29 September 2014

Revolymer plc

Unaudited Interim Results for the 6 month period to 30 June 2014

Revolymer plc (AIM: REVO) ("Revolymer", the "Company" or the "Group"), the British polymer company that designs, develops and formulates novel polymers to improve the performance of existing consumer products within the high value fast moving consumer goods ("FMCG") and other industrial markets, today announces its unaudited interim results for the 6 month period to 30 June 2014.

Business Highlights

Consumer Specialties

- Revolymer is pleased to have announced, after the period end on 25 September 2014, the signing of its first commercialisation deal in the prioritised Consumer Specialties business area, namely a global licence of its encapsulation polymer technology to the international chemicals group Solvay. The deal is aimed at expanding the commercial applications of Solvay's proprietary cleaning and disinfecting active 6-phthalimido-peroxyhexanoic acid, known as "PAP" and commercialised currently by Solvay under the trade mark Eureco(TM). Solvay will make royalty payments to Revolymer on net sales of PAP products incorporating its technology
- On 14 April 2014, the Company announced a £0.5 million funding award by the UK's innovation agency, the Technology Strategy Board, to co-fund a 2-year, collaborative research project to develop new, sustainable, high-performance marine fouling control coatings
- Continued progress is being made towards commercialisation of a portfolio of other partnered projects based on Revolymer's proprietary formulations, including laundry and non-laundry cleaning actives, personal care product and ingredient prototypes, and sealants used in the construction industry. Further announcements will be made in the future as projects within this portfolio culminate in commercial deals.

Medicated Chewing Gum

- As announced on 9 June 2014, a supply and distribution agreement for Revolymer's nicotine chewing gum products for the United States of America was signed during the period with PL Developments LLC ("PLD"), a leading US manufacturer and supplier of over-the-counter (OTC) healthcare products. Under the terms of the agreement, PLD will be responsible for marketing, sales and distribution of Revolymer's nicotine gum products within this territory, which is the world's largest single market for nicotine gum
- The Company received, after the period end, confirmation of compliance with the principles and guidelines of good manufacturing practice ("GMP") from the Medicines and Healthcare Products Regulatory Agency ("MHRA"), following an inspection carried out in July 2014. GMP Certificates have been issued. This development evidences progress in the EU regulatory approval process for Revolymer's nicotine gum products.

Management

- As announced after the period end on 4 July and 27 August 2014, Dr Kevin Roger Kenneth Matthews commenced as Chief Executive Officer of Revolymer with effect from today, 29 September 2014. Dr Matthews has over 20 years of experience in senior management roles in the chemical, technology and pharmaceutical sectors and will bring significant marketing, strategy and business management expertise, along with a broad technical understanding, to Revolymer's management team.

Financial Highlights

- Cash, cash equivalents and short term investments were £15.2m at the period end (30 June 2013: £19.7m, 31 December 2013: £17.7m), reflecting the remaining significant resources on hand to fund the continued execution of Revolymer's strategy of commercialising its technology through partnerships with larger industry players
- Revenue for the period of £366k (2013: £22k) – after releasing deferred revenue relating to potential Canadian sales returns of £157k (2013: £nil). This revenue is primarily sales of nicotine gum in

Canada though a Canadian retailer, a revenue stream that had not commenced in the prior interim period

- Gross profit for the period of £139k (2013: loss £254k) – including a stock provision of £30k (2013: £262k). Gross profit for the period before the (non-cash) release of deferred revenue and stock provision was £12k (2013: £8k)
- Other operating income for the period of £30k (2013: £166k) – reflecting decreased receipts from potential partners through early stage joint development agreements, as the Company has focused on its own product development
- Loss for the period of £2.7m (2013: loss £2.9m) – after making non-cash charges in respect of (i) share based payments to employees of £224k (2013: £95k); and (ii) in 2013 only, £218k primarily relating to the impairment of manufacturing fixed assets used in the production of polymer stock.

