

24 May 2011

Victrex plc

Results announcement for the six months ended 31 March 2011

- Group sales volume up 22% to 1,434 tonnes (2010: 1,171 tonnes)
- Group revenue up 21% to £107.9m (2010: £89.3m)
- Earnings per share up 58% to 42.4p (2010: 26.8p)
- Cash of £43.3m at 31 March 2011 and no debt
- Interim dividend up 25% to 8.0p (2010: 6.4p)

Chairman Anita Frew commented:

"We are pleased to report record half year Group sales volume, revenue and profits. This achievement is a consequence of strong performance in both our Victrex Polymer Solutions ('VPS') and our Invibio Biomaterial Solutions ('Invibio') businesses.

The strong performance exhibited in the first half has continued into the second half, with all our markets showing year-on-year growth. Increasing requirements for weight reduction and improved product performance from the global transport, electronics, industrial and medical markets on which we focus, should continue to augment demand for our innovative high performance thermoplastic polymers. With our strong balance sheet, the Board believes Victrex is well placed to pursue growth and investment opportunities across our business."

The Company's interim management statement, covering the period from 1 April 2011, will be issued on Thursday 4 August 2011.

Enquiries

Victrex plc

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A presentation for analysts and investors will be held at 9.30am this morning at the Andaz Hotel, Liverpool Street, EC2M 7QN. A telephone dial in facility will be available for analysts and investors who are unable to attend the presentation, of which details are available from Sarah Ireland at MHP on 0203 128 8753. The presentation can be viewed on Victrex's website at www.victrex.com.

Interim Management Report

We are pleased to report record half year Group sales volume, revenue and profits. This achievement is a consequence of strong performance in both our Victrex Polymer Solutions ('VPS') and our Invibio Biomaterial Solutions ('Invibio') businesses.

Group results

Group sales volume was 1,434 tonnes, up 22% on the first half of the previous financial year (1,171 tonnes). This volume increase was the result of sustained strength in demand across all segments globally.

Group revenue increased by 21% to £107.9m (H1 2010: £89.3m).

Gross profit increased by 41% to £74.2m (H1 2010: £52.5m), reflecting a gross margin of 68.8% (H1 2010: 58.8%).

Sales, marketing and administrative expenses increased by 20% to £26.1m (H1 2010: £21.7m) primarily due to ongoing investment in resource and elements of staff remuneration linked to the record financial performance. Research and development expenditure in the first half amounted to £4.7m (H1 2010: £4.4m).

Group profit before tax increased by 57% to £48.3m (H1 2010: £30.8m) and basic earnings per share increased by 58% to 42.4p (H1 2010: 26.8p).

The overall effective tax rate (including deferred tax) reduced by 1% to 27% (H1 2010: 28%) following the announced reduction in the UK corporation tax rate.

Cash flow and dividend

Cash flow from operations increased to £41.0m compared with £36.2m for the first half of the previous financial year. This improved cash flow is largely a result of the increased profitability only partly offset by investment in working capital.

Capital expenditure cash payments amounted to £4.2m (H1 2010: £2.4m). Tax paid was £13.6m (H1 2010: £3.3m).

Dividend payments for the first half amounted to £57.1m (H1 2010: £11.6m), comprising a final dividend of 18.6p (£15.5m) and a special dividend of 50.0p (£41.6m) per ordinary share.

The Group maintains the strong position of having no debt and, as at 31 March 2011, had cash of £43.3m (31 March 2010: cash of £39.4m and no debt). The Group has a committed bank facility of £40m, all of which was undrawn at 31 March 2011. This facility expires in September 2012.

In recognition of the Group's continued strong performance and strong cash generation in the first half, an interim dividend of 8.0p per share, representing an increase of 25% over last year's interim dividend (6.4p per share), will be paid on Tuesday 5 July 2011 to all shareholders on the register at the close of business on Friday 10 June 2011.

Victrex Polymer Solutions

	Six months ended 31 March 2011 £m	Six months ended 31 March 2010 £m	Change %
Revenue	83.6	67.2	+24%
Gross profit	52.5	32.9	+60%
Operating profit	34.6	17.5	+98%

VPS had a strong first half with record half year revenue and profits.

Revenue increased by 24% to £83.6m (H1 2010: £67.2m) reflecting the significant recovery in all our major markets and continued success in generating new business.

