For Immediate Release **2nd August 2011**

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

Devro plc ("Devro" or the "group"), the world's leading manufacturer of collagen products for the food industry, is pleased to announce its interim results for the six months ended 30 June 2011.

Financial Highlights

• Revenues from continuing operations of £107.1m (2010: £104.6m)	**+ 2.4%**
• Operating profit from continuing operations of £19.5m (2010: £17.5m)	**+11.6%**
• Profit before tax from continuing operations of £19.6m (2010: £16.5m)	**+19.0%**
• Basic earnings per share from continuing operations of 9.5p (2010: 7.5p)	**+26.7%**
• Interim dividend of 2.5p per share (2010: 2.0p)	**+25.0%**
• Net debt increased, as expected, to £24.0m (2010: £17.1m)	
• Profit before tax from discontinued operation of £0.1m (2010: £0.6m)	

Corporate Highlights

- Sales continued to grow strongly in South East Asia, Eastern Europe and Russia
- Favourable shift into higher margin sales
- New premium *Select* range gaining momentum in Europe and Japan
- £45m of capital projects on schedule
- Agreed sale of German distribution business, Devro GmbH

Steve Hannam, Chairman of Devro, commented:

"The continuing business remains on track to deliver the Board's expectations for the full year. Our investment plan is expected to lead to further improvements in operational efficiency and will provide extra capacity for the anticipated growth in demand in future years as gut conversion opportunities and overall levels of meat consumption continue to increase."

For further information contact:

Peter Page	Chief Executive	0207 466 5000 (2nd August)
Simon Webb	Finance Director	01236 878246
Diane Stewart/ Carrie Clement	Buchanan	0207 466 5000

There will be a presentation today at 11.00am for investment analysts. This will be held at the offices of Buchanan Communications, 107 Cheapside, London, EC2V 6DN. A live audio feed will be available to those unable to attend this meeting in person. To connect to the web cast facility, please go to http://mediaserve.buchanan.uk.com/2011/devro020811/registration.asp approximately 10 minutes (10.50am) before the start of the briefing. The presentation will also be available on the company's website.

Chairman's statement and operating review

Devro has made further progress in the six months to 30 June 2011, with growth of 2.4% in sales revenue and 11.6% in operating profit from continuing operations, compared to the corresponding period in 2010.

Sales revenue in the second quarter showed an improvement over 2010, whilst the first quarter was impacted by strong prior year comparables, both from China and retailer promotions in the UK.

Our new premium *Select* range, which is specifically designed to replicate the characteristics of sheep gut, has made encouraging progress in Japan and Europe.

Following a review of our operations in Europe, conditional agreement has been reached to sell the group's German distribution subsidiary, Devro GmbH, in order to allow us to focus fully on our core collagen business. The numbers and values in the statement refer to the continuing business, unless stated otherwise.

Operating review

Overall market

The global market for collagen casings continues to grow, driven primarily by economic expansion and increased meat consumption in emerging markets. High sheep gut prices and limited availability are also providing increasing opportunities in developed markets for substitution by collagen casing.

Trading overview

Sales revenue for the first half of 2011 rose to £107.1 million from £104.6 million, with operating margin up from 16.7% to 18.2%, which reflects the group's success in seeking higher value sales.

Operating profits increased by 11.6% to £19.5 million. Strong price/mix improvements contributed most of this gain, partially offset by increases in input costs, particularly energy and hides.

Sales

Collagen casings

Edible collagen volumes were broadly flat but, excluding sales to China, were up by 2.4% across the rest of the world.

Europe

Edible collagen volumes in Europe continue to show positive growth in overall terms, particularly in Eastern Europe and Russia.

UK and Ireland volumes were down in the first quarter due to promotional activity in the retail trade in 2010 which boosted sales in that period. However, second quarter sales were ahead of prior year.

Americas

Edible collagen volumes in the Americas grew over the period. Lower manufacturing yields and electricity interruptions due to poor weather conditions meant that volumes were lower in the first quarter. Sales in Latin America continue to grow.

Asia/Pacific

Total volumes were down in Asia/Pacific as the comparable period in 2010 included significant volumes of lower priced sales to China.

Sales in South East Asia were encouraging, while Japan was relatively flat despite the earthquake's impact on customers which adversely affected March and April of this year.

Natural disasters also affected sales in both Australia and New Zealand, with the impact reducing over the period.

Distributed and other products

There was a decline in revenues from £11.3 million to £10.0 million, due mainly to a reduction in sales of collagen gel as a result of a US customer continuing to convert back to collagen casings. This transition is now complete.

