For Immediate Release **30 July 2014**

Devro plc

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

Performance in line with expectations and transformation of manufacturing footprint progressing well

Devro plc ("Devro" or the "group"), one of the world's leading manufacturers of collagen products for the food industry, is pleased to announce its interim results for the six months ended 30 June 2014.

Performance in line with expectations	**2014 Unaudited**	**2013 Unaudited**
• Revenue	£109.7m	£118.9m
• Operating profit before exceptional items	£14.1m	£17.9m
• Exceptional items	(£10.8m)	-
• Profit before tax	£1.6m	£16.2m
• Basic earnings per share before exceptional items	6.6p	8.2p
• Basic earnings per share	1.4p	8.2p
• Interim dividend (per share)	2.70p	2.70p

Strategic highlights

- Significant progress on business development in China
- Transformation of manufacturing footprint progressing well
- Major investment projects for new plants in USA and China on schedule
- Restructuring in Scotland, with decommissioning of older capacity and labour reductions agreed

Operational highlights

- Trading in line with management expectations
- Revenue unchanged in constant currency* and excluding exchange movements operating profit would have been £2.2 million higher than reported
- Sales volumes broadly flat over the first half with an improved second quarter
- Inventory levels now reducing following a peak in March
- US private placement raising US$100m long term funding completed

*Constant currency growth rates are calculated by restating 2014 figures using 2013 exchange rates

Peter Page, Chief Executive of Devro, commented

"Stronger sales in the second quarter have resulted in volumes and constant currency revenues in line with prior year for the first half.

"In order to add capacity, align products with market opportunities and reduce unit costs, all our manufacturing operations are in the midst of a significant transformation process which is impacting current year profits but will enhance earnings in the future.

"Our expectations for the full year trading results remain unchanged."

<u>For further information contact:</u>

Peter Page	Chief Executive	020 7466 5000
Simon Webb	Group Finance Director	020 7466 5000
Charles Ryland/Sophie McNulty	Buchanan	020 7466 5000

There will be a presentation today at 10am for investment analysts. This will be held at the offices of Buchanan, 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 the following link: http://media.buchanan.uk.com/2014/devro300714/registration.asp approximately 10 minutes (9.50am) before the start of the briefing. The presentation will also be available on the company's website.

Business review

Devro's performance in the first half of 2014 is in line with our expectations.

Trading update

Devro's sales volumes improved in the second quarter, and for the first half are now similar to the same period as prior year. Strong volume growth continued in China, Japan and Germany and there was also an increase in volumes sold in the USA. Sales volumes in the UK and Russia improved in the second quarter. Volumes declined in several emerging markets but longer term demand remains strong and we are taking actions to benefit from this growth. Total revenue (sales value) is unchanged on a constant currency basis compared with the prior year, but is down 8% on a reported basis.

Transforming our manufacturing footprint

In order to add capacity, align products with market opportunities and reduce unit costs, all our manufacturing operations are in the midst of a significant transformation process which is impacting current year profits but will enhance earnings in the future.

Our major investment projects for new plants in the USA and China are advancing as planned, with expenditure on budget and progress on track for expected completion dates in 2016. As previously announced, together, these projects involve a capital investment of £90 million and will make a significant contribution to the business. Lower production costs in the USA will yield £8 million savings per year from mid 2016 and the additional capacity for supplying the growing market in China will enhance profits from late 2016.

Exceptional cash costs associated with these major projects are expected to be approximately £2 million in 2014, together with exceptional non-cash costs of approximately £1 million.

Significant progress has also been made in the restructuring of our operations in Scotland, which was announced in April 2014. The decommissioning of older, less efficient technology has commenced. 130 redundancies have now been agreed, with the first stage to be completed in August 2014 and the second stage in the first quarter of 2015.

These changes, together with other restructuring actions around the group, are expected to result in exceptional cash costs of approximately £8 million in 2014, which should yield annualised cost savings of approximately £5 million from mid 2015. Exceptional non-cash costs will be approximately £12 million, comprising approximately £9 million for the write-down of assets and a UK pension liability increase of approximately £3 million.

Outlook

Our expectations for the full year trading results remain unchanged.

Based on current conditions, we expect that sales volumes in key markets will continue to grow, offsetting slower trading in other markets, resulting in similar overall volumes to 2013. We will continue to balance supply with demand to manage inventories in line with our expectations for future sales with some capacity reductions planned for the second half.

