly in equity	**0.7**	(0.4)	2.3
Total comprehensive (expenditure)/income for the period	**(31.5)**	**8.0**	**16.0**

CONDENSED CONSOLIDATED BALANCE SHEET
As at 30 June 2009

	Note	**30 June 2009 £'m (unaudited)**	30 June 2008 £'m (unaudited)	31 December 2008 £'m (audited)
Non-current assets				
Intangible assets:				
Goodwill		**34.0**	29.3	37.4
Other intangible assets		**1.1**	1.0	1.2
Property, plant and equipment	11	**248.6**	260.5	304.7
Investments in associates		**-**	1.6	2.2
Other investments		**0.3**	0.3	0.3
Deferred tax assets		**11.7**	0.3	8.9
		295.7	293.0	354.7
Current assets				
Inventories		**51.3**	55.7	66.8
Trade and other receivables		**82.1**	95.1	97.2
Cash and cash equivalents		**24.9**	36.7	26.4
Corporation tax recoverable		**1.3**	1.9	0.7
		159.6	189.4	191.1
TOTAL ASSETS		**455.3**	482.4	545.8
Current liabilities				
Trade and other payables		**(80.0)**	(80.5)	(96.2)
Tax liabilities		**(5.9)**	(3.6)	(7.4)
Obligations under finance leases		**(1.7)**	(3.5)	(2.8)
Bank overdrafts and loans	12	**(12.0)**	(6.9)	(10.5)
Provisions		**(8.8)**	(5.4)	(9.1)
		(108.4)	(99.9)	(126.0)
Net current assets		**51.2**	89.5	65.1
Non-current liabilities				
Bank loans	12	**(134.3)**	(145.0)	(163.0)
Retirement benefit obligations		**(30.8)**	(21.0)	(35.5)
Obligations under finance leases		**-**	(0.2)	-
Deferred tax liabilities		**(17.5)**	(23.5)	(21.9)
Provisions		**(1.7)**	(2.2)	(2.8)
		(184.3)	(191.9)	(223.2)
TOTAL LIABILITIES		**(292.7)**	(291.8)	(349.2)
NET ASSETS		**162.6**	190.6	196.6
Equity				
Share capital	14	**6.1**	6.1	6.1
Share premium account		**84.5**	84.5	84.5
Merger reserve		**93.5**	93.5	93.5
Other reserve		**93.1**	93.1	93.1
Capital reserve		**0.8**	0.9	0.3
Translation reserve		**29.5**	13.0	54.7
Hedging reserve		**(5.7)**	(0.6)	(6.5)
Retained earnings		**(139.8)**	(100.0)	(129.7)
Equity attributable to equity holders of the parent		**162.0**	190.5	196.0
Minority interest		**0.6**	0.1	0.6
TOTAL EQUITY		**162.6**	190.6	196.6

This financial information was approved by the Board of Directors on 5 August 2009 and signed on its behalf by:

D Dayan
Chief Executive Officer

D Abrams
Chief Financial Officer

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
Six months ended 30 June 2009

	Note	**Six months ended 30 June 2009 £'m (unaudited)**	30 June 2008 £'m (unaudited)	Year ended 31 December 2008 £'m (audited)
Operating activities				
Net cash flows from operating activities	17	**34.0**	26.2	55.9
Investing activities				
Interest received		**-**	0.7	0.9
Purchase of property, plant and equipment		**(15.7)**	(13.4)	(33.3)
Purchase of intangible assets		**(0.2)**	-	(0.3)
Proceeds on disposal of property, plant and equipment		**-**	0.2	0.2
Acquisition of businesses, net of cash acquired	16	**(1.0)**	-	-
Investment in associated undertaking	15	**(0.5)**	-	-
Net proceeds on disposal of businesses	16	**0.7**	20.1	17.2
Cash received from minority interest	16	**-**	0.1	0.1
Dividends received from associated undertakings		**-**	0.1	0.1
Dividends received from investments		**-**	0.8	0.8
Net cash (outflow)/inflow from investing activities		**(16.7)**	8.6	(14.3)
Financing activities				
Interest paid		**(4.9)**	(5.2)	(10.3)
Interest element of finance leases paid		**-**	(0.1)	(0.2)
Dividends paid to related parties		**-**	-	(0.5)
Dividends paid to shareholders		**(3.0)**	(3.1)	(5.1)
Cash (paid for)/received from foreign exchange forward contracts carried at fair value through profit or loss		**(0.4)**	-	1.6
Repayments of external loans		**(6.6)**	-	(17.4)
Decrease in finance leases		**(0.8)**	(1.4)	(2.7)
Net cash outflow from financing activities		**(15.7)**	(9.8)	(34.6)
Net increase in cash and cash equivalents		**1.6**	25.0	7.0
Foreign exchange differences		**(3.0)**	0.8	5.2
Cash and cash equivalents at beginning of period		**20.4**	8.2	8.2
Cash and cash equivalents at end of period		**19.0**	34.0	20.4
Net debt at beginning of period		**(149.9)**	(137.6)	(137.6)
Increase in cash and cash equivalents		**1.6**	25.0	7.0
Decrease in external loans		**6.6**	-	17.4
Facility fees amortised		**(0.1)**	(0.2)	(0.3)
Decrease in finance leases		**0.8**	1.4	2.7
Foreign exchange differences		**17.9**	(7.5)	(39.1)
Net debt at end of period		**(123.1)**	(118.9)	(149.9)
Comprising:				
Bank loans		**(140.9)**	(149.9)	(168.1)
Less: unamortised prepaid facility fees		**0.5**	0.7	0.6
Bank loans		**(140.4)**	(149.2)	(167.5)
Finance leases		**(1.7)**	(3.7)	(2.8)
Cash and cash equivalents (including overdrafts)		**19.0**	34.0	20.4
Net debt at end of period		**(123.1)**	(118.9)	(149.9)
Cash and cash equivalents		**24.9**	36.7	26.4
Less: bank overdrafts		**(5.9)**	(2.7)	(6.0)
Net cash and cash equivalents for cash flow purposes		**19.0**	34.0	20.4