Mr Robin Cridland CFO and Company Secretary of Revolymer said: *"The signing of our first commercial deal in Consumer Specialities with Solvay is a significant milestone for Revolymer and a validation of our technology in this business area. This deal, together with the announcement of a supply and distribution agreement for our nicotine gum products in the US, demonstrates the commercial progress the Company is now making across all areas of the business. I look forward to further positive developments across Revolymer's remaining project portfolio under the leadership of our new CEO Dr. Kevin Matthews."*

For further information please contact:

Revolymer plc	+44 (0) 1244 283 500
Kevin Matthews / Robin Cridland	
Panmure Gordon (UK) Limited	+44 (0) 20 7886 2500
Hugh Morgan / Adam James (Corporate Finance) Charles Leigh-Pemberton (Corporate Broking)	
Citigate Dewe Rogerson	+44 (0) 20 7282 2867
David Dible / Malcolm Robertson	

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

Revolymer is a technology company that designs, develops and formulates novel polymers to improve the performance of existing products within the FMCG and other industrial markets. Revolymer aims to generate growing high quality revenue streams by partnering its unique technologies with manufacturers and marketers within these markets. Potential applications for the business's technology are in the household products, personal care and coatings & adhesives product areas ("Consumer Specialties"), and in medicated chewing gum (including nicotine gum) and confectionery chewing gum ("Chewing Gum").

Update

Including developments after the period end, management is pleased to report that Revolymer has closed deals in both the Consumer Specialties and Chewing Gum business areas, as further described below, and is accordingly making progress against its strategy.

Consumer Specialties

As announced on 25 September 2014, Revolymer has signed the first licence in its prioritised Consumer Specialties business area with the international chemicals group Solvay. Under the terms of the deal, Solvay has exclusive rights to apply Revolymer's encapsulation technology to its proprietary cleaning and disinfecting active ingredient 6-phthalimido-peroxyhexanoic acid, known as PAP and commercialised currently by Solvay under the trade mark Eureco(TM). It is intended that the resultant formulations of PAP will be more stable than existing PAP formats marketed by Solvay, thereby expanding the market for this active into a broad range of fields including cleaning, disinfection and deodorisation in both solid, gel and liquid product formats. The geographic territory of the licence is global, and Solvay intends to target industry segments including laundry detergents and additives and dish wash agents, in the consumer, domestic, industrial and institutional markets. Veterinary, pharmaceutical and other health care applications are also included in the deal. As consideration for the licence, Solvay will make royalty payments to Revolymer on net sales of PAP products incorporating Revolymer technology.

As an international chemical group, Solvay assists industries in finding and implementing ever more responsible and value-creating solutions. Solvay generates 90% of its net sales in activities where it is among the world's top three players. It serves many markets, varying from energy and the environment to automotive and aeronautics or electricity and electronics, with one goal: to raise the performance of its clients and improve society's quality of life. The group is headquartered in Brussels, employs about 29,400 people in 56 countries and generated EUR 9.9 billion in net sales in 2013.

On 14 April 2014, the Company announced a £0.5 million funding award by the UK's innovation agency, the Technology Strategy Board to a consortium to co-fund a 2-year, collaborative research project to develop new, sustainable, high-performance marine fouling control coatings. The project is being run through a collaboration between Revolymer, AkzoNobel's International Paint Ltd, the University of Liverpool and Newcastle University. Together the consortium will maximise their collective expertise to develop innovative fouling control technology, with Revolymer's novel polymer formulations fulfilling a key role. The accumulation of marine organisms on the underwater areas of marine vessels and structures (fouling) is a cause of major concern for the maritime industry. The presence of fouling on a ship's hull leads to an increase in surface roughness. This results in a significant increase in hull frictional drag causing increased fuel consumption and therefore increased carbon dioxide emissions. The increased energy consumption cost associated with marine fouling can run to billions of pounds every year. With the cost of fuel increasing and growing concerns regarding emissions there is a strong market demand for new, sustainable, fouling control coatings technology that can deliver reduced fuel cost and reduced emissions with increased ship operating efficiency over longer in-service periods.

