*21 September 2015*

# Revolymer plc

## Unaudited Interim Results for the 6 month period to 30 June 2015

Revolymer plc (AIM: REVO) ("Revolymer", the "Company" or the "Group"), today announces its unaudited interim results for the 6 month period to 30 June 2015.

### Business Highlights

- Deals executed in 2015:
  - As announced on 3 June 2015, Revolymer closed a global licence to its encapsulation technology with the international chemicals group Solvay in the field of Sodium Percarbonate ("SPC") for liquid product formulations. Solvay has exclusive rights to apply Revolymer's encapsulation technology to its bleaching active ingredient SPC, commercialised currently by Solvay under the trademark Oxyper®, in the field of liquid formulations of laundry and automatic dish washing. The geographic territory of the licence is global.
  - As announced on 1 September 2015, Revolymer closed a licence to its encapsulation technology with OCI Alabama LLC representing the US-headquartered international chemicals group OCI Chemical Corporation ("OCI"). OCI has rights to apply Revolymer's encapsulation technology to its SPC based bleaching active ingredients, commercialised currently by OCI under the Provox C and Provox Ultra (which includes an activator) trademark families, in the field of powder and other solid formulations of laundry, automatic dish wash and other cleaning agents. The geographic territory of the Provox C-based licence is global except for the European Union. The geographic territory of the Provox Ultra-based licence is global.
- The Company has further refined its business model, positioning itself as a specialty chemicals business focussed on controlled release, responsive systems and delivery systems that improve the functional performance of its customers' products, based on its expertise in the design and synthesis of polymers (often in combination with other materials) to manage the interface between different surfaces and phases.
- As announced on 18 September 2015, Bryan Dobson was appointed as Chairman of the Board with immediate effect, replacing Jack Keenan. Mr Keenan will remain as an independent non executive director to provide continuity until a replacement is recruited.

### Financial Highlights

- Cash, cash equivalents and short term investments were £12.0m at the period end (30 June 2014: £15.2m, 31 December 2014: £13.2m), benefitting from R&D tax credit receipts of £775k during the period.
- Revenue for the period increased 62% to £594k (2014: £366k) – primarily sales of nicotine gum in Canada to a Canadian retailer.
- Gross profit for the period was £12k (2014: £139k). This reduction is primarily due to the prior period including a release of £157k of deferred sales relating to potential product returns deemed no longer necessary based on actual returns. Gross profit before this release improved by £30k compared to the prior period.
- Administrative expenses for the period reduced to £1.7m (2014: £2.9m), partly due a reduced share based payment charge and a reduction in company overheads. Excluding the share based payment credit/charge, administration expenses were £2.1m (2014: £2.7m)
- Finance income of £48k (2014: £57k) relating to the cash, cash equivalents and short term deposits on hand was credited in the period.
- The loss for the period was £0.3m (2014: loss of £2.7m) after crediting R&D tax credits of £1.3m (2014: £nil) claimed on qualifying expenditure for the three years ended 31 December 2014.

## Outlook

The business continues to drive its existing product pipeline towards deals, which management expects will include product supply agreements as well as licences; whilst actively pursuing additional product opportunities in new markets complementary to its expertise.

Dr Kevin Matthews CEO of Revolymer said: *"The business has continued to make commercial progress in the period, and also retains significant cash resources on hand to fund future developments. Accordingly we look forward to achieving further milestones as we pursue our focus on improving the functional performance of our customers' products."*

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| | |
|---|---|
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**Cautionary statement**

Information in this announcement is based upon unaudited management accounts and, in addition, certain statements made are forward looking. Such statements are based on current expectations at the date of this announcement and are subject to a number of risks and uncertainties that could cause actual events or results to differ materially from any expected future events or results referred to in these forward looking statements. The Company and its directors undertake no obligation to update or revise forward looking statements to reflect any change in expectations or any change in events, conditions or circumstances.

**Chief Executive's Statement**

***Business Overview***

Over recent months the Board and management team have continued to refine and focus the Company's commercial strategy. Revolymer's revised vision is to be a specialty chemicals business, leading in the development of controlled release, responsive systems and delivery systems that improve the functional performance of its customers' products. The Company aims to use its expertise in the design and synthesis of polymers, often in combination with other materials, to manage the interface between different surfaces and phases to solve customers' problems, thereby generating high margin business.