Gross margin increased to 62.8% (H1 2010: 49.0%). As previously reported, this improvement is largely due to the higher manufacturing utilisation rates in 2010, as we sought to establish appropriate inventory levels to underpin security of supply for our customers, resulting in low unit cost of sales in 2011. In contrast, the sales in the first half of the previous financial year were largely out of inventory produced in 2009, where the global downturn resulted in lower production volumes and higher unit manufacturing costs.

Sales, marketing and administrative expenses increased by 16% to £17.9m (H1 2010: £15.4m). The increase reflects continued investment in resources to support new application development, together with an increase in staff costs largely due to elements of staff remuneration linked to the record financial performance of the business.

The resulting operating profit of £34.6m was an increase of 98% on the first half of the previous financial year (H1 2010: £17.5m).

Major markets

All our major markets, in terms of both geography and industry sector, have seen a strong recovery since the first half of 2010, with the sales volume in the half year being a new record for the business.

Industrial sales volume was 562 tonnes, up 18% (H1 2010: 476 tonnes) and reflects a strong recovery across all sub markets. In particular, increased activity in Asia has driven growth in the industrial machinery sector. Renewed investment in oil and gas production and exploration has also resulted in a strong performance in that sector, driven by higher demand and prices for fuel.

Transport sales volume was 370 tonnes, up 16% (H1 2010: 320 tonnes). The recovery has been dominated by the automotive sector as car production volumes have recovered strongly and with a notably higher proportion of luxury cars, where technology is more advanced and our products are more likely to be used. In aerospace, demand has remained stable following the strong recovery in 2010.

Electronics sales volume was 339 tonnes, up 39% (H1 2010: 244 tonnes). The performance has been driven by strong sales into the semiconductor manufacturing sector, where investment and production levels have been increasing, and consumer electronics applications, where the speed of innovation continues to drive new business and reduce product life cycles.

Product and market development

During the first half we commercialised 268 new VICTREX® PEEK™ polymer applications with an estimated mature annualised volume ('MAV') of 163 tonnes compared with 285 commercialised applications with an estimated MAV of 124 tonnes in the second half of 2010. The number of future potential applications currently in the research and development pipeline has been maintained during the period with 3,374 developments as at 31 March 2011 with an estimated MAV of 2,271 tonnes, if all of the developments were successfully commercialised.

As part of the Company's continual drive to provide better service to our customers, we intend to build a second technical centre in Asia - the Victrex Japan Technical Center. The new facility will allow us to provide a higher level of technical service with improved responsiveness for our Japanese customers, as well as enabling us to work alongside customers, when they require, to develop new applications.

Invibio Biomaterial Solutions

	Six months ended 31 March 2011 £m	Six months ended 31 March 2010 £m	Change %
Revenue	24.3	22.1	+10%
Gross profit	21.7	19.6	+11%
Operating profit	15.1	14.1	+7%

Invibio generated record revenues of £24.3m, a 10% increase on the first half of the previous financial year (£22.1m). Gross margins have remained strong and stable at 89.3%, an increase of 0.6 percentage points (H1 2010: 88.7%).

Sales, marketing and administrative expenses increased 20% to £6.6m (H1 2010: £5.5m) reflecting continued investment in resources to drive further growth.

Operating profit increased by 7% to £15.1m (H1 2010: £14.1m).

The results in the period were driven by continued growth and innovation within the spine market. Other developing markets such as arthroscopy, cardiovascular, CMF and orthopaedic continue to yield successes and lay the foundation for future growth.

Invibio has invested £3.2m (of which £1.9m was incurred in H1 2011) on a recently commissioned injection moulding facility and additional technical laboratories and facilities.

Major markets

Invibio continues to focus on maintaining and growing the use of our biomaterials in our key markets of spine, arthroscopy and orthopaedic. We continue to strengthen our regulatory expertise on a global basis to support our customers in expanding the geographical reach for selective applications, resulting in the increased use of our biomaterials in emerging geographies, including Asia-Pacific.

Product and market development

Invibio continues to work closely with medical device manufacturers, surgeons and clinicians to drive awareness of our biomaterials and their benefits in new application areas. During the first half, our ENDOLIGN[®] composite biomaterial achieved US regulatory approvals in multiple trauma applications. Furthermore, we are seeing increased interest in our biomaterial for use in reconstructive dental applications.