Chewing Gum

United States of America

On 9 June 2014 Revolymer announced that it has signed a supply and distribution agreement for its nicotine chewing gum products for the United States of America with PL Developments LLC ("PLD"), a leading US manufacturer and supplier of over-the-counter (OTC) healthcare products. Under the terms of the agreement, PLD will be responsible for marketing, sales and distribution of Revolymer's nicotine gum products within this territory. The US represents the single largest nicotine gum market, with a single regulatory authority, the Food and Drug Administration ("FDA"). According to market estimates, the US nicotine gum market has a current retail value of nearly $500 million per annum, of which more than half is private label, and the balance branded products. Revolymer's nicotine chewing gum products offer a number of consumer benefits in comparison to currently marketed nicotine gum including a more confectionery-like chew and faster release of nicotine. Under the agreement, PLD plans to market and sell private label formats of Revolymer's nicotine chewing gum products to its broad customer base including all major mass merchandiser, drug, food, dollar channel, and club store retailers. The agreement is subject to regulatory approval of Revolymer's products and the preparation of an application for marketing approval is currently under discussion with the FDA.

Headquartered in Westbury, NY, PL Developments is a leading manufacturer, packager, and distributor of over-the-counter pharmaceutical products and consumer healthcare goods. It has more than 1,000 employees throughout the US and operates more than 1 million sq. ft. of state-of-the art pharmaceutical facilities. All production and material handling is performed under strict FDA guidelines and current Good Manufacturing Practices, ensuring every product meets or exceeds industry standards. With three decades of experience, PLD has grown to serve almost every retailer in the US and many around the globe.

Europe

In accordance with its application for regulatory approval in the EU in relation to its nicotine gum products, Revolymer was inspected by the MHRA in July 2014, specifically in respect of its performance of analytical testing. On 19 September 2014, the Company received confirmation of compliance with the principles and guidelines of GMP as laid down in European Union Commission Directive 2003/94/EC from the MHRA. Certificates of GMP compliance have been issued and can be viewed on the MHRA website. This positive development means that Revolymer's nicotine gum products are progressing towards approval for sale in the UK, Spain, Ireland and Poland (with additional EU territories to be added as required), although it is not possible to predict such regulatory approval, or its timing.

Portfolio

It is the Group's strategy to progress a portfolio of product development projects across a range of different applications, but focused in the Consumer Specialties business area, in order to provide a number of licence opportunities and therefore reduce dependency on a single product success. In addition to the deals already announced, a number of other partnered projects are being developed based on Revolymer's proprietary formulations, including laundry and non-laundry cleaning actives, personal care product and ingredient prototypes, and sealants used in the construction industry.

New Chief Executive Officer

Dr Kevin Roger Kenneth Matthews joined the Board of Directors as Chief Executive Officer with effect from today, 29 September 2014. Dr Matthews has over 20 years of experience in senior management roles in the chemical, technology and pharmaceutical sectors and will bring significant marketing, strategy and business management expertise, along with a broad technical understanding, to Revolymer's management team.

Dr Matthews joins Revolymer from Isogenica Ltd, a business providing drug discovery services to the pharmaceutical industry, where he has served as CEO since 2009. Prior to that, Dr Matthews led the chemical technology company Oxonica as its CEO for 8 years, during which time he completed its AIM listing in 2005 and secured numerous significant partnership deals and M&A transactions. He also is currently serving as non-executive director of the FTSE 250 specialty chemicals company, Elementis plc, a role he has held since 2005, where he has helped to oversee a significant and successful strategic repositioning of the business. Dr Matthews began his career holding a number of increasingly senior roles at ICI, Albright & Wilson and Rhodia. He is a graduate of the University of Oxford, where he was also awarded a DPhil in Organic Chemistry.

Consequently, Robin Cridland has today resumed the role of Chief Financial Officer and Company Secretary.

Financial Overview

Cash, cash equivalents and short term investments on hand at the period end were £15.2m (30 June 2013: £19.7m, 31 December 2013: £17.7m), reflecting a net cash outflow from the business for the six month period of £2.5m (2013: £2.2m). Management will continue to exercise close control over expenditure with a view to continuing to deliver on its stated business plan as quickly as practically possible.

Revenue for the period totalled £366k (2013: £22k), being primarily sales of nicotine gum in Canada for the first six months of 2014, and after a release of £157k of revenue deferred in the year ended 31 December 2013 relating to potential sales returns. As at the date of this report, there have been no such sales returns and so a reduction in deferred income was deemed appropriate. In the first six months of 2013 comparable sales were significantly lower because the contract to supply nicotine gum to the Canadian retailer that accounts for the 2014 sales was announced after the 2013 interim period end (on 22 July 2013), and the related revenue therefore commenced after that time.