Sale of Devro GmbH

A conditional agreement has been reached for the sale of Devro GmbH, a wholly-owned subsidiary, to ViskoTeepak Holding Ab Ltd of Finland. The purchase price, which will be paid in cash, will be based on net book value (excluding certain pension assets and liabilities). An estimated price of €1.9 million, which will be subject to final adjustment, will be paid on completion, which is expected to be during the third quarter of 2011.

Approximately 80% of Devro GmbH's sales in the six months ended 30 June 2011 related to distributed third party products. ViskoTeepak will handle sales of Devro products on an agency basis for a transitional period, after which Devro will take direct control of sales of collagen casings in Germany.

In the year ended 31 December 2010, sales and operating profits of the discontinued business were £23.3 million and £1.1 million respectively.

This disposal will improve the group margin as there will be virtually no sales of low margin distributed products. It also enables Devro to concentrate on its core business of collagen casings and is part of our plan to strengthen sales and marketing activities in Europe.

Future developments

In 2011 we are investing £45.0 million to increase capacity and enhance productivity: £15.1 million has been invested at existing sites in the first half of 2011. The benefits of these projects will start to come through in 2012 and 2013. The projects are on schedule.

Developments in China continue, with the establishment of our sales office in Beijing and a local team which is now active in the market.

Our Hong Kong office has been strengthened with the relocation of a senior director to the region.

Foreign currency

Devro operates worldwide and with multiple currencies. Major transactional exposures arise from sales in euros, US dollars and Japanese yen whereas manufacturing costs are in Australian dollars, Czech koruna, US dollars and sterling. Translational exposures arise from the conversion of the results of all our businesses into sterling. The net impact of exchange rate movements on operating profit in the six months to June 2011 was broadly neutral compared to the same period in 2010.

Finance

Re-financing

The existing banking facilities are due to expire on 24 January 2012. We are at an advanced stage of negotiations and expect to have new facilities in place later this year**.**

Net interest

Net interest expense for the period was £0.4 million (2010: £0.4 million). This was offset by net finance income on pension assets and liabilities amounting to £0.5 million, which compares with net finance expense of £0.6 million for the comparable period in 2010. The change is due primarily to the reduction in liabilities of the UK scheme as a result of the changes to the scheme agreed in the second half of 2010.

Tax

The group's tax charge for the period was £4.0 million which represents an effective tax rate of 20.5% (Full year 2010: 23.3%). The group is benefiting from a low tax rate in the Czech Republic, including the impact of a capital investment incentive scheme. This is expected to continue until at least 2015.

Earnings per share

Earnings per share has increased to 9.5p from 7.5p, reflecting the increased profitability of the business, the net finance income on pension assets and liabilities, and the reduced effective tax rate.

Net debt

Net debt was, as expected, £24.0 million at 30 June 2011 compared to £17.1 million at 30 June 2010, which reflects the expenditure on fixed assets of £15.6 million (2010: £10.3 million), as well as an increase in inventories which should largely reverse by the year end.

Pensions

The group's retirement benefit obligations have decreased from £13.4 million at 31 December 2010 to £10.3 million at 30 June 2011. This primarily reflects additional contributions made to each of the major schemes during the period.

Dividends

The Board is pleased to announce an interim dividend of 2.5p (2010: 2.0p). The interim dividend will be paid on 7 October 2011 to shareholders on the register at 2 September 2011.

The increase in the interim dividend is intended to restore a more conventional weighting between the interim and final dividend.

Board changes

Two board appointments were made during the period. Simon Webb replaced Peter Williams as Group Finance Director on 7 April 2011 and Paul Withers was appointed Non Executive Director on 28 April 2011.

Principal risks and uncertainties

The group set out in its 2010 Annual Report and Financial Statements the principal risks and uncertainties that could impact its performance. These remain unchanged since the Annual Report was published.

The group operates a structured risk management process, which identifies and evaluates risks and uncertainties and reviews mitigation activity.

The main areas of potential risk and uncertainty are disruption to supply and increases in price of key raw materials, foreign exchange rate movements, customer credit risks, increased funding of pension schemes, the impact of changes in regulations affecting food production, food industry health concerns, increases in energy costs, loss of market share/profit margins due to increased competitive pressures and development of non-casing technologies.