A network of relationships with key opinion leaders has enabled increased research collaborations with world leading organisations. Invibio has been awarded several EU government funded research grants to support material and device innovation.

During the first half, Invibio entered into 30 additional long-term supply assurance agreements with implantable medical device manufacturers. These agreements were with manufacturers based in the United States, Europe and increasingly in emerging geographic markets including Asia-Pacific and South America.

Since its introduction over ten years ago, more than 2.5 million devices containing Invibio's PEEK-OPTIMA[®] polymer have been implanted in patients.

Risks and uncertainties

Victrex's business and share price may be affected by a number of risks, trends, factors and uncertainties, not all of which are in our control. The process Victrex has in place for identifying, assessing and managing risks through the Risk Management Committee is set out in the Corporate Governance report of the Annual Report and Accounts 2010 on page 26.

The specific principal risks, trends, factors and uncertainties (which could impact the Group's revenues, profits and reputation) and relevant mitigating factors, as currently identified by Victrex's risk management process, have not changed since the year end. Detailed explanations can be found in the Annual Report and Accounts 2010 on pages 7, 8 and 9. Broadly these risks include the economic environment, technological change, operational disruption, insufficient capacity, product specifications, competitor activity and currency exposure.

Other risks may also adversely affect the Group. Accordingly, actual results may differ materially from anticipated results because of a variety of risk factors, including: changes in interest and exchange rates; changes in global, political, economic, business, competitive and market forces; changes in raw material pricing and availability; changes to legislation and tax rates; future business combinations or disposals; relations with customers and customer credit risk; events affecting international security, including global health issues and terrorism; changes in regulatory environment; and the outcome of litigation.

Board change

With effect from 9 February 2011 Dr Pamela Kirby was appointed as a non-executive Director of Victrex plc. Pamela is currently non-executive Chairman of Scynexis, Inc. and a non-executive Director of Smith & Nephew plc and Informa plc. Her extensive background within the international medical industry, particularly relating to strategic planning and marketing, will contribute significantly to our Board and the future development of the Group.

People

We recognise that the talent, innovation and passion of our employees are key elements of our continued success and would like to thank them for their contribution to this half year's record performance.

Outlook

The strong performance exhibited in the first half has continued into the second half, with all our markets showing year-on-year growth. Increasing requirements for weight reduction and improved product performance from the global transport, electronics, industrial and medical markets on which we focus, should continue to augment demand for our innovative high performance thermoplastic polymers. With our strong balance sheet, the Board believes Victrex is well placed to pursue growth and investment opportunities across our business.

Anita Frew
Chairman
23 May 2011

Condensed Consolidated Income Statement

	Note	Unaudited six months ended 31 March 2011 £m	Unaudited six months ended 31 March 2010 £m	Audited year ended 30 September 2010 £m
Revenue	5	107.9	89.3	189.5
Cost of sales		(33.7)	(36.8)	(68.9)
Gross profit		74.2	52.5	120.6
Sales, marketing and administrative expenses		(26.1)	(21.7)	(45.7)
Operating profit	5	48.1	30.8	74.9
Financial income		0.2	0.1	0.1
Financial expenses		-	(0.1)	(0.1)
Profit before tax		48.3	30.8	74.9
Income tax expense	6	(13.0)	(8.6)	(20.9)
Profit for the period attributable to owners of the parent		35.3	22.2	54.0
Earnings per share				
Basic	7	42.4p	26.8p	65.1p
Diluted	7	41.9p	26.5p	64.4p
Dividends				
Year ended 30 September 2009:				
Final dividend paid February 2010 at 14.0p per share		-	11.6	11.6
Year ended 30 September 2010:				
Interim dividend paid July 2010 at 6.4p per share		-	-	5.3
Final dividend paid February 2011 at 18.6p per share		15.5	-	-
Special dividend paid February 2011 at 50.0p per share		41.6	-	-
		57.1	11.6	16.9

An interim dividend of 8.0p per share will be paid on 5 July 2011 to shareholders on the register at the close of business on 10 June 2011. This dividend will be recognised in the period in which it is approved.