Recognising that Revolymer operates in both high volume FMCG markets (e.g. Household Products) as well as relatively lower volume but higher unit value specialty markets (e.g. Personal Care, Nicotine Gum), it expects supply agreements to make up a significant proportion of future deals, as well as licences. Under such supply agreements, the Company plans to outsource manufacture to appropriate contract manufacturing organisations. As well as developing its existing pipeline focused in these markets, Revolymer will also seek new product opportunities, including in new market areas complementary to its expertise (e.g. topical skin care and so-called "micro-encapsulation" of actives at the sub 100um scale).

Management believes that Revolymer either has or can secure the core capability to deliver this vision and that there is a significant market potential across various specialty materials markets. Market analysis suggests that there is no dominant competitor and that the fragmented nature of these markets, with a large number of opportunities, creates the landscape for a small, flexible and responsive organisation to compete effectively. Accordingly management will continue to prosecute its existing product pipeline towards commercial deals as well as seeking to develop new products.

***Deal Update***

Including developments after the period end, management is pleased to report that Revolymer has continued to secure licences to its encapsulation technology, and is accordingly making progress against its strategy:

- *Second Licence with Solvay* - As announced on 3 June 2015, Revolymer closed a global licence to its encapsulation technology with the international chemicals group Solvay in the field of Sodium Percarbonate (“SPC”) for liquid product formulations. Under the terms of the deal, Solvay has exclusive rights to apply Revolymer’s encapsulation technology to its bleaching active ingredient SPC, and commercialised currently by Solvay under the trademark Oxyper®, in the field of liquid formulations of laundry and automatic dish washing. Accordingly it is intended that, after final qualification, the encapsulated SPC will have improved stability enabling expansion of its application into liquid product formulations which currently do not contain such active ingredients. The geographic territory of the licence is global.
- *Licence with OCI* – As announced on 1 September 2015, Revolymer signed a further licence in its Consumer Specialties business area with OCI Alabama LLC, representing the US-headquartered international chemicals group OCI Chemical Corporation (“OCI”). Under the terms of the deal, OCI has rights to apply Revolymer’s encapsulation technology to its SPC based bleaching active ingredients, commercialised currently by OCI under the Provox C and Provox Ultra (which includes an activator) trademark families, in the field of powder and other solid formulations of laundry, automatic dish wash and other cleaning agents. It is intended that the resultant formulations of SPC will be more stable than existing Provox C and Provox Ultra formats marketed by OCI, thereby expanding OCI’s market for these products. The geographic territory of the Provox C-based licence is global except for the European Union. The geographic territory of the Provox Ultra-based licence is global. As consideration for these licences, OCI will make royalty payments to Revolymer on net sales of licensed products incorporating Revolymer technology.

***Directorate Change***

On 18 September 2015, Mr John “Jack” Keenan, stepped down as Chairman of the Board of Directors. After an externally led search process, Dr Bryan Dobson, an existing independent non executive director of Revolymer, accepted the role of Chairman, succeeding Mr Keenan with immediate effect. Mr Keenan will remain on the Board as an independent non executive director to provide continuity until a replacement is recruited.

Mr Keenan had been a non executive director of the business since January 2008, and Chairman since the flotation on the AIM Market in July 2012. He played a significant role throughout this period, applying his considerable experience to guiding the commercial development of the business as well providing advice on corporate governance.

Dr Dobson has extensive expertise in the specialty chemicals industry which is highly relevant to Revolymer’s business plan. Specifically, he has nearly 40 years’ experience in the chemicals industry, including with ICI plc and Croda International plc. He was a member of the executive management teams in Croda and in a number of large specialty chemicals businesses in ICI, and has extensive management experience running regional and global business units in the UK, US, Belgium and The Netherlands. He also has expertise in developing new business in specialty chemicals sectors; extensive functional experience in R&D and operations and significant M&A experience. Dr Dobson is currently Chairman of Applied Graphene Materials plc, an AIM listed specialty materials business, and a non-executive director of the Newcastle upon Tyne Hospitals NHS Foundation Trust, a major UK teaching hospital.