These risks, together with examples of mitigating activity, are set out in more detail on pages 14 and 15 of the 2010 Annual Report which is available on the Devro plc website: www.devro.com

Outlook

The continuing business remains on track to deliver the Board's expectations for the full year. Our investment plan is expected to lead to further improvements in operational efficiency and will provide extra capacity for the anticipated growth in demand in future years as gut conversion opportunities and overall levels of meat consumption continue to increase.

Steve Hannam	**Peter Page**
Chairman	Chief Executive

2 August 2011

Financial highlights
six months ended 30 June 2011

	30 June 2011	30 June 2010
Continuing operations		
Revenue	£107.1m	£104.6m
Operating profit	£19.5m	£17.5m
Operating margin	18.2%	16.7%
Profit before tax	£19.6m	£16.5m
Earnings per share	9.5p	7.5p
Interim dividend per share	2.5p	2.0p
Net debt	£24.0m	£17.1m
Discontinued operation		
Profit before tax	£0.1m	£0.6m

Interim consolidated income statement
for the six months ended 30 June 2011

	6 months ended 30 June 2011 (unaudited) £'000	6 months ended 30 June 2010 (unaudited) £'000
Continuing operations		
Revenue (note 5)	107,106	104,612
	---------	---------
Operating profit	19,484	17,465
Finance income	86	39
Finance expense	(468)	(363)
Net finance income/(expense) on pension assets and liabilities	547	(628)
	--------	--------
Profit before taxation	19,649	16,513
Taxation (note 7)	(4,028)	(4,186)
	--------	--------
Profit for the period from continuing operations	15,621	12,327
Discontinued operation (note 6)		
Profit for the period from discontinued operation	66	417
	--------	--------
Profit for the period	15,687	12,744
	=====	=====
Earnings per share (note 8)		
Basic		
- Continuing operations	9.5p	7.5p
- Discontinued operation	-	0.3p
	--------	--------
	9.5p	7.8p
	--------	--------
Diluted		
- Continuing operations	9.4p	7.4p
- Discontinued operation	-	0.3p
	--------	--------
	9.4p	7.7p
	--------	--------

Interim consolidated statement of comprehensive income

for the six months ended 30 June 2011

	6 months ended 30 June 2011 (unaudited) £'000	6 months ended 30 June 2010 (unaudited) £'000
Profit for the period	15,687	12,744
	--------	--------
Other comprehensive income for the period, net of tax		
Cash flow hedges:		
- net fair value gains/(losses)	1,361	(246)
- reclassified and reported in operating profit	(1,113)	61
- movement in deferred tax	(64)	52
Group pension schemes:		
- actuarial loss recognised	(505)	(10,543)
- movement in deferred tax	108	3,333
Net exchange adjustments	7,456	(3,322)
	--------	--------
Other comprehensive expense for the period, net of tax	7,243	(10,665)
	--------	--------
Total comprehensive income for the period	22,930	2,079
	=====	=====
Total comprehensive income arises from:		
- continuing operations	22,778	1,821
- discontinued operation	152	258
	--------	--------
	22,930	2,079
	=====	=====

Interim consolidated balance sheet

at 30 June 2011

	30 June 2011 (unaudited) £'000	31 December 2010 (audited) £'000	30 June 2010 (unaudited) £'000
Assets			
Non-current assets			
Intangible assets (note 10)	3,423	2,549	1,937
Property, plant and equipment (note 11)	170,369	157,024	138,372
Deferred tax assets	7,750	8,699	17,021
	181,542	168,272	157,330
Current assets			
Inventories	32,497	28,653	27,103
Current tax assets	7	694	69
Trade and other receivables	32,646	32,791	30,183
Financial assets			
- Derivative financial instruments	1,173	996	520
Cash and cash equivalents	13,402	5,789	9,491
	79,725	68,923	67,366
Assets of disposal group classified as held for sale (note 6)	4,934	-	-
	84,659	68,923	67,366
Total assets	266,201	237,195	224,696
Liabilities			
Current liabilities			
Financial liabilities			
- Bank overdrafts	4,321	2,794	559
- Borrowings	33,102	-	-
- Derivative financial instruments	376	482	970
Trade and other payables	28,700	33,859	27,677
Current tax liabilities	2,653	3,626	3,369
	69,152	40,761	32,575
Liabilities of disposal group classified as held for sale (note 6)	3,313	-	-
	72,465	40,761	32,575
Non-current liabilities			
Financial liabilities			
- Borrowings	-	15,172	25,993
Deferred tax liabilities	14,497	13,979	12,291
Retirement benefit obligations (note 13)	10,261	13,405	42,250
Other non-current liabilities	773	878	737
	25,531	43,434	81,271
Total liabilities	97,996	84,195	113,846
Net assets	168,205	153,000	110,850
Equity			
Capital and reserves attributable to equity holders			
Ordinary shares	16,465	16,361	16,361
Share premium	7,430	6,773	6,773
Other reserves	92,905	85,607	74,971
Retained earnings	51,405	44,259	12,745
Total equity	168,205	153,000	110,850