Condensed Consolidated Statement of Comprehensive Income

	Unaudited six months ended 31 March 2011 £m	Unaudited six months ended 31 March 2010 £m	Audited year ended 30 September 2010 £m
Profit for the period	35.3	22.2	54.0
Other comprehensive income			
Currency translation differences for foreign operations	(0.1)	0.2	0.2
Effective portion of changes in fair value of cash flow hedges	(0.4)	(2.1)	0.2
Net change in fair value of cash flow hedges transferred to profit or loss	(0.2)	1.1	2.2
Defined benefit pension schemes actuarial gains/(losses)	3.6	0.4	(0.9)
Tax on other comprehensive income	(0.6)	(0.3)	(0.1)
Total other comprehensive income for the period	2.3	(0.7)	1.6
Total comprehensive income for the period attributable to owners of the parent	37.6	21.5	55.6

Condensed Consolidated Balance Sheet

	Unaudited 31 March 2011 £m	Unaudited 31 March 2010 £m	Audited 30 September 2010 £m
Assets			
Non-current assets			
Property, plant and equipment	125.0	127.1	125.3
Intangible assets	10.1	10.1	10.1
Deferred tax assets	8.1	6.8	9.7
	143.2	144.0	145.1
Current assets			
Inventories	37.6	28.5	34.5
Current income tax assets	1.0	0.2	0.8
Trade and other receivables	23.2	22.7	19.1
Derivative financial instruments	2.4	0.6	2.2
Cash and cash equivalents	43.3	39.4	77.3
	107.5	91.4	133.9
Total assets	250.7	235.4	279.0
Liabilities			
Non-current liabilities			
Deferred tax liabilities	(15.3)	(15.9)	(15.7)
Retirement benefit obligations	(3.6)	(8.0)	(9.5)
	(18.9)	(23.9)	(25.2)
Current liabilities			
Derivative financial instruments	(2.3)	(4.2)	(2.3)
Current income tax liabilities	(14.2)	(9.6)	(15.1)
Trade and other payables	(23.0)	(17.0)	(25.1)
	(39.5)	(30.8)	(42.5)
Total liabilities	(58.4)	(54.7)	(67.7)
Net assets	192.3	180.7	211.3
Equity			
Share capital	0.8	0.8	0.8
Share premium	25.1	23.4	24.3
Translation reserve	2.5	2.6	2.6
Hedging reserve	(0.3)	(2.4)	0.1
Retained earnings	164.2	156.3	183.5
Total equity attributable to owners of the parent	192.3	180.7	211.3

Condensed Consolidated Cash Flow Statement

	Note	Unaudited six months ended 31 March 2011 £m	Unaudited six months ended 31 March 2010 £m	Audited year ended 30 September 2010 £m
Cash flows from operating activities				
Cash generated from operations	9	41.0	36.2	90.9
Interest and similar charges paid		-	(0.1)	(0.1)
Interest received		0.2	0.1	0.1
Tax paid		(13.6)	(3.3)	(13.7)
Net cash flow from operating activities		27.6	32.9	77.2
Cash flows from investing activities				
Acquisition of property, plant and equipment		(4.2)	(2.4)	(4.5)
Net cash flow from investing activities		(4.2)	(2.4)	(4.5)
Cash flows from financing activities				
Premium on issue of ordinary shares exercised under option		0.8	1.7	2.6
Purchase of own shares held		(1.0)	-	-
Dividends paid		(57.1)	(11.6)	(16.9)
Net cash flow from financing activities		(57.3)	(9.9)	(14.3)
Net (decrease)/increase in cash and cash equivalents		(33.9)	20.6	58.4
Effect of exchange rate fluctuations on cash held		(0.1)	0.2	0.3
Cash and cash equivalents at beginning of period		77.3	18.6	18.6
Cash and cash equivalents at end of period		43.3	39.4	77.3