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (unaudited)
Six months ended 30 June 2009

	Equity attributable to equity holders of the parent									
	Share capital £'m	Share premium £'m	Merger reserve £'m	Other reserve £'m	Capital reserve £'m	Hedging reserve £'m	Translation reserve £'m	Retained Earnings £'m	**Minority Interest** £'m	**Total Equity** £'m
At 1 January 2008	**6.1**	**84.5**	**93.5**	**93.1**	**0.6**	**(1.5)**	**8.1**	**(99.1)**	**-**	**185.3**
Exchange differences on translation of foreign operations	-	-	-	-	-	-	11.0	-	-	11.0
Exchange gains transferred to profit on disposal of businesses	-	-	-	-	-	-	(6.1)	-	-	(6.1)
Actuarial gains	-	-	-	-	-	-	-	0.3	-	0.3
Deferred tax on items taken directly to reserves	-	-	-	-	-	-	-	(0.4)	-	(0.4)
Profit for the period	-	-	-	-	-	-	-	2.3	-	2.3
Dividends paid	-	-	-	-	-	-	-	(3.1)	-	(3.1)
Gain on interest rate cash flow hedge	-	-	-	-	-	0.9	-	-	-	0.9
Cash received from minority	-	-	-	-	-	-	-	-	0.1	0.1
Share option costs	-	-	-	-	0.3	-	-	-	-	0.3
At 30 June 2008	**6.1**	**84.5**	**93.5**	**93.1**	**0.9**	**(0.6)**	**13.0**	**(100.0)**	**0.1**	**190.6**
Exchange differences on translation of foreign operations	-	-	-	-	-	-	41.7	-	-	41.7
Actuarial losses	-	-	-	-	-	-	-	(6.2)	-	(6.2)
Deferred tax on items taken directly to reserves	-	-	-	-	-	-	-	3.3	-	3.3
Corporation tax on items taken directly to reserves	-	-	-	-	-	-	-	(0.6)	-	(0.6)
Loss for the period	-	-	-	-	-	-	-	(24.3)	-	(24.3)
Amount credited to equity on lapse of DSP share awards subject to TSR performance criteria	-	-	-	-	(0.6)	-	-	0.6	-	-
Dividends paid	-	-	-	-	-	-	-	(2.0)	-	(2.0)
Dividends paid to former parent company	-	-	-	-	-	-	-	(0.5)	-	(0.5)
Assets received from minority	-	-	-	-	-	-	-	-	0.5	0.5
Loss on interest rate cash flow hedge	-	-	-	-	-	(6.2)	-	-	-	(6.2)
Transfer to income: Interest rate swaps	-	-	-	-	-	0.3	-	-	-	0.3
Share option costs	-	-	-	-	-	-	-	-	-	-
At 31 December 2008	**6.1**	**84.5**	**93.5**	**93.1**	**0.3**	**(6.5)**	**54.7**	**(129.7)**	**0.6**	**196.6**
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(25.2)	-	-	(25.2)
Actuarial losses	-	-	-	-	-	-	-	(0.3)	-	(0.3)
Deferred tax on items taken directly to reserves	-	-	-	-	-	-	-	0.7	-	0.7
Loss for the period	-	-	-	-	-	-	-	(7.5)	-	(7.5)
Dividends paid	-	-	-	-	-	-	-	(3.0)	-	(3.0)
Loss on interest rate cash flow hedge	-	-	-	-	-	(0.4)	-	-	-	(0.4)
Transfer to income: Interest rate swaps	-	-	-	-	-	1.2	-	-	-	1.2
Share option costs	-	-	-	-	0.5	-	-	-	-	0.5
At 30 June 2009	**6.1**	**84.5**	**93.5**	**93.1**	**0.8**	**(5.7)**	**29.5**	**(139.8)**	**0.6**	**162.6**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2009

1. General information
The information for the year ended 31 December 2008 does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

2. Accounting policies
The annual financial statements of Fiberweb plc are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The condensed set of consolidated financial statements included in this Interim Management Report has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”, as adopted by the European Union.

Basis of preparation
The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in this Interim Management Report in the Chief Executive's Review. This Interim Management Report also includes a summary of the Group's financial position, its cash flows and borrowing facilities.

As highlighted in note 12 to the condensed consolidated financial statements, the Group's principal committed financing facilities are not due for renewal within the next two years.

After making enquiries, including an assessment of the Group's funding arrangements as set out under Financial Covenants and Going Concern within the Other Matters section of this Interim Management Report, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the half-yearly condensed consolidated financial statements.

The same accounting policies, presentation and methods of computation are followed in the condensed set of consolidated financial statements as applied in the Group's latest annual audited financial statements, except as described below.

Changes in accounting policy
In the current financial year, the Group has adopted International Financial Reporting Standard 8 “Operating Segments” and International Accounting Standard 1 “Presentation of Financial Statements” (revised 2007).

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Fiberweb Executive to allocate resources to the segments and assess their performance. In contrast, the predecessor Standard (IAS 14 “Segmental Reporting”) required the Group to identify two sets of segments (business and geographical) using a risks and rewards approach, with the Group's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. As a result, the segmental information required by IAS 34 which is included in note 3 below is presented in accordance with IFRS 8.

Prior to the year ended 31 December 2008, the Group's primary segments were geographic on the basis of the underlying operational management structure and reporting hierarchy. During 2008, following a series of restructuring initiatives and divestments, including reorganisation of the executive management team, the Group's primary reporting segments were redefined according to the markets: Hygiene and Industrial. Segmental information for the year ended 31 December 2008 was presented on the new market basis, with comparatives restated accordingly.

The Hygiene and Industrial segmentation reported in 2008 was based on the classification of reporting entities according to the principal market served by each operational site. Following the restructuring in 2008, Fiberweb now manages the trading results of individual reporting entities and operational sites analysed by the specific markets they serve. 2008 comparatives have been restated accordingly. Segmentation of assets and liabilities remains on the former reporting entity basis, as reported to the Fiberweb Executive.