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Interim consolidated statement of changes in equity

for the six months ended 30 June 2011

	Ordinary shares £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
Six months ended 30 June 2011					
Balance at 1 January 2011	16,361	6,773	85,607	44,259	153,000
Comprehensive income					
Profit for the period	-	-	-	15,687	15,687
Other comprehensive income					
Cash flow hedges, net of tax	-	-	184	-	184
Retirement benefit obligations, net of tax	-	-	-	(397)	(397)
Exchange adjustments	-	-	7,456	-	7,456
Total other comprehensive income	-	-	7,640	(397)	7,243
Total comprehensive income	-	-	7,640	15,290	22,930
Transactions with owners					
Performance share plan charge	-	-	480	-	480
Performance share plan credit in respect of shares vested	-	-	(822)	-	(822)
Issue of ordinary shares	104	657	-	-	761
Dividends paid	-	-	-	(8,144)	(8,144)
Total transactions with owners	104	657	(342)	(8,144)	(7,725)
Balance at 30 June 2011 (unaudited)	16,465	7,430	92,905	51,405	168,205
Six months ended 30 June 2010					
Balance at 1 January 2010	16,287	6,097	78,690	12,997	114,071
Comprehensive income					
Profit for the period	-	-	-	12,744	12,744
Other comprehensive income					
Cash flow hedges, net of tax	-	-	(133)	-	(133)
Retirement benefit obligations, net of tax	-	-	-	(7,210)	(7,210)
Exchange adjustments	-	-	(3,322)	-	(3,322)
Total other comprehensive income	-	-	(3,455)	(7,210)	(10,665)
Total comprehensive income	-	-	(3,455)	5,534	2,079
Transactions with owners					
Performance share plan charge	-	-	476	-	476
Performance share plan credit in respect of shares vested	-	-	(740)	-	(740)
Issue of ordinary shares	74	676	-	-	750
Dividends paid	-	-	-	(5,786)	(5,786)
Total transactions with owners	74	676	(264)	(5,786)	(5,300)
Balance at 30 June 2010 (unaudited)	16,361	6,773	74,971	12,745	110,850

Interim consolidated cash flow statement

for the six months ended 30 June 2011

	6 months ended 30 June 2011 (unaudited) £'000	6 months ended 30 June 2010 (unaudited) £'000
Cash flows from operating activities		
Continuing operations:		
- Cash generated from operations (note 15)	15,464	19,125
- Interest received	124	39
- Interest paid	(527)	(364)
- Tax paid	(2,905)	(4,037)
Discontinued operation (note 6)	(1,350)	(81)
	---------	---------
Net cash from operating activities	10,806	14,682
	---------	---------
Cash flows from investing activities		
Continuing operations:		
- Purchase of property, plant and equipment	(14,812)	(9,839)
- Proceeds from sale of property, plant and equipment	23	110
- Purchase of intangible assets	(843)	(580)
Discontinued operation (note 6)	(4)	(30)
	---------	---------
Net cash used in investing activities	(15,636)	(10,339)
	---------	---------
Cash flows from financing activities		
Continuing operations:		
- Proceeds from the issue of ordinary shares	761	750
- Net borrowing under the loan facilities	17,783	616
- Dividends paid	(8,144)	(5,786)
- Amounts advanced to disposal group	(915)	(973)
Discontinued operation (note 6)	915	973
	---------	---------
Net cash from/(used in) financing activities	10,400	(4,420)
	---------	---------
Net increase/(decrease) in cash and cash equivalents	5,570	(77)
Cash and cash equivalents at beginning of period	2,995	9,743
Exchange gains/(losses) on cash and cash equivalents	935	(734)
Cash and cash equivalents	13,821	9,491
Bank overdrafts	(4,321)	(559)
Net cash and cash equivalents at end of period	9,500	8,932
Less: cash held by disposal group (note 6)	(419)	-
	---------	---------
Net cash and cash equivalents at end of period excluding disposal group	9,081	8,932
	=====	=====

Notes to the condensed consolidated interim financial statements

for the six months ended 30 June 2011 (unaudited)

1 General information

Devro is the world's leading provider of collagen products for the food industry. Collagen is one of the most common forms of protein, which is transformed into strong but flexible edible casings and other related products by highly sophisticated biochemical processing technologies.