Condensed Consolidated Statement of Changes in Equity

	Share capital £m	Share premium £m	Translation reserve £m	Hedging reserve £m	Retained earnings £m	Total £m
Equity at 1 October 2010	0.8	24.3	2.6	0.1	183.5	211.3
Total comprehensive income for the period						
Profit	-	-	-	-	35.3	35.3
Other comprehensive income						
Currency translation differences for foreign operations	-	-	(0.1)	-	-	(0.1)
Effective portion of changes in fair value of cash flow hedges	-	-	-	(0.4)	-	(0.4)
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	(0.2)	-	(0.2)
Defined benefit pension schemes actuarial gains	-	-	-	-	3.6	3.6
Tax on other comprehensive income	-	-	-	0.2	(0.8)	(0.6)
Total other comprehensive income for the period	-	-	(0.1)	(0.4)	2.8	2.3
Total comprehensive income for the period	-	-	(0.1)	(0.4)	38.1	37.6
Contributions by and distributions to owners of the Company						
Share options exercised	-	0.8	-	-	-	0.8
Equity-settled share-based payment transactions	-	-	-	-	0.7	0.7
Purchase of own shares held	-	-	-	-	(1.0)	(1.0)
Dividends to shareholders	-	-	-	-	(57.1)	(57.1)
Equity at 31 March 2011	0.8	25.1	2.5	(0.3)	164.2	192.3
	Share capital £m	Share premium £m	Translation reserve £m	Hedging reserve £m	Retained earnings £m	Total £m
Equity at 1 October 2009	0.8	21.7	2.4	(1.7)	145.0	168.2
Total comprehensive income for the period						
Profit	-	-	-	-	22.2	22.2
Other comprehensive income						
Currency translation differences for foreign operations	-	-	0.2	-	-	0.2
Effective portion of changes in fair value of cash flow hedges	-	-	-	(2.1)	-	(2.1)
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	1.1	-	1.1
Defined benefit pension schemes actuarial gains	-	-	-	-	0.4	0.4
Tax on other comprehensive income	-	-	-	0.3	(0.6)	(0.3)
Total other comprehensive income for the period	-	-	0.2	(0.7)	(0.2)	(0.7)
Total comprehensive income for the period	-	-	0.2	(0.7)	22.0	21.5
Contributions by and distributions to owners of the Company						
Share options exercised	-	1.7	-	-	-	1.7
Equity-settled share-based payment transactions	-	-	-	-	0.9	0.9
Dividends to shareholders	-	-	-	-	(11.6)	(11.6)
Equity at 31 March 2010	0.8	23.4	2.6	(2.4)	156.3	180.7

	Share capital £m	Share premium £m	Translation reserve £m	Hedging reserve £m	Retained earnings £m	Total £m
Equity at 1 October 2009	0.8	21.7	2.4	(1.7)	145.0	168.2
Total comprehensive income for the year						
Profit	-	-	-	-	54.0	54.0
Other comprehensive income						
Currency translation differences for foreign operations	-	-	0.2	-	-	0.2
Effective portion of changes in fair value of cash flow hedges	-	-	-	0.2	-	0.2
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	2.2	-	2.2
Defined benefit pension schemes actuarial losses	-	-	-	-	(0.9)	(0.9)
Tax on other comprehensive income	-	-	-	(0.6)	0.5	(0.1)
Total other comprehensive income for the year	-	-	0.2	1.8	(0.4)	1.6
Total comprehensive income for the year	-	-	0.2	1.8	53.6	55.6
Contributions by and distributions to owners of the Company						
Share options exercised	-	2.6	-	-	-	2.6
Equity-settled share-based payment transactions	-	-	-	-	1.8	1.8
Dividends to shareholders	-	-	-	-	(16.9)	(16.9)
Equity at 30 September 2010	0.8	24.3	2.6	0.1	183.5	211.3

Notes to the Half-yearly Financial Report

1. Reporting entity

Victrex plc (the 'Company') is a limited liability company incorporated and domiciled in the United Kingdom. The address of the Registered Office is Victrex Technology Centre, Hillhouse International, Thornton Cleveleys, Lancashire, FY5 4QD, United Kingdom. The Company is listed on the London Stock Exchange.

This Half-yearly Financial Report is an interim management report as required by DTR 4.2.3 of the Disclosure and Transparency Rules of the UK Financial Services Authority.

These condensed consolidated interim financial statements as at and for the six months ended 31 March 2011 comprise the Company and its subsidiaries (together referred to as the 'Group').

The comparative figures for the financial year ended 30 September 2010 are extracted from the Company's statutory accounts for that year. Those accounts have been reported on by the Company's auditor, filed with the Registrar of Companies and are available on request from the Company's Registered Office or to download from www.victrex.com. The auditor's report on those accounts was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and did not contain any statement under sections 498 (2) or (3) of the Companies Act 2006.