The Board remains confident that with an increasingly well-invested global manufacturing base and an excellent product range, Devro is in a strong position to benefit from the growing demand for collagen casings linked to higher protein consumption worldwide.

Financial review

Sales

The decrease in reported revenue of 8% was almost entirely due to exchange movements. Sales volumes were 1% down on prior year, offset by a marginal increase in price/mix.

The region mix impact of increased sales in China was offset by increases in sales in Germany and Japan and lower sales in Latin America.

Operating profits

Operating profits before exceptional items were £14.1 million for the first half compared with £17.9 million last year. Exchange rate movements accounted for -£2.2 million of this reduction reflecting the underlying strength of sterling.

Operating profits benefitted from higher average selling prices in some regions, partially offset by the effects of regional mix, with a net impact of +£0.4 million. Marginally lower sales volumes reduced profits by -£0.5 million.

Manufacturing operations held back profits by -£1.4 million as a result of the actions taken to reduce capacity to balance supply with sales demand, which was partially offset by improved efficiencies in our Czech plant reflecting recent investments. Depreciation increased by -£0.6 million as a result of these investments.

The remaining +£0.5 million movement mainly relates to cost savings during the period, offset by input cost and wage inflation. The input cost inflation of -£1.0 million largely relates to raw material cost increases which are rising at a lower rate than the last two years.

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 movements on operating profit in the six months ended 30 June 2014 was adverse by £2.2 million compared with the same period in 2013, primarily related to the translational effects following the strengthening of sterling.

Exceptional items

A summary of exceptional items for the first half and projections for the full year is set out below:

	6 months ended 30 June 2014 £m	Projected year ended 31 December 2014 £m
Investment projects	1.2	3.0
Restructuring	9.6	20.0
	10.8	**23.0**
Cash	7.1	10.0
Non cash	3.7	13.0
	10.8	**23.0**

Included in the projected full year exceptional items is £16.0 million for the restructuring in Scotland as previously announced, with the additional £4 million relating to other restructuring actions around the group. Further details on exceptional items are provided in note 5.

Restructuring costs include £5.5 million of redundancy provisions that are expected to be paid within the next nine months.

Finance income/expense

Net interest cost for the period was £0.7 million (2013: £0.6 million), which includes the effects of the capitalisation of interest on debt of £0.1 million related to the two investment projects in China and the USA. In addition there was net finance cost on pensions amounting to £1.0 million (2013: £1.1 million).

Tax

The group's tax charge before exceptional items for the period was £1.4 million which represents an effective tax rate of 11.3% and is broadly in line with the 2013 full year rate of 10.5%.

Earnings per share

	6 months ended 30 June 2014	6 months ended 30 June 2013
Basic earnings per share before exceptional items	6.6p	8.2p
Basic earnings per share	1.4p	8.2p

Excluding exceptional items, basic earnings per share has decreased by 19.5% to 6.6 pence from 8.2 pence, but on a constant currency basis the reduction is only 6.1%. Basic earnings per share has been shown before exceptional items in order to reflect better the underlying movement on trading results.

Net debt

Net debt rose to £53.2 million as at 30 June 2014 compared with £35.8 million at 31 December 2013 which was in line with our expectations. This increase reflects the cash outlay on fixed assets of £19.9 million, primarily related to the investments being made to establish new manufacturing plants in the USA and China. The increase also includes a rise in inventory of £4.6 million, although this is expected to reverse in the second half as inventory levels are reduced.

The US private placement, previously announced in April 2014, has now been completed resulting in an increase in long term funding of US$100 million. A significant proportion of this has been retained in US$ to fund the investment project in the USA and the remainder has been swapped into sterling. The majority of the cash received has been used to pay down existing debt but some has been retained in cash to fund short term payments for the investment projects.

Pensions

The group's pension obligations increased from £46.1 million at 31 December 2013 to £53.5 million at 30 June 2014, which primarily reflects a decrease in discount rates. This increase also includes a £2.8 million exceptional UK pension charge that has been incurred as part of the group's restructuring actions. Additional contributions of £5 million are planned for 2014 to fund the deficits in the group's defined benefits schemes, in line with the previous year.