***Financial Overview***

Cash, cash equivalents and short term investments on hand at the period end were £12.0m (30 June 2014: £15.2m, 31 December 2014: £13.2m), reflecting a net cash outflow from the business for the six month period of £1.2m (2014: £2.5m). The “cash burn” was reduced compared to the prior period primarily due to reduced administrative (including research and development) expenses (as explained below) and the receipt of R&D tax credits in respect of 2012 and 2013 of £775k (2014: £nil).

Management will continue to exercise close control over expenditure, whilst making appropriate investment in the growth of the business and execution of its refined strategy.

Whilst revenue for the period grew 62% to £594k (2014: £366k) (being primarily sales of nicotine gum in Canada), gross profit was £12k (2014: £139k) and was adversely impacted by the weakening of the Canadian dollar against sterling. The main reason for the reduction in gross profit compared to the previous half year is the release of £157k of deferred sales relating to potential product returns in the comparative period. The Group estimates potential sales returns based on its sales forecasts and actual experience of returns from customers. In those cases where it has no such history (e.g. in the early periods of a sales contract) it makes estimates by reference to minimum sales commitments. In the six months ended 30 June 2014, deferrals for sales returns previously estimated by reference to minimum sales commitments were released on the basis of actual experience of returns. Gross profit before this release improved by £30k compared to the prior period. Other operating income for the period was £16k (2014: £30k), being grant income.

Administrative expenses for the period reduced to £1.7m (2014: £2.9m), partly due a reduced share based payment charge and a reduction in company overheads. Administrative expenses before share based payment charges reduced to £2.1m (2014: £2.7m).

The loss before taxation for the period reduced to £1.7m (2014: £2.7m).

The loss after taxation for the period was £0.3m (2014: £2.7m) benefitting from R&D tax credits of £1.3m (2014: £nil) claimed on qualifying expenditure for the three years ended 31 December 2014 and a share based payment credit of £370k (2014:charge of £224k). Management expects to continue to claim annual R&D tax credits going forward, should they remain available.

This loss for the period is also after crediting finance income of £48k (2014: £57k) relating to the cash, cash equivalents and short term deposits on hand.

***Outlook***

Management aims to continue the implementation of its refined business plan by driving its existing pipeline to commercial deals (both licence and product supply) as well as seeking new product development and /or commercial opportunities in markets aligned with its expertise in the design and synthesis of polymers, often in combination with other materials, to manage the interface between different surfaces and phases.

## Condensed consolidated income statement and statement of comprehensive income

### For the six months ended 30 June 2015

| | Notes | *Unaudited 6 Months to 30 June 2015 £000* | *Unaudited 6 Months to 30 June 2014 £000* | *Audited Year to 31 December 2014 £000* |
|---|---|---|---|---|
| ***Revenue*** | 7 | 594 | 366 | 1,022 |
| Cost of sales | 5 | (582) | (227) | (903) |
| ***Gross profit*** | | 12 | 139 | 119 |
| Other operating income | 5 | 16 | 30 | 32 |
| Administrative expenses | 5 | (1,722) | (2,917) | (4,556) |
| ***Operating loss*** | 5 | (1,694) | (2,748) | (4,405) |
| Finance income | | 48 | 57 | 110 |
| ***Loss for the period before tax*** | | (1,646) | (2,691) | (4,295) |
| Taxation | 6 | 1,343 | - | - |
| ***Loss for the period*** | | (303) | (2,691) | (4,295) |
| ***Basic and Diluted loss per share*** | 9 | 0.5p | 4.8p | 7.7p |

All amounts relate to continuing activities.

There were no recognised income and expenses other than the loss for the year and the previous year. Accordingly a separate condensed consolidated statement of comprehensive income has not been presented.