These condensed consolidated interim financial statements are unaudited, but have been reviewed by KPMG Audit Plc and their report is set out on pages 18 and 19.

2. Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ('IAS') 34 – Interim Financial Reporting as adopted by the European Union. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 30 September 2010.

This Half-yearly Financial Report was approved by the Board of Directors on 23 May 2011.

3. Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied in the Company's published consolidated financial statements for the year ended 30 September 2010 except for the application of relevant new standards.

A number of new standards and amendments to existing standards are effective for the financial year ending 30 September 2011. The effect of adopting the new standards, amendments to standards and interpretations which are mandatory for the first time for the year ending 30 September 2011 is the incorporation of an amendment to IFRS 8 – Operating Segments. The principal effect of this amendment is that segmental assets and liabilities are no longer presented so as to be consistent with the level of detail regularly reviewed by the chief operating decision maker, the Victrex plc Board.

A number of amendments to standards and interpretations have been issued during the period, which are either not yet endorsed, or endorsed but not yet effective, and accordingly the Group has not yet adopted.

4. Estimates

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 30 September 2010.

5. Segment reporting

The Group's business is strategically organised as two business units: Victrex Polymer Solutions, which focuses on our transport, industrial and electronics markets; and Invibio Biomaterial Solutions, which focuses on providing specialist solutions for medical device manufacturers.

	Unaudited			Unaudited			Audited		
	six months ended 31 March 2011			six months ended 31 March 2010			year ended 30 September 2010		
	Victrex	Invibio	Group	Victrex	Invibio	Group	Victrex	Invibio	Group
	Polymer Solutions	Biomaterial Solutions		Polymer Solutions	Biomaterial Solutions		Polymer Solutions	Biomaterial Solutions	
£m	£m	£m	£m	£m	£m	£m	£m	£m	
Revenue from external sales	83.6	24.3	107.9	67.2	22.1	89.3	145.3	44.2	189.5
Segment operating profit	34.6	15.1	49.7	17.5	14.1	31.6	48.3	28.1	76.4
Unallocated central costs			(1.6)			(0.8)			(1.5)
Operating profit			48.1			30.8			74.9
Net financing income			0.2			-			-
Profit before tax			48.3			30.8			74.9
Income tax expense			(13.0)			(8.6)			(20.9)
Profit for the period attributable to owners of the parent			35.3			22.2			54.0

6. Income tax expense

Taxation of profit before tax in respect of the six months ended 31 March 2011 has been provided at the estimated effective rates chargeable for the full year in the respective jurisdiction.

	Unaudited	Unaudited	Audited
	six months ended	six months ended	year ended
	31 March 2011	31 March 2010	30 September 2010
	£m	£m	£m
UK corporation tax	11.4	6.7	18.5
Overseas tax	1.1	1.9	4.3
Deferred tax	0.5	-	(1.9)
	13.0	8.6	20.9

7. Earnings per share

	Unaudited six months ended 31 March 2011	Unaudited six months ended 31 March 2010	Audited year ended 30 September 2010
Earnings per share – basic	42.4p	26.8p	65.1p
– diluted	41.9p	26.5p	64.4p
Profit for the financial period (£m)	35.3	22.2	54.0
Weighted average number of shares used – basic	83,241,694	82,688,881	82,922,725
– diluted	84,077,521	83,523,704	83,840,400

8. Exchange rates

The most significant sterling exchange rates used in the accounts under the Group's accounting policies are:

	Unaudited six months ended 31 March 2011		Unaudited six months ended 31 March 2010		Audited year ended 30 September 2010	
	Average	Closing	Average	Closing	Average	Closing
US Dollar	1.57	1.60	1.57	1.52	1.58	1.58
Euro	1.15	1.13	1.14	1.12	1.15	1.15
Yen	138	133	162	142	153	132