A triennial valuation for the UK defined benefit pension scheme as at 31 March 2014 will be completed during 2014.

Dividends

The Board is pleased to announce an interim dividend of 2.70 pence (2013: 2.70 pence). The interim dividend will be paid on 3 October 2014 to shareholders on the register at 29 August 2014.

Board appointment

As previously announced, following Steve Hannam's retirement, Gerard Hoetmer was appointed as Chairman on 15 May 2014, having previously served as a non-executive director since joining the Board on 30 July 2013.

Principal risks and uncertainties

The group set out in its 2013 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 loss of market share/profit margins due to increased competitive pressures, delays or cost overruns on major projects, disruption to supply or increase in price of key raw materials, product contamination, foreign exchange rate movements, shortage of people with relevant technical expertise, customer credit risks, impact of changes in regulations affecting food production, increases in energy costs, increased funding requirements of pension schemes, development of non-casing technologies and constitutional change.

These risks are carefully monitored and managed and further details are set out on pages 28 to 31 of the 2013 Annual Report which is available on the Devro plc website: www.devro.com

Peter Page	**Simon Webb**
Chief Executive	Group Finance Director

30 July 2014

Interim consolidated income statement (unaudited)
for the six months ended 30 June 2014

	6 months ended 30 June 2014			
	Before exceptional items	**Exceptional items**	**Total**	6 months ended 30 June 2013
	£'m	**£'m**	**£'m**	£'m
Revenue (note 6)	**109.7**	**-**	**109.7**	118.9
Operating profit (note 5)	**14.1**	**(10.8)**	**3.3**	17.9
Finance cost	**(0.7)**	**-**	**(0.7)**	(0.6)
Net finance cost on pensions	**(1.0)**	**-**	**(1.0)**	(1.1)
Profit before tax	**12.4**	**(10.8)**	**1.6**	16.2
Tax (note 7)	**(1.4)**	**2.1**	**0.7**	(2.6)
Profit for the period attributable to owners of the parent	**11.0**	**(8.7)**	**2.3**	13.6
Earnings per share (note 8)				
Basic			**1.4p**	8.2p
Diluted			**1.4p**	8.1p

Interim consolidated statement of comprehensive income (unaudited)
for the six months ended 30 June 2014

	6 months ended 30 June 2014	6 months ended 30 June 2013
	£'m	£'m
Profit for the period	**2.3**	13.6
	--------	--------
Other comprehensive (expense)/income for the period		
Items that will not be reclassified to profit or loss		
Pension obligations:		
- re-measurements	**(6.4)**	11.7
- movement in deferred tax	**1.5**	(3.5)
	--------	--------
Total items that will not be reclassified to profit or loss	**(4.9)**	8.2
	--------	--------
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges:		
- net fair value gains/(losses)	**0.1**	(1.6)
- reclassified and reported in operating profit	**0.4**	(0.9)
- movement in deferred tax	**(0.1)**	0.6
Net investment hedges:		
- fair value gains	**0.6**	0.2
- movement in deferred tax	**(0.1)**	-
Net exchange adjustments	**(4.4)**	(0.3)
	--------	--------
Total items that may be reclassified subsequently to profit or loss	**(3.5)**	(2.0)
	--------	--------
Other comprehensive (expense)/income for the period, net of tax	**(8.4)**	6.2
	--------	--------
Total comprehensive (loss)/income for the period attributable to owners of the parent	**(6.1)**	19.8
	=====	=====