## Condensed consolidated statement of financial position

### As at 30 June 2015

| | Notes | *Unaudited As at 30 June 2015 £000* | *Unaudited As at 30 June 2014 £000* | *Audited As at 31 December 2014 £000* |
|---|---|---|---|---|
| ***Non-current assets*** | | | | |
| Property, plant and equipment | 8 | 274 | 403 | 314 |
| | | 274 | 403 | 314 |
| ***Current assets*** | | | | |
| Inventories | | 92 | 203 | 208 |
| Trade and other receivables | | 978 | 340 | 496 |
| Investments | 4 | 9,000 | 13,000 | 11,500 |
| Cash and cash equivalents | 4 | 3,047 | 2,183 | 1,686 |
| | | 13,117 | 15,726 | 13,889 |
| ***Total assets*** | | 13,391 | 16,129 | 14,203 |
| ***Financed by*** | | | | |
| ***Equity shareholders' funds*** | | | | |
| Equity share capital | | 566 | 562 | 566 |
| Equity share premium | | 23,203 | 23,115 | 23,203 |
| Own shares reserve | | (5) | (5) | (5) |
| Merger reserve | | 17,626 | 17,626 | 17,626 |
| Share based payment reserve | | 6,004 | 6,224 | 6,374 |
| Retained earnings | | (35,679) | (33,772) | (35,376) |
| ***Total equity*** | | 11,715 | 13,750 | 12,388 |
| ***Current liabilities*** | | | | |
| Trade and other payables | | 1,676 | 2,213 | 1,815 |
| ***Non-current liabilities*** | | | | |
| Finance lease obligations and other payables | | - | 166 | - |
| ***Total liabilities*** | | 1,676 | 2,379 | 1,815 |
| ***Total equity and liabilities*** | | 13,391 | 16,129 | 14,203 |

## Condensed consolidated statement of changes in equity

### For the six months ended 30 June 2015

| | Notes | *Unaudited 6 Months to 30 June 2015 £000* | *Unaudited 6 Months to 30 June 2014 £000* | *Audited Year to 31 December 2014 £000* |
|---|---|---|---|---|
| Retained loss for the period | | (303) | (2,691) | (4,295) |
| Exercise of share options | | - | 133 | 224 |
| Share based payments | | (370) | 224 | 375 |
| ***Total movements in equity in the period*** | | (673) | (2,334) | (3,696) |
| Opening equity | | 12,388 | 16,084 | 16,084 |
| ***Closing equity*** | | 11,715 | 13,750 | 12,388 |

## Interim condensed consolidated statement of cash flows

### For the six months ended 30 June 2014

| | *Unaudited 6 Months to 30 June 2015 £000* | *Unaudited 6 Months to 30 June 2014 £000* | *Audited Year to 31 December 2014 £000* |
|---|---|---|---|
| Cash flows from operating activities | | | |
| Operating loss | (1,694) | (2,748) | (4,405) |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | 83 | 87 | 171 |
| Share option (credit) / charge | (370) | 224 | 375 |
| Taxation | 775 | - | - |
| (Increase) / decrease in inventories | 116 | (35) | (40) |
| Decrease in receivables | 83 | 207 | 51 |
| (Decrease) in payables | (139) | (285) | (849) |
| ***Net cash outflow from operating activities*** | (1,146) | (2,550) | (4,697) |
| ***Cash flows from investing activities*** | | | |
| Interest received | 51 | 44 | 98 |
| Funds withdrawn from term deposits | 2,500 | 2,500 | 4,000 |
| Purchase of property, plant and equipment | (44) | (126) | (121) |
| ***Net cash inflow from investing activities*** | 2,507 | 2,418 | 3,977 |
| Cash received from issue of shares | - | 133 | 224 |
| ***Net cash inflow from financing activities*** | - | 133 | 224 |
| ***Net inflow / (outflow) in cash and cash equivalents*** | 1,361 | 1 | (496) |
| Cash and cash equivalents at beginning of the period | 1,686 | 2,182 | 2,182 |
| ***Cash and cash equivalents at end of the period*** | 3,047 | 2,183 | 1,686 |

# Notes to the interim condensed consolidated financial statements

## 1. General information

These unaudited interim condensed financial statements of Revolymer plc for the six months ended 30 June 2015 were authorised for issue in accordance with a resolution of the directors (the "Directors") on 18 September 2015. Revolymer plc is a public limited company incorporated in the United Kingdom whose shares are traded on the AIM Market of the London Stock Exchange.

The figures shown above for the six months ended 30 June 2015 and 30 June 2014, and for the year ended 31 December 2014, are not statutory accounts. A copy of the statutory accounts for each year has been delivered to the Registrar of Companies. The auditor reported on those statutory accounts and their reports were unqualified, did not draw attention to any matters by way of emphasis and did not contain an adverse statement under sections 498 (2) or 498 (3) of the Companies Act 2006.