IAS 1 (revised) requires the presentation of a statement of changes in equity as a primary statement, separate from the income statement and statement of comprehensive income. As a result, a condensed consolidated statement of changes in equity has been included in the primary financial statements, showing changes in each component of equity for each period presented.

3. Segmental information

As explained fully in note 2, the Group's reportable segments are Hygiene and Industrial. Management reviews trading results of the divisions before allocation of global Research and Development costs (R&D) and Health and Safety expenses (HSE) – shown in the tables below as underlying trading profit. Historically, the Group has published segment results after allocation of these global costs on the basis of external sales – shown in the tables below as underlying operating profit. In the interest of consistency, the tables below continue to report underlying operating profit, as well as the trading results reviewed by management in accordance with IFRS 8. Comparative primary segmental information has been restated following the restructuring in 2008.

3a. Segmental revenues and results

Six months ended 30 June 2009
Continuing operations

	Hygiene £'m	Industrial £'m	Unallocated Corporate £'m	**Total £'m**
External sales by origin	147.9	94.6	-	**242.5**
Underlying trading profit	10.8	7.4	(7.5)	**10.7**
Allocation of global R&D and HSE costs	(2.1)	(1.4)	3.5	**-**
Underlying operating profit	8.7	6.0	(4.0)	**10.7**
Restructuring costs and other non-recurring items	(17.1)	(0.4)	-	**(17.5)**
Segment result from continuing operations*	(8.4)	5.6	(4.0)	**(6.8)**
Finance costs				**(6.2)**
Loss before tax				**(13.0)**
Tax				**5.5**
Loss after tax				**(7.5)**

*Segment result includes £0.1 million profit of associates within Hygiene.

Other information

	Hygiene £'m	Industrial £'m	Unallocated Corporate £'m	**Total £'m**
Underlying operating profit margin %	5.9%	6.4%	-	**4.4%**
Capital additions	15.0	0.9	-	**15.9**
Depreciation and amortisation	12.3	4.3	0.1	**16.7**
Asset write-downs recognised in profit or loss	(13.5)	-	-	**(13.5)**

3. Segmental information continued

3a. Segmental revenues and results continued

Six months ended 30 June 2008
Continuing operations

	Hygiene (Restated) £'m	Industrial (Restated) £'m	Unallocated Corporate (Restated) £'m	**Total (Restated) £'m**
External sales by origin	158.8	101.2	-	**260.0**
Underlying trading profit	8.0	6.7	(5.9)	**8.8**
Allocation of global R&D and HSE costs	(1.6)	(1.1)	2.7	**-**
Underlying operating profit	6.4	5.6	(3.2)	**8.8**
Restructuring costs and other non-recurring items	(7.8)	6.0	(0.8)	**(2.6)**
Segment result from continuing operations*	(1.4)	11.6	(4.0)	**6.2**
Investment revenue				**0.7**
Other gains and losses				**0.8**
Finance costs				**(5.9)**
Profit before tax				**1.8**
Tax				**0.5**
Profit after tax				**2.3**

*Segment result includes £0.1 million profit of associates within Hygiene.

Other information

	Hygiene (Restated) £'m	Industrial (Restated) £'m	Unallocated Corporate (Restated) £'m	**Total (Restated) £'m**
Underlying operating profit margin %	4.0%	5.5%	-	**3.4%**
Capital additions	11.8	1.6	-	**13.4**
Depreciation and amortisation	11.4	3.7	0.1	**15.2**
Impairment losses recognised in profit or loss	8.8	-	-	**8.8**
Asset write-downs recognised in profit or loss	-	0.6	-	**0.6**

3. Segmental information continued

3a. Segmental revenues and results continued

Year ended 31 December 2008 Continuing operations	Hygiene (Restated) £'m	Industrial (Restated) £'m	Unallocated Corporate (Restated) £'m	**Total (Restated) £'m**
External sales by origin	325.2	187.6	-	**512.8**
Underlying trading profit	17.1	11.8	(10.1)	**18.8**
Allocation of global R&D and HSE costs	(3.1)	(1.7)	4.8	**-**
Underlying operating profit	14.0	10.1	(5.3)	**18.8**
Restructuring costs and other non-recurring items	(39.7)	6.2	(0.7)	**(34.2)**
Segment result from continuing operations*	(25.7)	16.3	(6.0)	**(15.4)**
Investment revenue				**0.9**
Other gains and losses				**0.8**
Finance costs				**(11.5)**
Loss before tax				**(25.2)**
Tax				**3.2**
Loss after tax				**(22.0)**

*Segment result includes £0.2 million profit of associates within Hygiene.

Other information

	Hygiene (Restated) £'m	Industrial (Restated) £'m	Unallocated Corporate (Restated) £'m	**Total (Restated) £'m**
Underlying operating profit margin %	4.3%	5.4%	-	**3.7%**
Capital additions	31.4	3.2	-	**34.6**
Depreciation and amortisation	23.2	7.7	0.2	**31.1**
Impairment losses recognised in profit or loss	14.2	-	-	**14.2**
Asset write-downs recognised in profit or loss	19.6	0.1	-	**19.7**

3b. Segment assets and liabilities

	30 June 2009 £'m	30 June 2008 £'m	31 December 2008 £'m
Assets:			
Hygiene	**297.6**	321.4	363.5
Industrial	**113.2**	118.2	143.0
Interests in associates	**-**	1.6	2.2
Central	**6.4**	1.5	1.1
Consolidated total assets, excluding tax assets and cash	**417.2**	442.7	509.8
Unallocated assets	**38.1**	39.7	36.0
Consolidated total assets	**455.3**	482.4	545.8
Liabilities:			
Hygiene	**80.1**	71.8	87.3
Industrial	**28.7**	34.4	44.0
Central	**14.0**	6.6	12.3
Segment liabilities, excluding tax liabilities and debt	**122.8**	112.8	143.6
Unallocated corporate liabilities	**169.9**	179.0	205.6
Consolidated total liabilities	**292.7**	291.8	349.2

4. Other operating income
Other operating income for the six months ended 30 June 2009 of £0.6 million (six months ended 30 June 2008: £0.8 million) comprises government grants, rental income and other sundry items.