Interim consolidated balance sheet
at 30 June 2014

	30 June 2014 (unaudited) £'m	31 December 2013 (audited) £'m	30 June 2013 (unaudited) £'m
ASSETS			
Non-current assets			
Intangible assets (note 10)	**3.1**	3.2	3.5
Property, plant and equipment (note 11)	**201.7**	199.1	203.2
Deferred tax assets	**18.5**	14.8	16.1
	223.3	217.1	222.8
Current assets			
Inventories	**42.1**	38.1	35.8
Current tax assets	**0.5**	0.5	0.3
Trade and other receivables	**32.9**	33.6	37.6
Derivative financial instruments (note 4)	**1.1**	2.1	2.0
Cash and cash equivalents (note 17)	**20.7**	6.0	4.9
	97.3	80.3	80.6
Total assets	**320.6**	297.4	303.4
LIABILITIES			
Current liabilities			
Borrowings (note 17)	**2.5**	2.4	2.4
Derivative financial instruments (note 4)	**1.5**	1.4	1.9
Trade and other payables (note 13)	**21.6**	26.7	26.6
Provisions (note 5)	**5.5**	-	-
Current tax liabilities	**3.8**	4.2	4.1
	34.9	34.7	35.0
Non-current liabilities			
Borrowings (note 17)	**71.4**	39.4	43.4
Deferred tax liabilities	**17.0**	17.3	18.4
Pension obligations (note 14)	**53.5**	46.1	47.4
Other payables	**1.9**	1.9	2.0
	143.8	104.7	111.2
Total liabilities	**178.7**	139.4	146.2
Net assets	**141.9**	158.0	157.2
EQUITY			
Capital and reserves attributable to owners of the parent			
Ordinary shares	**16.7**	16.7	16.7
Share premium	**9.3**	9.0	9.0
Other reserves	**61.2**	64.9	77.8
Retained earnings	**54.7**	67.4	53.7
Total equity	**141.9**	158.0	157.2

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

Interim consolidated statement of changes in equity (unaudited)
for the six months ended 30 June 2014

	Ordinary shares £'m	Share premium £'m	Other reserves £'m	Retained earnings £'m	Total equity £'m
Six months ended 30 June 2014					
Balance at 1 January 2014	16.7	9.0	64.9	67.4	158.0
Comprehensive income					
Profit for the period	-	-	-	2.3	2.3
Other comprehensive (expense)/income					
Cash flow hedges, net of tax	-	-	0.4	-	0.4
Net investment hedges, net of tax	-	-	0.5	-	0.5
Pension obligations, net of tax	-	-	-	(4.9)	(4.9)
Exchange adjustments	-	-	(4.4)	-	(4.4)
Total other comprehensive expense	-	-	(3.5)	(4.9)	(8.4)
Total comprehensive expense	-	-	(3.5)	(2.6)	(6.1)
Transactions with owners					
Performance Share Plan charge	-	-	0.2	-	0.2
Performance Share Plan credit in respect of shares vested	-	-	(0.3)	-	(0.3)
Transfer of lapsed Performance Share Plan awards	-	-	(0.1)	0.1	-
Issue of ordinary shares	-	0.3	-	-	0.3
Dividends paid	-	-	-	(10.2)	(10.2)
Total transactions with owners	-	0.3	(0.2)	(10.1)	(10.0)
Balance at 30 June 2014	**16.7**	**9.3**	**61.2**	**54.7**	**141.9**
Six months ended 30 June 2013					
Balance at 1 January 2013	16.6	8.0	80.7	41.6	146.9
Comprehensive income					
Profit for the period	-	-	-	13.6	13.6
Other comprehensive (expense)/income					
Cash flow hedges, net of tax	-	-	(1.9)	-	(1.9)
Net investment hedges, net of tax	-	-	0.2	-	0.2
Pension obligations, net of tax	-	-	-	8.2	8.2
Exchange adjustments	-	-	(0.3)	-	(0.3)
Total other comprehensive (expense)/income	-	-	(2.0)	8.2	6.2
Total comprehensive (expense)/income	-	-	(2.0)	21.8	19.8
Transactions with owners					
Performance Share Plan charge	-	-	0.2	-	0.2
Performance Share Plan credit in respect of shares vested	-	-	(1.1)	-	(1.1)
Issue of ordinary shares	0.1	1.0	-	-	1.1
Dividends paid	-	-	-	(9.7)	(9.7)
Total transactions with owners	0.1	1.0	(0.9)	(9.7)	(9.5)
Balance at 30 June 2013	16.7	9.0	77.8	53.7	157.2

Interim consolidated cash flow statement (unaudited)
for the six months ended 30 June 2014