Sections of this interim report, including but not limited to the Interim Management Report, may contain forward-looking statements with respect to certain of the plans and current goals and expectations relating to the future financial condition, business performance and results of the Group. These have been made by the directors in good faith using information available up to the date on which they approved this report. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that are beyond the control of the Group and depend upon circumstances that may or may not occur in the future. There are a number of factors that could cause actual future financial conditions, business performance, results or developments to differ materially from the plans, goals and expectations expressed or implied by these forward-looking statements and forecasts. Nothing in this document should be construed as a profit forecast.

This half-yearly financial report is available on the Group's website at www.revolymer.com.

## 2. Accounting policies

The unaudited condensed financial statements are presented in accordance with the requirements of International Accounting Standard 34 – 'Interim Financial Reporting'.

The Group prepares its annual financial statements in accordance with International Financial Reporting Standards as endorsed by the European Union. Except as noted below, the condensed financial statements have been prepared on the basis of the accounting policies set out in the Annual Report and Accounts of the Group for the year ended 31 December 2014, which are expected to be used in the preparation of the financial statements of the Group for the year ending 31 December 2015.

The interim condensed consolidated financial statements are presented in sterling and all values are rounded to the nearest thousand (£'000), except when otherwise indicated, and are prepared on the historical cost basis.

***New accounting standards***

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2014, except for the adoption of new standards and interpretations effective as of 1 January 2015, where applicable. The Group does not early adopt other standards, interpretations or amendments that have been issued but are not yet effective. In the six months ended 30 June 2015, no new accounting standards were adopted.

***Going Concern***

The financial statements have been prepared on a going concern basis which the Directors believe continues to be appropriate. The Company meets its costs and working capital requirements through existing cash resources and short term investments which, at 30 June 2015, amounted to £12.0 million (31 December 2014: £13.2 million, 30 June 2014: £15.2 million).

## 3. Risks and uncertainties

Revolymer plc's approach to managing the risks and uncertainties of its business was reported in the Annual Report and Financial Statements for the year ended 31 December 2014 and is unchanged.

## 4. Cash, cash equivalents and investments

| | *Unaudited As at 30 June 2015 £000* | *Unaudited As at 30 June 2014 £000* | *Audited As at 31 December 2014 £000* |
|---|---|---|---|
| Term deposits maturing within one year | 9,000 | 13,000 | 11,500 |
| Cash at bank and in hand | 3,047 | 2,183 | 1,686 |
| | 12,047 | 15,183 | 13,186 |

## 5. Operating Loss

For the purpose of comparison with prior periods the table below shows the calculation of operating loss with the inventory write downs and share based payment charges separately identified.

| | *Unaudited 6 Months to 30 June 2015 £000* | *Unaudited 6 Months to 30 June 2014 £000* | *Audited Year to 31 December 2014 £000* |
|---|---|---|---|
| ***Revenue*** | 594 | 366 | 1,022 |
| Cost of sales before inventory provision | (582) | (197) | (903) |
| ***Gross profit before inventory provision*** | 12 | 169 | 119 |
| Inventory provision | - | (30) | - |
| ***Gross profit*** | 12 | 139 | 119 |
| Other operating income | 16 | 30 | 32 |
| Administrative expenses before share-based payments credit / (charge) | (2,092) | (2,693) | (4,181) |
| Share-based payments credit / (charge) | 370 | (224) | (375) |
| ***Operating loss*** | (1,694) | (2,748) | (4,405) |

## 6. Taxation

During the six months ended 30 June 2015, the company had a taxation credit of £1,343k (30 June 2014: £nil) (year ended 31 December 2014: £nil) which relates to R&D tax credits claimed on qualifying expenditure for the three years ended 31 December 2014.

## 7. Segmental analysis

***Revenue by business segment:***

For management purposes the Company is organised into business units based on its products and services, and has two reportable segments.

The Consumer Specialties segment designs, develops and formulates novel polymer-based solutions for improving the performance of existing consumer products in various market segments including personal care, household products and coatings and adhesives.