Other operating income for the year ended 31 December 2008 of £1.5 million includes £0.6 million in respect of insurance claim proceeds received in connection with a fire in 2005 in one of our Hygiene plants. The balance includes government grants, rental income and other sundry items.

5. Write-down of inventories
A charge of £0.7 million (six months ended 30 June 2008 and year ended 31 December 2008: £nil) has been recognised in respect of inventory write-downs in the ordinary course of business.

During the six months ended 30 June 2009, there were no non-recurring write-downs of inventories. During the six months ended 30 June 2008, non-recurring write-downs of £0.3 million (year ended 31 December 2008: £0.5 million) were recognised to reduce US Industrial inventories, previously written down as a result of restructuring actions, to their current net realisable value.

6. Restructuring costs and non-recurring items

	Six months ended		Year ended
	30 June 2009 £'m	30 June 2008 £'m	31 December 2008 £'m
Cost of sales	**(13.5)**	(9.4)	(20.2)
Administrative expenses	**-**	(0.6)	(0.6)
Profit on disposal of investment	**-**	2.9	3.0
Profit on disposal of businesses	**-**	7.3	6.6
Restructuring costs	**(4.0)**	(2.8)	(23.0)
	(17.5)	**(2.6)**	**(34.2)**

Restructuring costs and other non-recurring items included within statutory profit before tax amounted to £17.5 million (six months ended 30 June 2008: £2.6 million; year ended 31 December 2008: £34.2 million). The main items included within this are:

- Six months ended 30 June 2009:
  - Non-recurring cost of sales of £13.5 million in respect of the write-down of plant and equipment in Peine, Germany as part of the ongoing rationalisation of our European production capacity, and
  - Non-recurring restructuring costs of £4.0 million comprising severance costs primarily within the Group's European Hygiene operations in respect of ongoing restructuring programmes to streamline the Group's structure to better serve customers as announced in January 2009.

6. Restructuring costs and non-recurring items continued

- Six months ended 30 June 2008:

  - Non-recurring cost of sales of £9.4 million comprising:

  (i) impairments of £8.8 million in respect of non-US Hygiene production equipment;
  (ii) losses of £0.3 million realised on disposal of written down inventory in our US Industrial nonwovens business, and
  (iii) further write-downs of £0.3 million to bring the remaining product down to its current net realisable value following restructuring in this business in 2007.

  - Non-recurring administrative expenses of £0.6 million in respect of professional fees and other costs related to the aborted discussions between Fiberweb and Avgol Industries 1953 Limited in respect of a possible offer for Fiberweb.

  - £2.9 million profit on disposal of the Group's 15% equity investment in Saudi German Nonwovens Products Co. (SGN) – refer note 16.

  - £7.3 million profit on disposal of the shares in Fiberweb Bidim Industria e Comecio de Nao-Tecidos Ltda (Bidim), including £6.1 million in respect of recycled exchange gains previously recognised in the Group's translation reserve (refer note 16).

  - Non-recurring restructuring costs of £2.8 million comprising:

  (i) £2.6 million of severance costs across both Hygiene and Industrial businesses in respect of ongoing restructuring programmes to streamline the Group's structure to better serve customers, and
  (ii) £0.2 million of costs to relocate certain assets in connection with the further rationalisation of the Group's Hygiene site at Simpsonville, SC, USA.

- Year ended 31 December 2008:

  - Non-recurring cost of sales of £20.2 million comprising:

  (i) impairments and write-downs of £20.0 million in respect of Hygiene production equipment: £8.8 million from the first half, plus £9.9 million in respect of Peine, Germany and £1.3 million in respect of Italy and France as we further rationalise our European capacity;
  (ii) a credit of £0.4 million in respect of government grants relating to European Industrial equipment written down in 2007 - these grants were previously at risk of having to be repaid, and
  (iii) losses of £0.6 million realised on disposal of written down inventory in our US Industrial nonwovens business.

6. Restructuring costs and non-recurring items continued

- Year ended 31 December 2008 continued

  - Non-recurring administrative expenses of £0.6 million in respect of professional fees and other costs related to the aborted discussions between Fiberweb and Avgol Industries 1953 Limited in respect of a possible offer for Fiberweb.

  - £3.0 million profit on disposal of the Group's 15% equity investment in SGN – refer note 16.

  - £6.6 million profit on disposal of the Group's shares in Bidim, including £6.1 million in respect of recycled exchange gains previously recognised in the Group's translation reserve – refer note 16.

  - Non-recurring restructuring costs of £23.0 million comprising:

(i) £17.3 million in respect of the closure of our Korma, Italy facility, including £13.8 million of asset write-downs, £2.1 million of severance costs, £0.5 million in respect of onerous lease commitments and £0.9 million estimated costs to complete equipment dismantling and site closure;
(ii) £5.5 million of severance costs across both Hygiene and Industrial businesses in respect of ongoing restructuring programmes to streamline the Group's structure to better serve customers, and
(iii) £0.2 million of costs to relocate certain assets in connection with the further rationalisation of the Group's Hygiene site at Simpsonville, SC, USA.

7. Other gains and losses
Other gains and losses in the six months ended 30 June 2009 were £nil. Other gains and losses of £0.8 million in the six months ended 30 June 2008 and the year ended 31 December 2008 comprise dividends received from SGN, prior to its disposal in May 2008 (see notes 6 and 16).