	6 months ended 30 June 2014 £'m	6 months ended 30 June 2013 £'m
Cash flows from operating activities		
Cash generated from operations (note 16)	**14.1**	15.7
Interest paid	**(0.5)**	(0.6)
Tax paid	**(1.8)**	(2.0)
	---------	---------
Net cash generated from operating activities	**11.8**	13.1
	---------	---------
Cash flows from investing activities		
Purchase of property, plant and equipment	**(19.4)**	(18.9)
Proceeds from sale of property, plant and equipment	**-**	0.1
Purchase of intangible assets	**(0.5)**	(0.8)
Capital grants received	**-**	0.5
	---------	---------
Net cash used in investing activities	**(19.9)**	(19.1)
	---------	---------
Cash flows from financing activities		
Proceeds from the issue of ordinary shares	**0.3**	-
Proceeds from issue of senior unsecured notes	**59.7**	-
(Repayment of)/proceeds from other borrowings	**(26.8)**	14.5
Dividends paid	**(10.2)**	(9.7)
	---------	---------
Net cash generated from financing activities	**23.0**	4.8
	---------	---------
Net increase/(decrease) in cash and cash equivalents	**14.9**	(1.2)
Net cash and cash equivalents at beginning of period	**3.6**	3.7
Exchange loss on cash and cash equivalents	**(0.3)**	-
Cash and cash equivalents	**20.7**	4.9
Bank overdrafts	**(2.5)**	(2.4)
Net cash and cash equivalents at end of period	**18.2**	2.5
	=====	=====

Notes to the condensed interim consolidated financial statements (unaudited)
for the six months ended 30 June 2014

1 General information

Devro is one of the world's leading providers 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 interim consolidated financial statements were approved for issue on 30 July 2014.

These condensed interim consolidated 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 22 and 23. Statutory accounts for the year ended 31 December 2013 were approved by the Board of Directors on 18 March 2014 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 interim consolidated financial statements for the six months ended 30 June 2014 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct 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 2013 which have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

Critical estimates and judgments

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 relate to the carrying value of inventory, accounting for the group's investment projects (in particular whether items should be expensed as exceptional or capitalised), the measurement of pension obligations, taxation, redundancy provisions and accelerated depreciation.

Going concern basis

The group raised $100 million through a private placement of senior unsecured notes during the period to ensure long term funding is in place to support the investment projects in the USA and China, and for other cash needs.

At 30 June 2014, the group had in place unsecured floating rate committed loan facilities totalling £61.0 million.

At 30 June 2014, the group was operating comfortably within the covenants relating to these facilities. The directors have a reasonable expectation that the company and the group have adequate resources to continue in operation for the foreseeable future and, therefore, the directors continue 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 2013, as described in those annual financial statements.

New standards, amendments to standards or interpretations effective in 2013

The following new standards, amendments to standards or interpretations became mandatory for the first time during the financial year beginning 1 January 2014. All were either were not relevant for the group or had no material impact on the financial statements of the group:

	Effective date
• IAS 32 – Financial instruments: Presentation	1 January 2014
• IAS 36 – Impairment of assets	1 January 2014
• IAS 39 – Financial instruments: Recognition and measurement	1 January 2014
• IFRIC 21 – Levies	1 January 2014

New standards, amendments to standards or interpretations not applied

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

	Effective date
• IFRS 9 – Financial instruments	1 January 2015

It is expected that the group will adopt these standards, amendments to standards and interpretations on their effective dates.

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 interim consolidated 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 2013.

Liquidity risk

At 30 June 2014, the group had in place unsecured floating rate committed loan facilities totalling £61.0 million (31 December 2013: £61.0 million) and outstanding unsecured private placement notes totalling $100m. In addition to the committed facilities, local uncommitted working capital facilities of £7.5 million (31 December 2013: £7.5 million), US dollars 2.0 million (31 December 2013: US dollars 2.0 million), Czech koruna 120 million (31 December 2013: Czech koruna 120 million) and Australian dollars 0.5 million (31 December 2013: Australian dollars 0.5 million) were also in place at 30 June 2014.

The committed loan elements are co-ordinated bilateral revolving facilities with four banks which are due to expire on 30 September 2016. The private placement notes mature in three tranches between 17 April 2021 and 17 April 2026. 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 £'m	Liabilities £'m
At 30 June 2014		
Forward foreign currency contracts		
- cash flow hedge	0.7	0.4
- net investment hedge	0.1	-
- other	0.3	0.3
	-----	-----
	1.1	0.7
Cross currency interest rate swaps	-	0.8
	-----	-----
	1.1	**1.5**
	===	===
At 31 December 2013		
Forward foreign currency contracts		
- cash flow hedge	1.0	1.1
- net investment hedge	0.9	-
- other	0.2	0.3
	-----	-----
	2.1	1.4
	===	===

Derivative financial instruments 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 derivative financial instruments that are measured at fair value are classified as Level 2 at 30 June 2014 (31 December 2013: Level 2) and comprise forward foreign exchange contracts and cross currency interest rate swaps as disclosed in the table above. The valuation techniques employed are consistent with the year-end annual report. There are no financial instruments measured as Level 3.