9. Reconciliation of profit to cash generated from operations

	Unaudited six months ended 31 March 2011 £m	Unaudited six months ended 31 March 2010 £m	Audited year ended 30 September 2010 £m
Profit after tax for the period	35.3	22.2	54.0
Income tax expense	13.0	8.6	20.9
Net financing income	(0.2)	-	-
Operating profit	48.1	30.8	74.9
Adjustments for:			
Depreciation	4.3	4.2	8.5
Amortisation	-	0.2	0.2
(Increase)/decrease in inventories	(3.5)	8.7	2.9
Increase in trade and other receivables	(4.0)	(7.0)	(3.2)
(Decrease)/increase in trade and other payables	(1.6)	2.8	10.2
Equity-settled share-based payment transactions	0.7	0.9	1.8
Changes in fair value of derivative financial instruments	(0.7)	(2.0)	(2.2)
Retirement benefit obligations charge less contributions	(2.3)	(2.4)	(2.2)
Cash generated from operations	41.0	36.2	90.9

10. Related party transactions

The Group's related parties are as disclosed in the Annual Report and Accounts 2010. There were no material differences in related parties or related party transactions in the six months ended 31 March 2011 except for transactions with key management personnel. The most significant of these was on 13 December 2010, under the 2009 Long Term Incentive Plan ('LTIP'), when 36,826 and 20,833 share option awards were granted to D R Hummel and P E Bream respectively at an option price of nil p per share when the market price was 1,414.0p per share.

Responsibility Statement of the Directors

The Directors confirm that to the best of our knowledge:

- The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting as adopted by the European Union;
- The Interim Management Report includes a fair review of the information required by:
 - (a) DTR 4.2.7R of the Disclosure and Transparency Rules of the Financial Services Authority, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed consolidated financial statements and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - (b) DTR 4.2.8R of the Disclosure and Transparency Rules of the Financial Services Authority, being:
 - i. related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and
 - ii. any changes in the related party transactions described in the last Annual Report that have done so.

The Directors of Victrex plc are detailed on page 21 of the Victrex plc Annual Report 2010. As announced in that Annual Report, Michael Peacock stepped down from the Board as Finance Director in October 2010 and Peter Bream joined the Board as Michael's successor. In addition Dr Pamela Kirby joined the Board as a non-executive Director of the Company with effect from 9 February 2011.

By order of the Board

Peter Bream
Finance Director
23 May 2011

Forward-looking Statements

Sections of this Half-yearly Financial Report contain forward-looking statements, including statements relating to: future demand and markets for the Group's products and services; research and development relating to new products and services; and liquidity and capital resources. These forward-looking statements involve risks and uncertainties because they relate to events that may or may not occur in the future. Accordingly, actual results may differ materially from anticipated results because of a variety of risk factors, including: changes in interest and exchange rates; changes in global, political, economic, business, competitive and market forces; changes in raw material pricing and availability; changes to legislation and tax rates; future business combinations or disposals; relations with customers and customer credit risk; events affecting international security, including global health issues and terrorism; changes in regulatory environment; and the outcome of litigation.

Independent Review Report to Victrex plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the Half-yearly Financial Report for the six months ended 31 March 2011 which comprises the Condensed Consolidated Income Statement, Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Balance Sheet, Condensed Consolidated Cash Flow Statement, Condensed Consolidated Statement of Changes in Equity and the related explanatory notes. 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 set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure and Transparency Rules ('the DTR') of the UK's Financial Services Authority ('the UK FSA'). Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 reached.

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 DTR of the UK FSA.

The annual financial statements of the Company are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this Half-yearly Financial Report has been prepared in accordance with IAS 34 - Interim Financial Reporting as adopted by the EU.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed 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 UK. 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 condensed set of financial statements in the Half-yearly Financial Report for the six months ended 31 March 2011 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

David Bills (Senior Statutory Auditor)

for and on behalf of
KPMG Audit Plc
Chartered Accountants
St James' Square
Manchester
M2 6DS
23 May 2011

Shareholder Information

The Company's Annual Reports and Half-yearly Financial Reports are available on request from the Company's Registered Office or to download from www.victrex.com.

Financial calendar

Ex dividend date for interim dividend	8 June 2011
Record date for interim dividend *	10 June 2011
Payment of interim dividend	5 July 2011
2011 year end	30 September 2011
Announcement of 2011 full year results	December 2011
Annual General Meeting	February 2012
Payment of final dividend	February 2012

* the date by which shareholders must be recorded on the share register to receive the dividend

Victrex plc

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