The Chewing Gum segment includes the development and commercialisation of medicated chewing gum (which includes nicotine gum).

Net assets of the Group are attributable solely to the UK.

| **Six months ended 30 June 2015** | *Chewing Gum* | *Consumer Specialties* | *Unaudited 6 months to 30 June 2015* |
|---|---|---|---|
| | *£000* | *£000* | *£000* |
| Sale of goods | 594 | - | 594 |
| Revenue | 594 | - | 594 |
| | | | |
| Geographical information | | | |
| Canada | 591 | - | 591 |
| Italy | 3 | - | 3 |
| | 594 | - | 594 |

| **Six months ended 30 June 2014** | *Chewing Gum* | *Consumer Specialties* | *Unaudited 6 months to 30 June 2014* |
|---|---|---|---|
| | *£000* | *£000* | *£000* |
| Sale of goods | 209 | - | 209 |
| Release of deferral for potential sales returns* | 157 | - | 157 |
| Revenue | 366 | - | 366 |
| | | | |
| Geographical information | | | |
| Canada | 359 | - | 359 |
| Italy | 7 | - | 7 |
| | 366 | - | 366 |

| **Year ended 31 December 2014** | *Chewing Gum* | *Consumer Specialties* | *Audited Year to 31 December 2014* |
|---|---|---|---|
| | *£000* | *£000* | *£000* |
| Sale of goods | 820 | - | 820 |
| Release of deferral for potential sales returns* | 202 | - | 202 |
| Revenue | 1,022 | - | 1,022 |
| | | | |
| Geographical information | | | |
| Canada | 1,007 | - | 1,007 |
| Italy | 14 | - | 14 |
| Germany | 1 | - | 1 |
| | 1,022 | - | 1,022 |

* The Group estimates potential sales returns based on its sales forecasts and actual experience of returns from customers. In those cases where it has no such history (e.g. in the early periods of a sales contract) it makes estimates by reference to minimum sales commitments in the relevant contract or reference, where available, to customer retail sales data or customer inventory levels at the end of each accounting period. In the six months ended 30 June 2014 and the year ended 31 December 2014, deferrals for sales returns previously estimated by reference to minimum sales commitments were released on the basis of actual experience of returns.

## 8. Property, plant and equipment

During the six months ended 30 June 2015, the Company acquired plant and equipment with a cost of £44k (30 June 2014: £126k) (year ended 31 December 2014: £121k).

## 9. Loss per share

| | *Unaudited 6 Months to 30 June 2015* | *Unaudited 6 Months to 30 June 2014* | *Audited Year to 31 December 2014* |
|---|---|---|---|
| | *£000* | *£000* | *£000* |
| Weighted average number of ordinary shares for the purposes of basic and diluted loss per share ('000) | 56,572 | 55,629 | 56,092 |

## 10. Share based payments

The charge for share based payments for the period to 30 June 2015 was a credit of (£370k) (30 June 2014: charge of £224k) (31 December 2014: charge of £375k). The credit in the period is explained below.

During the six months to 30 June 2015 1,710,992 share options (30 June 2014: 1,279,635) were granted under the Revolymer LTIP 2012 scheme as either approved options (under the HMRC approved EMI scheme) or unapproved options. The management team received nil cost share options (either HMRC approved or unapproved) with market facing performance conditions required for vesting ("Management Options"). The fair value of Management Options as at the date of grant was therefore estimated using a Monte Carlo simulation model. The remaining employees received share options under the EMI scheme without market facing performance conditions (and with an exercise price of the market price as at the date of grant of £0.555) ("Employee Options"). Accordingly the fair value of the Employee Options was estimated as at the date of grant using a Black Scholes model. Both models took into account the terms and conditions upon which the options were granted using the following assumptions.

| | Unapproved Management Options | EMI Management Options | EMI Employee Options |
|---|---|---|---|
| Number of options granted | 751,173 | 599,819 | 360,000 |
| Exercise price | £nil | £nil | £0.555 |
| Expected volatility | 26.8% | 26.8% | 26.8% |
| Risk free rate | 1.3% | 1.3% | 1.3% |
| Expected dividend yield | 0% | 0% | 0% |

The Employee Options have a vesting period of three years with no performance criteria. The vesting period of the Management Options is also three years but they only become exercisable if challenging market facing performance conditions are met; namely that 50% of the grant becomes exercisable if the weighted average ordinary share price in the 180 day period ending on the third anniversary of grant is £0.75. Between weighted average ordinary share prices of £0.75 and £1.00, vesting shall be pro-rata and on a straight line basis between 50% and 100%. Below £0.75 the grants are not exercisable and lapse in full.