8. Taxation

- Six months ended 30 June 2009:

A tax credit of £0.3 million has been recorded on underlying profit before tax of £4.5 million, comprising:

(i) a tax charge of £1.5 million recorded on underlying profit before tax based on the estimated full year effective tax rate of 35% applied to the underlying pre-tax income of the six month period, and
(ii) a credit of £1.8 million arising in respect of partial recognition of the deferred tax asset in respect of US deductible temporary differences. The Group has recognised a further asset of £2.5 million (six months ended 30 June 2008: £nil; year ended 31 December 2008: £5.7 million) in respect of US deductible temporary differences, generating a credit of £1.8 million (six months ended 30 June 2008: £nil; year ended 31 December 2008: £2.9 million) to the underlying deferred tax expense for the year and a credit of £0.9 million (six months ended 30 June 2008: £nil; year ended 31 December 2008: £1.5 million) directly in equity in relation to temporary timing differences on retirement benefit obligations. The balance of £0.2 million (six months ended 30 June 2008: £nil; year ended 31 December 2008: £1.3 million) is attributable to exchange differences on the underlying US Dollar asset.

8. Taxation continued

The underlying tax charge of £1.5 million all relates to overseas operations and includes £0.7 million in respect of deferred taxation.

The Group has recognised a corporation tax credit of £0.7 million and a deferred tax credit of £0.4 million in respect of non-recurring restructuring costs, as well as a deferred tax credit of £4.1 million in respect of non-recurring asset write-downs.

- Six months ended 30 June 2008:

Underlying income tax for the six month period is charged at 34.0%, representing the estimate of the average annual effective income tax rate expected for the full year, applied to the underlying pre-tax income of the six month period. Current tax all relates to overseas operations. Deferred tax credits of £0.3 million include £0.2 million relating to the UK operations.

The Group recognised a deferred tax credit of £2.0 million in respect of non-recurring impairment losses. Corporation tax payable on the gain on disposal of SGN of £0.7 million offsets corporation tax credits of £0.7 million in respect of non-recurring restructuring costs.

- Year ended 31 December 2008:

A tax charge of £nil was recorded on underlying profit before tax of £9.0 million, comprising:

(i) a tax charge of £2.9 million on underlying profit before tax, which represents an effective tax rate of 32.2%, offset by

(ii) a credit of £2.9 million in respect of partial recognition of a deferred tax asset in respect of US temporary timing differences, as discussed above.

The underlying tax charge of £2.9 million includes a credit of £1.2 million in respect of UK operations. All other tax items relate to overseas operations.

The Group recognised a net tax credit of £3.2 million in respect of non-recurring items, comprising a current tax charge of £1.8 million and a deferred tax credit of £5.0 million. The current tax charge included £0.7 million of corporation tax payable on the gain on disposal of SGN. The deferred tax credit related to asset write-downs and impairment losses, primarily within the Group's European Hygiene division.

Domestic income tax is calculated at 28.0% (six months ended 30 June 2008: 28.0%; year ended 31 December 2008: 28.5%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

9. Dividends

	Six months ended 30 June 2009 £'m	30 June 2008 £'m	Year ended 31 December 2008 £'m
Amounts recognised as distributions to equity holders in the period:			
Final dividend for the year ended 31 December 2008 of 2.5 pence (2007: 2.5 pence) per share	**3.0**	3.0	3.0
Interim dividend for the year ended 31 December 2008 of 1.7 pence per share			2.1
Dividends paid to former parent company			0.5
			5.6
Proposed interim dividend for the year ended 31 December 2009 of 1.7 pence (2008: 1.7 pence) per share	**2.1**	2.1	
Proposed final dividend for the year ended 31 December 2008 of 2.5 pence per share			3.0

The proposed interim dividend was approved by the Board on 3 August 2009 and has not been included as a liability on the balance sheet at 30 June 2009.

10. Earnings per share

From continuing operations **Earnings**	Six months ended 30 June 2009 £'m	30 June 2008 £'m	Year ended 31 December 2008 £'m
Basic and diluted:			
(Loss)/profit for the period – basic (loss)/earnings attributable to ordinary shareholders	**(7.5)**	2.3	(22.0)
Restructuring costs and non-recurring items	**17.5**	2.6	34.2
Tax on restructuring costs and non-recurring items	**(5.2)**	(2.0)	(3.2)
Adjusted earnings	**4.8**	2.9	9.0
Number of shares			
Weighted average number of 5p ordinary shares:			
For basic earnings per share	**122,440,375**	122,440,375	122,440,375
For diluted earnings per share	**122,440,375**	122,440,375	122,440,375
For diluted adjusted earnings per share	**123,516,167**	122,440,375	123,406,230
Earnings/(loss) per share			
Basic:			
Adjusted	**3.9p**	2.4p	7.4p
Unadjusted	**(6.2)p**	1.9p	(18.0)p
Diluted:			
Adjusted	**3.9p**	2.4p	7.3p
Unadjusted	**(6.2)p**	1.9p	(18.0)p

10. Earnings per share continued

Adjusted earnings per share are shown calculated on earnings before restructuring costs and non-recurring items because the directors consider this provides additional useful information on underlying trends.

Before recognition of deferred tax assets (refer to note 8) of £1.8 million (six months ended 30 June 2008: £nil; year ended 31 December 2008: £2.9 million), adjusted earnings per share for the six months ended 30 June 2009 are 2.4p (six months ended 30 June 2008: 2.4p; year ended 31 December 2008: 5.0p).

11. Property, plant and equipment

During the period, the Group spent £15.7 million in total on new equipment. This included £10.7 million in respect of the installation of the new spunbond manufacturing line in Italy.

The Group also disposed of certain of its machinery and tools with carrying amounts of £0.4 million for proceeds of £nil.

12. Bank loans and overdrafts

During the period, repayments of £5.8 million were made under the Group's revolving credit facility. As previously disclosed, the Group's principal source of funds is a US$405 million multi-currency, revolving credit facility provided by a syndicate of several international banks, maturing in October 2011.

Repayments of other bank loans amounting to £0.8 million were also made during the period, in line with previously disclosed repayment terms.

13. Share-based payments

The total expense recognised in the period in respect of share-based payments is £0.5 million (six months ended 30 June 2008: £0.3 million; year ended 31 December 2008: £0.3 million).