The company is a public limited company incorporated and domiciled in the UK. The address of its registered office is Moodiesburn, Chryston, Scotland, G69 0JE.

The company is listed on the London Stock Exchange.

These condensed consolidated interim financial statements were approved for issue on 2 August 2011.

These condensed consolidated interim financial statements do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. The consolidated interim financial statements are unaudited but have been reviewed by our auditors and their report is set out on pages 25 and 26. Statutory accounts for the year ended 31 December 2010 were approved by the Board of Directors on 22 March 2011 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

2 Basis of preparation

These condensed consolidated interim financial statements for the six months ended 30 June 2011 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with International Accounting Standard ("IAS") 34, "Interim financial reporting" as adopted by the European Union. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2010 which have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

Critical estimates and judgements

The preparation of financial statements in conformity with IFRSs requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best assessments of amounts, events or actions, actual results ultimately may differ from those estimates. The key uncertainties that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next six months are the measurement of retirement benefit obligations and taxation.

Going concern basis

Devro has committed borrowing facilities of £51.0 million that fall due for renewal in January 2012. At 30 June 2011, the group was operating comfortably within the covenants relating to these facilities. As explained in note 4, negotiations for the renewal of these facilities are well advanced and, therefore, the directors consider it reasonable to adopt the going concern basis in preparing the consolidated interim financial statements.

3 Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2010, as described in those annual financial statements.

New standards, amendments to standards or interpretations effective in 2011
The following new standards, amendments to standards or interpretations became mandatory for the first time during the financial year beginning 1 January 2011. They either were not relevant for the group or had no material impact on the financial statements of the group:

	Effective date
• IAS 24 (revised) – Related party disclosures	1 January 2011
• IFRIC 14 (amendments) – Prepayments of a minimum funding requirement	1 January 2011
• IFRS 7 (amendments) – Financial instruments: Disclosures on derecognition	1 January 2011

New standards, amendments to standards or interpretations not applied
At the date of approval of these financial statements, the following new standards, amendments to standards and interpretations were in issue but have not been applied in these financial statements:

	Effective date
• IAS 12 (amendments) – Income taxes	1 January 2012
• IAS 1 (amendments) – Financial statement presentation regarding other comprehensive income	1 July 2012
• IFRS 9 – Financial instruments	1 January 2013
• IAS 19 (amendments) – Employee benefits	1 January 2013
• IFRS 10 – Consolidated financial statements	1 January 2013
• IFRS 11 – Joint arrangements	1 January 2013
• IFRS 12 – Disclosures of interests in other entities	1 January 2013
• IFRS 13 – Fair value measurement	1 January 2013
• IAS 27 (revised 2011) - Separate financial statements	1 January 2013
• IAS 28 (revised 2011) – Associates and joint ventures	1 January 2013

It is expected that the group will adopt these standards, amendments to standards and interpretations on their effective dates. The amendment to IAS 19 “Employee benefits” may result in a material change to net finance income/expense on pension assets and liabilities when applied. With that exception, the directors do not anticipate that the adoption of these amendments to standards and interpretations will have a material impact on the financial statements of the group.

4 Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including interest rate risk and foreign exchange risk), credit risk and liquidity risk.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in annual financial statements, and should be read in conjunction with the group's annual financial statements for the year ended 31 December 2010.

Liquidity risk
At 30 June 2011, the group had in place unsecured floating rate loan facilities comprising committed elements with a total of £51.0 million (31 December 2010: £51.0 million) and uncommitted working capital elements with a total of £7.0 million (31 December 2010: £7.0 million). These are co-ordinated bilateral facilities with three banks and the committed elements are due to expire on 24 January 2012. Negotiations are at an advanced stage and we expect to have new facilities in place later this year. The uncommitted facilities are renewable within one year.

Fair value of derivative financial instruments
The fair values of derivative financial instruments are as follows:

	Assets	**Liabilities**
	£'000	**£'000**
At 30 June 2011		
Forward foreign currency contracts		
- cash flow hedge	953	290
- other	229	77
	-----	-----
	1,182	367
	===	===
At 31 December 2010		
Forward foreign currency contracts		
- cash flow hedge	624	209
- other	372	273
	-----	-----
	996	482
	===	===

Assets and liabilities that are measured at fair value are disclosed by level of the following fair value measurement hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

All of the group's assets and liabilities that are measured at fair value are classified as level 2 at 30 June 2011 (31 December 2010: Level 2).