Gross profit for the period was £139k (2013: loss £254k), after a non-cash stock provision of £30k was included in cost of sales (2013: £262k). The 2014 provision relates to time expiring Canadian nicotine gum and in 2013 primarily to the one-time non-cash write down of Rev7 polymer stocks. Excluding these provisions and deferred revenue, gross profit was £12k (2013: £8k).

Other operating income for the period was £30k (2013: £166k). The decrease compared to 2013 reflects the Company's intentional focus on its own product development (including creating additional intellectual property for itself) that can be shared under appropriate material transfer arrangements with potential partners and then be the subject of subsequent commercialisation deals, rather than working in earlier stage joint development agreements in which payments made by the partner may be consideration for some sharing of rights over arising project intellectual property.

The loss for the period was £2.7m (2013: £2.9m) after charging administrative expenses of £2.9m (2013: £2.9m). Administrative expenses include a non-cash charge under IFRS2 relating to employee share options of £224k (2013: £95k). The loss for the comparable period in 2013 is also after one-time non-cash charges relating to Revolymer's contract manufacture arrangements for Rev7 polymer. Finally the loss is after crediting finance income of £57k (2013: £105k) relating to the cash, cash equivalents and short term deposits on hand.

Outlook

Management continues to focus operations on progressing a portfolio of partnered development projects covering applications of the Group's polymer technologies across a broad range of business areas, and looks forward to further announcements of transactions in due course.

Condensed Consolidated Income Statement and Statement of Comprehensive Income

For the six months ended 30 June 2014

	Notes	*Unaudited 6 Months to 30 June 2014 £000*	*Unaudited 6 Months to 30 June 2013 £000*	*Audited Year to 31 December 2013 £000*
Revenue	6	366	22	528
Cost of sales	5	(227)	(276)	(871)
Gross profit/(loss)		139	(254)	(343)
Other operating income		30	166	194
Administrative expenses	5	(2,917)	(2,871)	(5,328)
Operating loss	5	(2,748)	(2,959)	(5,477)
Finance income		57	105	193
Loss for the period before tax		(2,691)	(2,854)	(5,284)
Taxation expense		-	-	-
Loss for the period		(2,691)	(2,854)	(5,284)
Basic and Diluted loss per share	8	4.8p	5.3p	9.8p

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 2014

	Notes	*Unaudited As at 30 June 2014 £000*	*Unaudited As at 30 June 2013 £000*	*Audited As at 31 December 2013 £000*
Non-current assets				
Property, plant and equipment	7	403	391	364
		403	391	364
Current assets				
Inventories		203	-	168
Trade and other receivables		340	328	534
Investments	4	13,000	17,000	15,500
Cash and cash equivalents	4	2,183	2,659	2,182
		15,726	19,987	18,384
Total assets		16,129	20,378	18,748
Financed by				
Equity shareholders' funds				
Equity share capital		562	538	542
Equity share premium		23,115	22,923	22,987
Own shares reserve		(5)	(7)	(7)
Merger reserve		17,626	17,626	17,626
Share based payment reserve		6,224	5,902	5,999
Retained earnings		(33,772)	(28,633)	(31,063)
Total equity		13,750	18,349	16,084
Current liabilities				
Trade and other payables		2,213	1,825	2,314
Non-current liabilities				
Finance lease obligations and other payables		166	204	350
Total liabilities		2,379	2,029	2,664
Total equity and liabilities		16,129	20,378	18,748

Condensed consolidated statement of changes in equity

For the six months ended 30 June 2014

	Notes	*Unaudited 6 Months to 30 June 2014 £000*	*Unaudited 6 Months to 30 June 2013 £000*	*Audited Year to 31 December 2013 £000*
Retained loss for the period		(2,691)	(2,854)	(5,284)
Exercise of share options		133	16	84
Share based payments		224	95	192
Total movements in equity in the period		(2,334)	(2,743)	(5,008)
Opening equity		16,084	21,092	21,092
Closing equity		13,750	18,349	16,084