14. Share capital

Share capital at 30 June 2009 amounted to £6.1 million. No shares were issued or repurchased during the period.

15. Events after the balance sheet date

On 31 July 2009, the Group completed a 50/50 Joint Venture with Petropar S.A. (Petropar) which will create a leading producer of spunbond nonwovens in the Americas, with the potential to serve customers more effectively from its leading asset and technology base. The Joint Venture is named FitesaFiberweb and will focus on the large and growing markets for lightweight nonwoven fabrics, serving producers of disposable hygiene products such as baby and adult diapers and feminine care products. Fiberweb has contributed its plants in Washougal, US and Queretaro, Mexico and some land and buildings at its Simpsonville, US site. Petropar has contributed its existing nonwoven business consisting of Fitesa Industrial Ltda and Fitesa Inc. There are advanced plans for the Joint Venture to invest in a new production line in the US in the near term. The transaction will initially increase Fiberweb's net debt by an estimated £10.0 million as a result of the transfer of the Fiberweb plants, transaction costs and cash injected to fund immediate working capital requirements. Further explanation of the strategic commercial rationale for the Joint Venture is given in the Chief Executive's Review in the narrative section of this Interim Management Report.

The businesses and assets that Fiberweb shall contribute to this venture are currently disclosed within the Hygiene segment.

15. Events after the balance sheet date continued

During the period the Group has paid £0.5 million (six months ended 30 June 2008 and year ended 31 December 2008: £nil) in respect of professional fees in connection with the investment in the Petropar Joint Venture. These have been capitalised within other debtors at the period end.

16. Acquisitions and disposals

Six months ended 30 June 2009
(i) On 1 April 2009, the Group completed the acquisition of the remaining 50% interest in Coronor Composites GmbH ("Coronor") from its Joint Venture partner Nordenia International AG for a cash consideration of €3.1 million (£2.8 million). The effective date of the acquisition for consolidation purposes was 1 January 2009.

Coronor manufactures unique composite materials made of nonwoven fabrics and films primarily for use in the manufacture of medical drapes and its sole manufacturing line is located within Fiberweb's site at Peine, Germany. The acquisition is consistent with Fiberweb's strategy of simplifying the Group and investing in businesses with potential for sustainable differentiation and good growth prospects.

Coronor's gross assets as at 31 December 2008 were €4.0 million (£3.7 million), including €2.0 million (£1.8 million) of cash, and pre-tax profit for the year ended 31 December 2008 was €0.6 million (£0.6 million). The transaction is expected to be earnings neutral for Fiberweb in 2009.

Included within the operating loss for the period is a profit of £0.2 million related to Coronor,

The table below summarises the book and fair value to the Group of the assets and liabilities of this acquisition. The goodwill arising on the acquisition was £1.2 million.

	Book and fair value to the Group £'m
Property, plant and equipment	0.8
Inventories	0.6
Trade and other receivables	0.8
Trade and other payables	(0.6)
Current taxation	(0.1)
Deferred taxation	(0.1)
Cash and cash equivalents	1.8
Total net assets	3.2
50% net assets acquired	1.6
Goodwill	1.2
Net cash consideration	2.8

(ii) On 29 June 2009, the Group disposed of its 25.1% interest in its associate, Coratech GmbH, for £0.7 million (€0.8 million). The profit on disposal of £0.1 million is included within restructuring costs and non-recurring items.

16. Acquisitions and disposals continued

Six months ended 30 June 2008 and year ended 31 December 2008

(i) On 20 June 2008, the Group sold the entire issued share capital of its subsidiary Bidim to Mexichem Amanco Holdings S.A. de C.V. ("Mexichem") for gross proceeds of BRL 55.5 million (£17.6 million). The Group also received US$4.8 million (£2.7 million) in consideration for its agreement not to compete with Bidim in South America for a period of 42 months, which was satisfied by the assignment to the purchaser of certain obligations of the Group to Bidim. Bidim was neither a separate segment for the Group, nor material to the Group's consolidated results and is therefore not a discontinued operation for the purposes of IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations".

The net assets of Bidim at the date of disposal and at 31 December 2007 were as follows:

	Note	**20 June 2008 £'m**	31 December 2007 £'m
Property, plant and equipment		**9.0**	7.9
Intangible assets		**0.1**	0.1
Inventories		**2.5**	2.1
Trade receivables		**3.0**	3.3
Other receivables		**2.0**	1.2
Current tax liability		**(0.7)**	(0.4)
Deferred tax liability		**(0.2)**	(0.2)
Trade payables		**(1.2)**	(0.6)
Other payables		**(1.3)**	(0.7)
Cumulative translation reserve		**(6.1)**	(4.9)
		7.1	7.8
Gain on disposal	6	**6.6**	
Total consideration (net of disposal costs)		**13.7**	
Satisfied by – Cash		**13.7**	

The following table highlights Bidim's contribution to the Group's trading performance and cash flows in the period ended 20 June 2008:

	20 June 2008 £'m
Sales	7.9
Underlying operating profit	0.4
Profit before tax	0.9
Net operating cash inflow	1.1
Cash outflow from investing activities	-
Cash outflow from financing activities	-

16. Acquisitions and disposals continued

(ii) On 21 May 2008, the Group sold its 15% investment in SGN for US$7.3 million (£3.5 million). The Group recognised a gain on disposal of £3.0 million before tax of £0.7 million. Prior to the disposal, the Group received dividends of £0.8 million from SGN in respect of its share of prior period profits.