5 Segment information

The chief operating decision maker has been identified as the Board.

The Board reviews the group's financial results on a product basis in order to assess performance and allocate resources. Operating segments have been determined accordingly. These are now as follows:

Collagen casings, which included the four edible collagen brands, Devro, Coria, Cutisin and Select, and Cutisin non-edible collagen casings.

Other segments, which includes the non-reportable segments of collagen film, collagen gel, Cutisin plastic casings, collagen for medical use and distributed products.

Distributed products is no longer a reportable segment as the vast majority of sales were made by Devro GmbH, the conditional sale of which has been agreed as described in note 6. The results for the business being sold are presented in these interim financial statements, including this note, as a discontinued operation.

The Board assesses the performance of the operating segments based on a measure of adjusted earnings before interest and tax ("Adjusted EBIT"). This measurement basis excludes the effects of exceptional income and expenditure from the operating segments.

Finance income and expense, including that arising on pension and post-retirement health plan assets and liabilities, is not included in the segment results that are reviewed by the Board.

Segment assets exclude tax assets, which are managed on a central basis.

Information provided to the Board is consistent with that in the financial statements.

	Collagen casings		Other segments		Total continuing operations		Discontinued operation		Total group	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010	30 June 2011	30 June 2010	30 June 2011	30 June 2010	30 June 2011	30 June 2010
	£'000	£'000	£'000	£'000	£'000	£,000	£'000	£'000	£'000	£'000
Revenue										
Sales to external customers	97,155	93,314	9,951	11,298	107,106	104,612	10,889	11,481	117,995	116,093
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Adjusted EBIT	19,252	16,969	1,820	2,997	21,072	19,966	110	616	21,182	20,582
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Corporate overheads					(1,588)	(2,501)	-	-	(1,588)	(2,501)
					---------	---------	---------	---------	---------	---------
EBIT					19,484	17,465	110	616	19,594	18,081
Finance income					86	39	-	-	86	39
Finance expense					(468)	(363)	(2)	-	(470)	(363)
Net finance income/(expense) on pension and post-retirement health plan assets and liabilities					547	(628)	-	-	547	(628)
					---------	---------	---------	---------	---------	---------
Profit before tax					19,649	16,513	108	616	19,757	17,129
					======	======	======	======	======	======

6 Discontinued operation

On 16 June 2011, the group reached conditional agreement for the sale of Devro GmbH, a wholly-owned subsidiary, to ViskoTeepak Holding Ab Ltd of Finland. The purchase price, which will be paid in cash, will be based on adjusted net book value (excluding certain pension assets and liabilities). An estimated preliminary price of 1.9 million euros, which will be subject to final adjustment, will be paid on completion, which is expected to be during the third quarter of 2011.

Approximately 80% of Devro GmbH's sales in the six months ended 30 June 2011 related to distributed third party products. ViskoTeepak will handle sales of Devro products in Germany on an agency basis for a transitional period, after which Devro will take direct control of sales of collagen casings in Germany. This disposal enables the group to concentrate on its core business of collagen casings and is part of its plan to strengthen sales and marketing activities in Europe.

The results for the business being disposed of are presented in these interim financial statements as a discontinued operation, and the value of the assets and liabilities being disposed of at 30 June 2011 are presented as held for sale.

Financial information relating to the business being disposed of is set out below.

(a) Income statement for discontinued operation

	6 months ended 30 June 2011 £'000	6 months ended 30 June 2010 £'000
Revenue	10,889	11,481
Expenses	(10,665)	(10,865)
Profit before taxation from discontinued operation	224	616
Taxation	(73)	(199)
Profit after taxation from discontinued operation	151	417
Expenses associated with the disposal of the discontinued operation before taxation	(116)	-
Taxation	31	-
Expenses associated with the disposal of the discontinued operation after taxation	(85)	-
Profit for the period from discontinued operation	66	417

6 Discontinued operation (continued)

(b) Cash flows from discontinued operation

	6 months ended 30 June 2011 £'000	6 months ended 30 June 2010 £'000
Net cash used in operations	(1,350)	(81)
Net cash used in investing activities	(4)	(30)
Net cash from financing activities	915	973
	-------	-------
Effect on cash flows	(439)	862
	-------	-------