The carrying value of non-derivative financial assets and liabilities, comprising cash and cash equivalents, trade and other receivables, trade and other payables and borrowings is considered to materially equate to their fair value.

5 Exceptional items

Exceptional charges included in the operating profits for the first half were £10.8m, of which £9.6m related to the manufacturing restructuring announced in April 2014.

	6 months ended 30 June 2014			
	Investment projects £'m	**Restructuring £'m**	**Total £'m**	6 months ended 30 June 2013 £'m
Redundancy costs (i)	**-**	**6.3**	**6.3**	-
Pension charge (ii)	**-**	**2.8**	**2.8**	-
Costs to establish new manufacturing plants (iii)	**0.8**	**-**	**0.8**	-
Accelerated depreciation (iv)	**0.4**	**0.5**	**0.9**	-
	1.2	**9.6**	**10.8**	-

(i) Costs incurred principally in relation to the changes to the group's manufacturing operations announced in April 2014. The costs include provisions for redundancy costs in the UK of £5.5 million that are expected to be paid within the next nine months.

(ii) Estimate of the incremental UK pension liability expected to arise as a result of the restructuring of operations in Scotland.

(iii) Incremental costs related to the programme to establish new manufacturing plants in USA and China, including project management, product development, reorganisation costs, legal and professional fees. These costs do not meet the recognition criteria of intangible assets (under IAS 38) or tangible assets but are of such significance, in terms of nature and size, that they have been shown separately from the underlying operating profits of the business.

(iv) An accelerated depreciation charge incurred on assets that will be replaced earlier than their previously estimated useful economic life due to the group's planned investment in the new USA plant, and the restructuring actions in Scotland.

6 Segment information

The chief operating decision maker has been identified as the Board. The Board reviews the group's financial results on a geographical segment basis with 3 identifiable operating segments:

- Americas: which includes North America and Latin America
- Asia-Pacific: which includes Australia, New Zealand, Japan, China and the rest of South East Asia
- Europe: which includes Continental Europe, UK/ Ireland and Africa

The Board assesses the performance of the operating segments based on operating profit. This measurement basis excludes the effects of exceptional income and expenditure from the operating segments. During the period the basis used by the Board to allocate operating profits between segments was amended to focus on group profit for external sales in each region, rather than statutory profit for the region which included profit on intercompany sales. As a result the segmental information has been presented on this amended basis and the prior year figures have been restated on a consistent basis.

Finance income and cost, and net finance cost on pensions, are not included in the segment results that are reviewed by the Board.

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

	Americas		Asia - Pacific		Europe		Total group	
	30 June 2014	30 June 2013	**30 June 2014**	30 June 2013	**30 June 2014**	30 June 2013	**30 June 2014**	30 June 2013
	£'m	£'m	**£'m**	£'m	**£'m**	£'m	**£'m**	£'m
Revenue								
Sales to external customers	**27.5**	30.6	**31.9**	32.9	**50.3**	55.4	**109.7**	118.9
Operating profit before corporate overheads and exceptional items	**1.9**	3.0	**4.0**	5.4	**9.0**	11.7	**14.9**	20.1
Corporate overheads							**(0.8)**	(2.2)
Operating profit before exceptional items							**14.1**	17.9
Exceptional items	**(0.7)**	-	**(0.9)**	-	**(9.2)**	-	**(10.8)**	**-**
Operating profit after exceptional items							**3.3**	17.9
Finance cost							**(0.7)**	(0.6)
Net finance cost on pensions							**(1.0)**	(1.1)
Profit before tax							**1.6**	16.2

The lower corporate overheads is primarily due to a reduction in the level of costs incurred.

7 Taxation

The credit for taxation for the six months ended 30 June 2014 corresponds to a rate of tax of 11.3% on profit before exceptional items (six months ended 30 June 2013: 16.2%), and 19.5% on exceptional items. This reflects the anticipated effective rate for the year ending 31 December 2014. The credit for taxation comprises a UK corporation tax credit of £1.6 million (2013: charge of £0.6 million) and a foreign tax charge of £0.9 million (2013: £2.0 million).