The valuation methodology used in valuing share based payments includes the key assumptions shown above. Management have revisited and amended the assumptions in respect of expected volatility and risk free rate in the period to 30 June 2015. The charge for share based payments for the period to 30 June 2015 is accordingly a credit of £370k; a £54k charge for the period to 30 June 2015 and the release of previous charges of £424k.

## 11. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation.

***Remuneration of key management personnel***

The remuneration of the Directors, who are considered to be the key management personnel of the Company, is set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures'.

| | *Unaudited Six Months to 30 June 2015 £000* | *Unaudited Six Months to 30 June 2014 £000* | *Audited Year to 31 December 2014 £000* |
|---|---|---|---|
| Wages and salaries | 287 | 210 | 555 |
| Termination payment* | - | 250 | 250 |
| Directors' fees invoiced by third parties | 8 | 8 | 15 |
| Post-employment benefits | 20 | 11 | 26 |
| Equity settled share based payment expense | (303) | 95 | 235 |
| | 12 | 574 | 1,081 |

*The termination payment was made to the former Chief Executive Officer, Dr Roger Pettman who resigned on 31 January 2014, and was determined by reference to his contractual entitlements.

***Other related party transactions***

The Company was invoiced during the period by IP2IPO Limited, a company of which Mr M Townend is a director, for consultancy fees and other expenses in respect of Mr Townend's services. Mr M Townend is a related party by virtue of his position as a director of the Company.

The Company was invoiced during the prior period by Grand Cru Consulting Limited, a company of which Mr J Keenan is a director, for consultancy fees and other expenses in respect of Mr Keenan's services. Mr J Keenan is a related party by virtue of his position as a director of the Company.

| | *Receipts from related parties* | *Payments to related parties* | *Amounts due to related parties* | *Amounts due from related parties* |
|---|---|---|---|---|
| | *£000* | *£000* | *£000* | *£000* |
| *6 months to 30 June 2015* | | | | |
| IP2IPO Services Limited | – | 8 | 4 | – |
| Grand Cru Consulting Limited | – | – | – | – |
| *6 months to 30 June 2014* | | | | |
| IP2IPO Services Limited | – | 8 | 4 | – |
| Grand Cru Consulting Limited | – | – | 4 | – |
| *Year to 31 December 2014* | | | | |
| IP2IPO Services Limited | – | 15 | - | – |
| Grand Cru Consulting Limited | – | – | – | – |

All related party transactions were made on terms equivalent to those that prevail in arm's length transactions. There have been no write-offs of related party balances during the year and there are no provisions against any related party balances. The terms and conditions of related party transactions are the same as those for other debtors and creditors.

## 12. Events after the reporting period

If applicable these are described in detail elsewhere in this report.

## INDEPENDENT REVIEW REPORT TO REVOLYMER PLC

### Introduction

We have been engaged by Revolymer plc (the "Company") to review the condensed set of financial statements in the interim results for the six months ended 30 June 2015 which comprises Condensed Consolidated Income Statement and Statement of Comprehensive Income, Condensed Consolidated Statement of Financial Position, Condensed Consolidated Statement of Changes in Equity, Condensed consolidated statement of cash flows and the notes 1 to 12 to the interim financial statements. 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 set of financial statements.

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

### Directors' Responsibilities

The interim results are the responsibility of, and have been approved by, the directors of the Company. The directors are responsible for preparing the interim results in accordance with International Accounting Standards 34, "Interim Financial Reporting," as adopted by the European Union.

As disclosed in note 2, the annual financial statements of the Company are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in the interim results has been prepared in accordance with International Accounting Standards 34, "Interim Financial Reporting," as adopted by the European Union.

### Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim results based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making 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 interim results report for the six months ended 30 June 2015 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union.

Ernst & Young LLP

Manchester

21 September 2015