(c) Assets and liabilities classified as held for sale

	30 June 2011 £'000
Assets	
Intangible assets	4
Property, plant and equipment	30
Inventories	2,149
Trade and other receivables	2,332
Cash	419

Total assets of the disposal group	4,934

Liabilities	
Trade and other payables	2,957
Current tax liabilities	356

Total liabilities of the disposal group	3,313

Net assets of the disposal group	1,621
	-------

7 Taxation

The charge for taxation for the six months ended 30 June 2011 corresponds to a rate of tax of 20.5% on the profit on continuing operations for the period (2010: 25.3%), which reflects the anticipated effective rate for the year ending 31 December 2011. The charge for taxation comprises a UK corporation tax charge of £135,000 (2010: credit of £24,000) and a foreign tax charge of £3,893,000 (2010: £4,210,000).

During the period, a change in the UK corporation tax rate from 28% to 26% was substantively enacted and the reduced rate will be effective from 1 April 2011. The relevant deferred tax balances have been re-measured accordingly.

In addition to the change in rate of corporation tax disclosed above, a number of further changes to the UK corporation tax system were announced in the March 2011 UK Budget Statement. Legislation to reduce the main rate of corporation tax from 26% to 25% from 1 April 2012 has been included in the Finance Act 2011 which received Royal Assent in July 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014. None of these rate reductions had been substantively enacted at the balance sheet date and, therefore, are not reflected in these financial statements.

Had the change in rate to 23% been substantively enacted as of the balance sheet date, there would have been no significant impact on the accounts.

8 Earnings per share

	6 months ended 30 June 2011 £'000	6 months ended 30 June 2010 £'000
Profit attributable to equity holders		
- Continuing operations	15,621	12,327
- Discontinued operation	66	417
	-------	-------
	15,687	12,744
	-------	-------

	6 months ended 30 June 2011 Pence	6 months ended 30 June 2010 Pence
Continuing operations		
- Basic	9.5	7.5
- Diluted	9.4	7.4
Discontinued operation		
- Basic	-	0.3
- Diluted	-	0.3
Continuing and discontinued operations		
- Basic	9.5	7.8
- Diluted	9.4	7.7

Basic earnings per share is calculated by dividing the profit for the period attributable to equity holders by 164,129,526 (2010: 163,265,333) shares, being the weighted average number of shares in issue throughout the period.

Share options are only treated as dilutive in the calculation of diluted earnings per share if their exercise would result in the issue of shares at less than the average market price of the shares during the period. Shares arising from share options, the deferred bonus scheme or the performance share plan are only treated as dilutive where the effect is to reduce earnings per share. Diluted earnings per share is calculated by dividing the profit for the period attributable to equity holders by the average number of shares, including the effect of all dilutive potential shares, of 166,674,120 (2010: 166,434,557).

9 Dividends

The final dividend of 5.0 pence per share in respect of the year ended 31 December 2010 was paid on 6 May 2011, absorbing £8,144,000 of equity.

The interim dividend of 2.5 pence per share, which will absorb an estimated £4,116,000 of equity, will be paid on 7 October 2011 to shareholders on the register at 2 September 2011. This compares with the 2010 interim dividend of 2.0 pence, which absorbed £3,252,000 of equity.

10 Intangible assets

Movements in intangible assets are summarised as follows:-

	6 months ended 30 June 2011 £'000	6 months ended 30 June 2010 £'000
Opening net book value at 1 January	2,549	1,635
Less: classified as held for sale	(4)	-
Exchange differences	34	(17)
Additions	1,012	580
Disposals	-	(84)
Amortisation	(168)	(177)
	-------	-------
Closing net book value at 30 June	3,423	1,937
	-------	-------

11 Property, plant and equipment

Movements in property, plant and equipment are summarised as follows:-

	6 months ended 30 June 2011 £'000	6 months ended 30 June 2010 £'000
Opening net book value at 1 January	157,024	138,071
Less: classified as held for sale	(38)	-
Exchange differences	6,180	(2,615)
Additions	14,070	9,115
Disposals	(122)	(381)
Depreciation	(6,745)	(5,818)
	----------	----------
Closing net book value at 30 June	170,369	138,372
	======	======

Additions during the period were largely attributable to expenditure on capacity increases and productivity enhancements in each of the four manufacturing subsidiaries.