The main rate of UK corporation tax fell from 23% to 21% from 1 April 2014. A further reduction to the main rate is proposed to reduce the rate to 20% from 1 April 2015 and has been substantively enacted at the balance sheet date and is included in these condensed financial statements.

8 Earnings per share

	6 months ended 30 June 2014	6 months ended 30 June 2013
	£'m	£'m
Profit attributable to equity holders	**2.3**	13.6
	-------	-------
Profit attributable to equity holders before exceptional items	**11.0**	13.6
	-------	-------
Earnings per share		
- Basic	**1.4p**	8.2p
- Basic before exceptional items	**6.6p**	8.2p
- Diluted	**1.4p**	8.1p

Basic earnings per share is calculated by dividing the profit for the period attributable to equity holders of £2.3 million (2013: £13.6 million) by 166,821,116 (2013: 166,175,564) shares, being the weighted average number of shares in issue throughout the period.

Basic earnings per share before exceptional items is calculated using the profit attributable to equity holders before exceptional items of £11.0 million (2013: £13.6 million) and the number of shares as above.

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 are 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 167,686,600 (2013: 167,227,781).

9 Dividends

The final dividend of 6.10 pence per share in respect of the year ended 31 December 2013 was paid on 16 May 2014, absorbing £10.2 million of equity.

The interim dividend of 2.70 pence per share, which will absorb an estimated £4.5 million of equity, will be paid on 3 October 2014 to shareholders on the register at 29 August 2014. This compares with the 2013 interim dividend of 2.70 pence per share, which absorbed £4.5 million of equity.

10 Intangible assets

Movements in intangible assets are summarised as follows:

	6 months ended 30 June 2014 £'m	6 months ended 30 June 2013 £'m
Opening net book value at 1 January	**3.2**	3.3
Exchange differences	**(0.1)**	-
Additions	**0.6**	0.7
Amortisation	**(0.6)**	(0.5)
Closing net book value at 30 June	**3.1**	3.5

11 Property, plant and equipment

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

	6 months ended 30 June 2014 £'m	6 months ended 30 June 2013 £'m
Opening net book value at 1 January	**199.1**	195.9
Exchange differences	**(3.6)**	0.4
Additions	**15.5**	15.3
Disposals	**(0.1)**	(0.2)
Depreciation	**(9.2)**	(8.2)
Closing net book value at 30 June	**201.7**	203.2

Additions during the period were largely attributable to expenditure on the investment projects in the USA and China.

12 Capital commitments

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

	30 June 2014 £'m	31 December 2013 £'m	30 June 2013 £'m
Property, plant and equipment	**38.9**	4.5	11.2

The increase in capital commitments during the period was largely attributable to the investment projects in the USA and China.

13 Trade and other payables

Trade and other payables includes capital accruals of £0.4 million (December 2013: £4.3 million; June 2013: £2.9 million).

14 Pension obligations

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

	30 June 2014 £'m	31 December 2013 £'m	30 June 2013 £'m
Pension obligations	**53.5**	46.1	47.4
	----------	----------	----------

The increase in the group's pension obligations at 30 June 2014 compared with 31 December 2013 primarily reflects a decrease in discount rates, combined with the recognition of a charge to the UK scheme arising as a result of the restructuring announced during the period.

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

	30 June 2014	31 December 2013	30 June 2013
Australia	**3.90%**	4.30%	4.20%
United Kingdom	**4.20%**	4.50%	4.60%
United States	**4.00%**	4.60%	4.42%

The pension obligations have moved as follows

	6 months ended 30 June 2014 £'m	6 months ended 30 June 2013 £'m
Opening net liability	**46.1**	59.3
Employer contributions	**(3.5)**	(3.9)
Service cost	**0.8**	1.0
Scheme administrative expenses	**0.4**	0.3
Exceptional pension charge (note 5)	**2.8**	-
Net finance cost	**1.0**	1.1
Re-measurements	**6.4**	(11.7)
Exchange (gains)/losses	**(0.5)**	1.3
	----------	----------
Closing net liability	**53.5**	47.4
	=====	=====