Interim condensed consolidated statement of cash flows

For the six months ended 30 June 2014

	Unaudited 6 Months to 30 June 2014 £000	*Unaudited 6 Months to 30 June 2013 £000*	*Audited Year to 31 December 2013 £000*
Cash flows from operating activities			
Operating loss	(2,748)	(2,959)	(5,477)
Adjustments for:			
Depreciation of property, plant and equipment	87	283	364
Share option charge	224	95	192
(Increase) / decrease in inventories	(35)	255	87
Decrease / (increase) in receivables	207	50	(234)
(Decrease) / increase in payables	(285)	122	757
Net cash outflow from operating activities	(2,550)	(2,154)	(4,311)
Cash flows from investing activities			
Interest received	44	27	193
Funds withdrawn from term deposits	2,500	-	1,500
Purchase of property, plant and equipment	(126)	(129)	(183)
Net cash inflow / (outflow) from investing activities	2,418	(102)	1,510
Cash received from issue of shares	133	16	84
Net cash inflow from financing activities	133	16	84
Net inflow / (outflow) in cash and cash equivalents	1	(2,240)	(2,717)
Cash and cash equivalents at beginning of the period	2,182	4,899	4,899
Cash and cash equivalents at end of the period	2,183	2,659	2,182

Notes to the interim condensed consolidated financial statements

1. General information

These unaudited interim condensed financial statements of Revolymer plc (the "Company") for the six months ended 30 June 2014 were authorised for issue in accordance with a resolution of the directors (the "Directors") on 26 September 2014. 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 2014 and 30 June 2013, and for the year ended 31 December 2013, 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 2013, which are expected to be used in the preparation of the financial statements of the Group for the year ending 31 December 2014.

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

IFRS 10 – 'Consolidated Financial Statements' and IFRS 12 – 'Disclosure of Interests in Other Entities' form part of the new IFRS regime for consolidation, and are applicable to the Group's accounts for the first time in the year ending 31 December 2014. The adoption of these standards does not change the entities included within the consolidated accounts from those presently consolidated, nor do consolidated results presented under the new standards differ from how they would formerly have appeared.

IFRS 13, which has been adopted in the preparation of the condensed financial information, applies to the Group's accounts from the year ending 31 December 2014. It sets out new guidance on the establishment of fair value for accounting purposes and applies to all amounts in the Group's financial statements presented at fair value. The adoption of this standard has had no material impact on the Group's results or financial position.

The directors have adopted the revision to IAS 19 – 'Employee Benefits', which applies to the Group's accounts for the year ending 31 December 2014. The adoption of this standard has had no impact on the Group's results or financial position.

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 2014, amounted to £15.2 million (31 December 2013: £17.7 million, 30 June 2013: £19.7 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 2013 and is unchanged.

4. Cash, cash equivalents and investments

	Unaudited As at 30 June 2014 £000	*Unaudited As at 30 June 2013 £000*	*Audited As at 31 December 2013*	*Audited As at 31 December 2012 £000*
Term deposits maturing within one year	13,000	17,000	15,500	17,000
Cash at bank and in hand	2,183	2,659	2,182	4,899
	15,183	19,659	17,682	21,899

5. Operating Loss

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

	Unaudited 6 Months to 30 June 2014 £000	*Unaudited 6 Months to 30 June 2013 £000*	*Audited Year to 31 December 2013 £000*
Revenue	366	22	528
Cost of sales before stock provision	(197)	(14)	(608)
Gross profit/(loss) before stock write down	169	8	(80)
Stock provision	(30)	(262)	(263)
Gross profit/(loss)	139	(254)	(343)
Other operating income	30	166	194
Administrative expenses before share-based payment charge	(2,693)	(2,776)	(5,136)
Share-based payments charge	(224)	(95)	(192)
Operating loss	(2,748)	(2,959)	(5,477)

6. 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 polymers 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) and confectionery chewing gum.