17. Cash flow from operating activities

	Six months ended 30 June 2009 £'m	Six months ended 30 June 2008 £'m	Year ended 31 December 2008 £'m
Operating (loss)/profit from continuing operations	**(6.8)**	6.2	(15.4)
Share of profit from associates	**(0.1)**	(0.1)	(0.2)
(Loss)/profit from operations	**(6.9)**	6.1	(15.6)
Depreciation of property, plant and equipment	**16.6**	15.0	30.6
Amortisation of intangible assets	**0.1**	0.2	0.5
Loss on sale of property, plant and equipment	**0.4**	-	0.1
(Decrease)/ increase in provisions	**(0.1)**	0.4	2.6
Excess of pension scheme contributions over charge	**(1.3)**	(1.3)	(2.4)
Share-based payments	**0.5**	0.4	0.3
Gain on disposal of investment	**-**	(2.9)	(3.0)
Gain on disposal of businesses	**-**	(7.3)	(6.6)
Non-cash impairment and asset write-downs	**13.5**	8.8	33.9
Non-recurring inventory write-downs	**-**	0.3	0.5
Other non-cash non-recurring items	**(0.3)**	-	-
Other non-cash items	**(1.3)**	2.3	0.4
Operating cash flows before movement in working capital	**21.2**	22.0	41.3
Decrease in working capital	**14.7**	5.3	17.7
Cash generated by operations	**35.9**	27.3	59.0
Income taxes paid	**(1.9)**	(1.1)	(3.1)
Net cash from operating activities	**34.0**	26.2	55.9

18. Contingent liabilities

The Fiberweb business is party to legal proceedings and claims which arise in the normal course of business, including specific product liability and environmental claims in Fiberweb Americas. Any liabilities are likely to be mitigated by legal defences, insurance, reserves and third party indemnities.

The directors do not currently anticipate that the outcome of any such proceedings and claims either individually, or in aggregate, will have a material adverse effect upon Fiberweb's financial position.

19. Retirement obligations

The defined benefit obligation as at 30 June 2009 is estimated on a year to date basis, based on the latest actuarial valuation as at 31 December 2008, with financial assumptions updated to reflect market conditions at 30 June 2009 where appropriate.

The defined benefit plan assets have been updated to reflect their market value as at 30 June 2009. Differences between the expected return on assets and the actual return on assets have been recognised as an actuarial loss in the condensed consolidated statement of comprehensive income in accordance with the Group's accounting policy.

20. Related party transactions

Transactions between Fiberweb plc and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between Fiberweb and other related parties are detailed below.

	Six months ended		Year ended
	30 June 2009 £'m	30 June 2008 £'m	31 December 2008 £'m
Purchase of 50% of Coronor from JV partner (note 16)	**2.8**	-	-
Dividends paid to former parent company	**-**	-	0.5
Net amounts owed by former parent company:			
- tax indemnity	**3.5**	3.5	4.0

OTHER MATTERS

Key performance indicators

As set out in our most recent annual report, we implement and monitor our performance against our strategy with reference to six key performance indicators (KPIs). These KPIs are applied on a Group-wide basis. Performance in the six months ended 30 June 2009 for the financial KPIs is set out in the table below, together with the performance data for the six months ended 30 June 2008 and the year ended 31 December 2008. The source of data and calculation methods used are consistent with those disclosed in the 2008 annual report.

	Definition/ description	Purpose	Six months ended **30 June 2009**	Six months ended 30 June 2008	Year ended 31 December 2008
Financial KPIs					
Operating margins	Underlying operating profit from continuing businesses	Measure progress in improving returns	**4.4%**	3.4%	3.7%
Earnings growth (adjusted EPS)	Increase in underlying earnings	Measure success in improving shareholder returns	**63%**	687%	185%
Return on invested capital %	Underlying operating profit from continuing operations/ total net assets prior to impairment, excluding cash and non-interest bearing liabilities	Measure success in improving returns on our assets	**6.3%**	4.8%	4.3%
Revenue growth in Industrial	Third party sales growth in Industrial	Measure growth in a strategically important businesses	**(6.6)%***	(0.7)%*	(3.4)%*
Underlying return on sales % in Industrial	Underlying operating profit expressed as a percentage of sales	Measure improvement in the quality of earnings in a strategically important business	**6.4%**	5.5%	5.4%
Net cash flows from operating activities	Net cash flows from operating activities, before investing and financing activities	Generating cash available for reinvestment or distribution	**£34.0m**	£26.2m	£55.9m

*(22.8)% at constant currency (six months ended 30 June 2008: (4.8)%; year ended 31 December 2008: (8.5)%)

Underlying operating margins have improved to 4.4% from 3.4% in the first half and 4.0% in the second half of 2008. The Group's margin improvement has been achieved through a focused effort to exit unprofitable segments, improve manufacturing efficiencies and streamline costs to combat increasing raw material, energy and freight costs.

Earnings growth was positive as a result of the margin improvement, with continuing adjusted EPS of 3.9 pence (six months ended 30 June 2008: 2.4 pence).

Return on invested capital reflects steady progress and has improved further to 6.3% from 4.3% for the full year ended 31 December 2008 (six months ended 30 June 2008: 4.8%). This continued improvement reflects the actions taken over the last twelve months to boost profitability through both cost reduction programmes and portfolio rationalisation, as we continue to focus on assets that generate higher returns.

Net cash flows from operating activities of £34.0 million are ahead of the same period last year driven by improved operating profit and strong working capital performance.

Related party transactions
Related party transactions are disclosed in note 20 to the condensed consolidated financial statements.

There have been no material changes to the related party transactions described in the last annual report.

Risks and uncertainties
Below, we set out the principal risks and uncertainties which could have a material impact on the Group's performance over the remaining six months of the financial year and could cause actual results to differ materially from expected and historical results. Further information on the principal long-term risks and uncertainties facing the Group is included in our latest annual report on page 30.

Raw material costs
Raw materials represent the single most important input for Fiberweb's production, representing approximately 55% of sales revenues. Although there are a variety of raw materials used by Fiberweb, the key raw materials are polypropylene and polyester. The prices of polypropylene and polyester are a function of, among other things, the price of crude oil and monomer and polymer manufacturing capacity and demand.