12 Capital commitments

Capital expenditure contracted for but not provided in the financial statements:

	30 June 2011 £000	31 December 2010 £'000	30 June 2010 £'000
Property, plant and equipment	21,180	1,245	5,317
Intangible assets	8	8	7
	21,188	1,253	5,324

13 Retirement benefit obligations

The retirement benefit obligations disclosed as non-current liabilities in the balance sheet are as follows:

	30 June 2011 £'000	31 December 2010 £'000	30 June 2010 £'000
Retirement benefit obligations	10,261	13,405	42,250

The decrease in the group's retirement benefit obligations at 30 June 2011 compared with 31 December 2010 primarily reflects the additional contributions made to each of the major schemes during the period.

A summary of the discount rates used in the principal countries is:-

	30 June 2011	31 December 2010	30 June 2010
Australia	4.60%	4.90%	4.60%
United Kingdom	5.50%	5.40%	5.40%
United States	5.36%	5.31%	5.30%

14 Equity securities issued

Details of ordinary shares of 10 pence each issued during the six months ended 30 June 2011 are as follows:

	6 months ended 30 June 2011 Shares	6 months ended 30 June 2010 Shares	**6 months ended 30 June 2011 £'000**	6 months ended 30 June 2010 £'000
Shares vested under the Devro 2003 Performance Share Plan	1,036,557	742,730	761	750
	========	=======	===	===

15 Cash flows from operating activities

	6 months ended 30 June 2011 £'000	6 months ended 30 June 2010 £'000
Continuing operations		
Profit before tax	19,649	16,513
Adjustments for:		
Finance income	(86)	(39)
Finance expense	468	363
Net finance (income)/expense on pension and post-retirement health plan assets and liabilities	(547)	628
Loss on disposal of property, plant and equipment	99	271
Loss on disposal of intangible assets	-	84
Depreciation of property, plant and equipment	6,745	5,804
Amortisation of intangible assets	168	177
Release from capital grants reserve	(20)	(20)
Expenses associated with the disposal of the discontinued operation	(116)	-
Retirement benefit obligations	(2,424)	(2,006)
Performance share plan	(342)	(264)
Changes in working capital:		
Increase in inventories	(5,508)	(832)
Increase in trade and other receivables	(1,510)	(170)
Decrease in trade and other payables	(1,112)	(1,384)
	--------	--------
Cash generated from continuing operations	15,464	19,125
	=====	=====

16 Analysis of net debt

	30 June 2011 £'000	31 December 2010 £'000	30 June 2010 £'000
Cash and cash equivalents	13,402	5,789	9,491
Bank overdrafts	(4,321)	(2,794)	(559)
	----------	----------	----------
	9,081	2,995	8,932
Borrowings:			
- Due within one year	(33,102)	-	-
- Due after more than one year	-	(15,172)	(25,993)
	----------	----------	----------
	(24,021)	(12,177)	(17,061)
	======	======	======

The increase in net debt reflects the significant level of capital expenditure during the period, together with the increase in working capital.

17 Related party transactions

The group had no related party transactions other than key management compensation during the six months ended 30 June 2011 and 30 June 2010.

Statement of directors' responsibilities

The directors confirm that these consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 as adopted by the European Union and that the interim management report includes a fair review of the information required by the Disclosure and Transparency Rules ("DTR") 4.2.7 and 4.2.8, namely:

- an indication of important events that have occurred during the first six months 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 financial year; and

- material related party transactions in the first six months of the financial year and any material changes in the related party transactions described in the last annual report.

The directors of Devro plc are as listed in the company's Annual Report for the year ended 31 December 2010, with the exception of the following changes: Mr P C Williams retired on 7 April 2011, Mr S C Webb was appointed on 17 January 2011, and Mr P N Withers was appointed on 28 April 2011. A list of the current directors is maintained on the company's website: www.devro.com.

By order of the Board

Peter Page
Chief Executive
2 August 2011

Independent review report to Devro plc

Introduction

We have been engaged by the company to review the consolidated interim financial information in the interim financial report for the six months ended 30 June 2011, which comprises the interim consolidated income statement, the interim consolidated statement of comprehensive income, the interim consolidated balance sheet, the interim consolidated statement of changes in equity, the interim consolidated cash flow statement and related notes. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the consolidated interim financial information.

Directors' responsibilities

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

As discussed in note 2, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The consolidated interim financial information included in this interim 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 consolidated interim financial information in the interim financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 enquiries, 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 consolidated interim financial information in the interim financial report for the six months ended 30 June 2011 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.

PricewaterhouseCoopers LLP
Chartered Accountants
Glasgow
2 August 2011

Notes

(a) The maintenance and integrity of the Devro plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim financial report since it was initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.