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

6. Segmental analysis - continued

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
Deferral for potential sales returns released*	157	-	157
Revenue	366	-	366
Geographical information			
Canada	359	-	359
Italy	7	-	7
	366	-	366

Six months ended 30 June 2013	*Chewing Gum*	*Consumer Specialties*	*Unaudited 6 months to 30 June 2013*
	£000	*£000*	*£000*
Revenue	22	-	22
Geographical information			
Canada	12	-	12
Italy	10	-	10
	22	-	22

Year ended 31 December 2013	*Chewing Gum*	*Consumer Specialties*	*Audited Year to 31 December 2013*
	£000	*£000*	*£000*
Sale of goods	780	-	780
Deferral for potential sales returns*	(252)	-	(252)
Revenue	528	-	528
Geographical information			
Canada	495	-	495
Italy	17	-	17
United States	16	-	16
	528	-	528

* 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 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.

7. Property, plant and equipment

During the six months ended 30 June 2014, the Company acquired plant and equipment with a cost of £126k (30 June 2013: £129k) (year ended 31 December 2013: £183k).

8. Loss per share

	Unaudited	*Unaudited*	*Audited*
	6 Months to 30 June	*6 Months to 30 June*	*Year to 31 December*
	2014	*2013*	*2013*
	£000	*£000*	*£000*
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share ('000)	55,629	53,830	53,996

9. Share based payments

During the six months to 30 June 2014 1,279,635 share options (30 June 2013: 1,033,272) were granted under the Revolymer LTIP 2012 scheme as either unapproved options or approved options under the HMRC approved EMI scheme. The fair value of equity-settled share options granted is estimated as at the date of grant using a Black-Scholes model, taking into account the terms and conditions upon which the options were granted using the following assumptions.

	Unapproved Options	EMI Options
Number of options granted	626,168	653,467
Exercise price	£nil	£0.535
Expected volatility	50%	50%
Risk free rate	0.5%	0.5%
Expected dividend yield	0%	0%

The EMI options have a vesting period of three years with no performance criteria. The vesting period of the Unapproved LTIP awards is also three years but they only become exercisable if challenging performance conditions are met; namely that 50% of the grant becomes exercisable if the weighted average ordinary share price in the 30 day period ending on the third anniversary of grant is £1.25. Between weighted average ordinary share prices of £1.25 and £1.50, vesting shall be pro-rata and on a straight line basis between 50% and 100%. Below £1.25 the grants are not exercisable and lapse in full.

The charge for share based payments for the period to 30 June 2014 was £224k (30 June 2013: £95k) (31 December 2013: £192k).

10. 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	*Unaudited*	*Audited*
	Six Months to 30 June	*Six Months to 30 June*	*Year to 31 December*
	2014	*2013*	*2013*
	£000	*£000*	*£000*
Wages and salaries	210	376	649
Termination payment*	250	–	–
Directors' fees invoiced by third parties	8	20	28
Post-employment benefits	11	19	38
Equity settled share based payment expense	95	63	126
	574	478	841

*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 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 2014				
IP2IPO Services Limited	–	8	4	–
Grand Cru Consulting Limited	–	–	4	–
6 months to 30 June 2013				
IP2IPO Services Limited	–	7	4	–
Grand Cru Consulting Limited	–	13	–	–
Year to 31 December 2013				
IP2IPO Services Limited	–	15	5	–
Grand Cru Consulting Limited	–	13	4	–

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.

11. Contingent liability

Alleged patent infringement proceedings against Revolymer brought by Fertin Pharma A/S and Gumlink A/S in connection with the sale of nicotine gum in Canada continue. Management remains of the view that there are strong grounds for rebutting this action and is diligently pursuing a satisfactory outcome to the matter. In 2014 a provision of £0.3m remains in place for future costs of continuing to defend the alleged patent infringement. In view of the stance of management and its professional advisers on this matter, no provision in respect of potential damages was deemed appropriate at this time.

12. Events after the reporting period

As described in detail elsewhere in this report, after the end of the interim period:

- On 25 September 2014, Revolymer announced a commercialisation deal with Solvay
- On 19 September 2014, Revolymer received from the MHRA confirmation of GMP compliance in respect of certain analytical testing
- On 29 September 2014, Dr Kevin Matthews commenced as Chief Executive Officer

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 2014 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 2014 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union.

Ernst & Young LLP

Manchester

29 September 2014