Although the price for polypropylene has decreased since the record highs of the third quarter 2008, Fiberweb's business has been affected by significant increases in raw material prices over the last three years, and the high prices of raw materials, especially polypropylene, have put pressure on the Group's margins. Fiberweb's ability to manage the impact of raw material prices is largely determined by the level of pass-through achieved. Pass-through is a mechanism by which raw material price changes are passed on to customers through selling prices. Pass-through is either contractual (which is an automatic mechanism in a sales contract linked to a movement in a market index) or non-contractual (which is achieved through negotiation or ad hoc price increases by customer, market or product). Fiberweb is subject to contractual pass-through arrangements on approximately 65% of its revenues whereby polypropylene price increases or decreases are passed on to its customers. These pass-through arrangements are generally subject to a time lag of between one and three months. Fiberweb therefore has material exposure to movements in raw material prices which could have a material adverse effect on Fiberweb's second half trading results and financial condition.

However, in the fourth quarter of 2008 raw material prices fell significantly in the wake of a weakening of oil prices, and this has enabled the Group to benefit from increased gross margins, notably in the fourth quarter of 2008 and also the first quarter of 2009.

Raw material prices in the first quarter of 2009 fell further as surplus capacity and the slump in demand resulted in weak polymer prices. The Group estimates the benefit to Group profits during the first half at around £6.8 million, which has helped offset the impact of weaker volumes, particularly in the Industrial segment. More recently, oil prices have started to rise again, which is beginning to affect raw material costs and which may have some impact in the second half of 2009.

Economics, market and trading conditions
Fiberweb's operating and financial performance could vary significantly from period to period as a result of a variety of factors, some of which are outside of its control. These factors include general economic conditions, notably in the regions in which it principally operates (being the US and Europe), conditions specific to the market and conditions specific to Fiberweb. The current recessionary environment and the volatility of internal markets is affecting demand for Fiberweb's products and a continuation or worsening of economic conditions is likely to have a further negative impact on the overall levels of demand for Fiberweb's products.

In general, the market for disposable hygiene products in Europe and the US is stable in character. Demand for diapers (which represents approximately 70% of the Group's hygiene sales) tends not to vary with the state of the economy, although in a downturn there may be a shift away from higher margin premium products to value based offerings. In contrast, the market for industrial nonwovens is varied and certain segments which are served by Fiberweb, such as the US construction markets, are more exposed to the economic cycle and could adversely affect Fiberweb's business, results and financial condition.

Customer and supplier dependency
Across certain markets in which Fiberweb operates, there is a high degree of dependency on maintaining good relationships with a relatively small number of key customers. The failure of Fiberweb and its key customers to renew contracts could result in a significant reduction in the demand for its products. This is particularly the case for Procter & Gamble, which, through a large number of different contracts and purchasing arrangements of varying durations, accounted for approximately 27% of sales in the six months ended 30 June 2009 and in the year ended 31 December 2008.

Similar dependency arises for Fiberweb in respect of maintaining regular supplies of polypropylene and other resins and fibres to its business. Fiberweb is reliant on a small number of critical suppliers in the global market and several of these have been adversely impacted by a combination of rapidly falling raw material prices and demand as well as the incidence of increased capacity coming on stream in the European markets. Given the limited alternative suppliers for Fiberweb, a disruption in the supply chain could lead to Fiberweb being unable to satisfy the needs of its customers.

The failure of one or more of the Group's key customers or suppliers could therefore have a material adverse impact on the Group's reputation, business, results of operations and overall financial condition

Financial covenants and going concern
The Group, like many other companies, is dependent on its ability to obtain external funding to meet a portion of its financing requirements in the longer term. Fiberweb has financial covenants relating to its main source of long-term funding (see table below) and currently expects to comply with these covenants. However, in the event that forecast profitability is not achieved, the continued need to comply with these covenants could restrict the operational flexibility and management decisions of the Group. There is also a risk that Fiberweb's long-term funding would need to be renegotiated with its debt-providers to ensure the continued operations of the Group and there can be no guarantee that such a renegotiation would be possible on commercially acceptable terms or that the Group would be able to successfully re-finance the relevant debt in the current credit market.

The Group manages compliance with these covenants through careful monitoring of operating performance and cash flows, regular forecasts of future performance and tight management of capital expenditure and other discretionary cash flows. The Group's forecasts are updated regularly and adjusted for sensitivities which address the principal risks to which the Group is exposed, such as fluctuations in raw material prices, exchange rates and the impact of both specific and macro-economic events and conditions on the Group's underlying trading results. Consideration is then given to the potential actions available to management to mitigate the impact of one or more of these sensitivities. The Group's central and sensitised forecasts show that the Group should be able to operate within the level of its current facility and remain covenant compliant. Accordingly, the directors continue to adopt the going concern basis in preparing this interim report.

Financial Covenants

Relevant period ending:	
Net debt to EBITDA	
	Consolidated Net Borrowings shall not exceed:
30 June 2009	3.00 times EBITDA
31 December 2009 and 30 June 2010	2.75 times EBITDA
31 December 2010	2.50 times EBITDA
EBITDA to interest	
	EBITDA to exceed or be equal to:
30 June 2009 to 31 December 2010	5.00 times interest

Foreign currency risk

Fiberweb operates globally, with the majority of its revenues and profits earned outside the UK. The Group has significant investments around the world, with the largest proportion in the United States. As a result, the Group is subject to translation risk due to movements between various currencies (mainly the US Dollar and the Euro) and its reporting currency, Sterling. In order to mitigate the effect of foreign exchange movements on its reported earnings, the Group borrows in the currencies of its operations, thus creating a natural hedge for a proportion of its balance sheet. Significant fluctuations in the exchange cross rates can have a material impact on the Group's trading results.

INDEPENDENT REVIEW REPORT TO FIBERWEB PLC

We have been engaged by the Company to review the condensed consolidated set of financial statements in the half-yearly financial report for the six months ended 30 June 2009 which comprises the condensed consolidated income statement, the condensed consolidated balance sheet, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated cash flow statement and related notes 1 to 20. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

Directors’ responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom’s Financial Services Authority.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed consolidated set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting”, as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed consolidated set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated set of financial statements in the half-yearly financial report for the six months ended 30 June 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom’s Financial Services Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
5 August 2009