15 Equity securities issued

Details of ordinary shares of 10 pence each issued during the six months ended 30 June 2014 are as follows:

	6 months ended 30 June 2014 Shares	6 months ended 30 June 2013 Shares	**6 months ended 30 June 2014 £'m**	6 months ended 30 June 2013 £'m
Shares vested under the Devro 2003 Performance Share Plan	**119,912**	1,079,000	**0.3**	1.0
	========	========	**====**	====

16 Cash flows from operating activities

	6 months ended 30 June 2014 £'m	6 months ended 30 June 2013 £'m
Profit before tax	**1.6**	16.2
Adjustments for:		
Finance cost	**0.7**	0.6
Net finance cost on pensions	**1.0**	1.1
Exceptional pension charge (note 5)	**2.8**	-
Loss on disposal of property, plant and equipment	**-**	0.1
Depreciation of property, plant and equipment	**9.2**	8.2
Amortisation of intangible assets	**0.6**	0.5
Release from capital grants reserve	**-**	(0.1)
Additional cash contributions to pension schemes	**(2.4)**	(2.6)
Performance Share Plan	**0.2**	0.2
Changes in working capital:		
Increase in inventories	**(4.6)**	(7.8)
Decrease/(increase) in trade and other receivables	**0.7**	(1.4)
(Decrease)/increase in trade and other payables	**(1.2)**	0.7
Increase in provisions	**5.5**	-
	--------	--------
Cash generated from operating activities	**14.1**	15.7
	=====	=====
Of which:		
Cash generated from underlying operations	**15.7**	**15.7**
Exceptional items cash outflow	**(1.6)**	**-**
	--------	--------
	14.1	15.7
	=====	=====

17 Analysis of net debt

	30 June 2014 £'m	31 December 2013 £'m	30 June 2013 £'m
Cash and cash equivalents	**20.7**	6.0	4.9
Bank overdrafts	**(2.5)**	(2.4)	(2.4)
	18.2	3.6	2.5
Borrowings:			
- Due after more than one year	**(71.4)**	(39.4)	(43.4)
	(53.2)	(35.8)	(40.9)

The increase in net debt reflects the significant level of capital expenditure on the investment projects in the USA and China during the period, together with the increase in working capital.

The increase in borrowings reflects the $100 million private placement of senior unsecured notes issued during the period.

18 Related party transactions

The group had no related party transactions other than key management compensation during the six months ended 30 June 2014 and 30 June 2013.

Statement of directors' responsibilities

The directors' confirm that these condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 as adopted by the European Union, that they give a true and fair view of the assets, liabilities, financial position and profit as a whole 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 2013, with the exception of the following change: Steve Hannam has retired as Chairman, and been replaced by Gerard Hoetmer on 15 May 2014, one of the group's non-executive directors. A list of the current directors is maintained on the company's website: www.devro.com.

By order of the Board

Peter Page	Simon Webb
Chief Executive	Group Finance Director
30 July 2014	30 July 2014

Independent review report to Devro plc

Report on the condensed interim consolidate financial statements
Our conclusion

We have reviewed the condensed interim consolidated financial statements, defined below, in the interim results of Devro plc for the six months ended 30 June 2014. Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements are 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 Conduct Authority.

This conclusion is to be read in the context of what we say in the remainder of this report.

What we have reviewed
The condensed interim consolidated financial statements, which are prepared by Devro plc, comprise:

- the interim consolidated balance sheet as at 30 June 2014;
- the interim consolidated income statement and interim consolidated statement of comprehensive income for the period then ended;
- the interim consolidated cash flow statement for the period then ended;
- the interim consolidated statement of changes in equity for the period then ended;
- and the explanatory notes to the condensed interim consolidated interim financial statements.

As disclosed in note 2, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The condensed interim consolidated financial statements included in the interim results have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

What a review of condensed interim consolidated financial statements involves

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.

We have read the other information contained in the interim results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed interim consolidated interim financial statements.

Responsibilities for the condensed interim consolidated financial statements and the review

Our responsibilities and those of the directors

The interim results, including the condensed interim consolidated financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim results in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express to the company a conclusion on the condensed interim consolidated financial statements in the interim results based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure and Transparency Rules of the Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, 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.

PricewaterhouseCoopers LLP
Chartered Accountants
30 July 2014
Edinburgh

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 financial statements since they were 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.