31 March 2014

Revolymer plc
Preliminary Results for the 12 month period to 31 December 2013

Business Highlights

- *Continued progress towards Consumer Specialties commercialisation deals*: Across Revolymer's broad portfolio of partnered development projects, commercialisation discussions directed towards executing deals in the high value Consumer Specialties business area (including household products, personal care and coatings and adhesives) have continued throughout the period. Although there can be no assurance until the deal is signed, at least one such transaction is targeted to be announced in 2014;
- *Significantly increased nicotine gum revenue*: There has been a significant increase in sales in the period of Revolymer's proprietary nicotine gum (net sales of £495k, compared to £16k in 2012). Distribution deals have been announced in Canada and Poland and further distribution deals are being worked on by management, while regulatory approvals are being actively sought in Europe and the US;
- *Substantial funding position*: The funds available at 31 December 2013 were £17.7m (2012: £21.9 million), continuing to provide a significant funded "runway" to enable management to deliver the Group's business plan;
- *Product area update*:
    - Consumer Specialties - Household Products: Revolymer's proprietary formulations of cleaning actives for stabilisation in liquid or solid formats are the subject of ongoing licensing discussions;
    - Consumer Specialties - Personal Care: Revolymer continues to work with significant players in this market with a view to developing new product formulations incorporating its moisture management technology;
    - Consumer Specialties – Coatings & Adhesives: the Group's moisture management technology is also being deployed in partnered projects developing non-laundry household products and sealants used in the construction industry;
    - Nicotine Gum: Significant net sales of £0.5m of Revolymer's proprietary nicotine gum with more confectionery-like chew and taste characteristics were made in the period in Canada. In addition, the Group filed for marketing authorisation in Europe of its nicotine gum products by submitting an application to the Medicines and Healthcare products Regulatory Agency (MHRA) in November. Revolymer has already established a supply and distribution agreement for its nicotine gum in Poland (as well as Hungary and the Czech and Slovak Republics), and aims to conclude commercialisation deals in other European countries in due course (all of which will be subject to regulatory approval). Plans are also being progressed to secure US distribution deals and in parallel to apply for marketing authorisation with the Food and Drug Administration (FDA) in the US, upon which any such deals would be conditional;
- *Portfolio*: Revolymer continues to develop a broad portfolio of product programmes across its business areas for partnered commercialisation, which both mitigates the challenges inherent in striking commercialisation deals and reduces the dependence of the business on success in a single product development programme;
- *Management*: Guidance is provided by a strong and experienced Board of Directors chaired by Jack Keenan, formerly CEO and Chairman of Kraft Foods International, and supported by independent Non-executive Directors with specific industry expertise, namely Julian Heslop, formerly CFO of GlaxoSmithKline, and Dr Bryan Dobson, formerly President Global Operations of Croda International. The Board thanks Dr Roger Pettman, who resigned from his post as Chief Executive Officer (CEO) effective 31 January 2014 to pursue other commercial interests, for his dedicated service to the Company over the years since formation of the business. Roger played a significant role driving the development of Revolymer's portfolio of polymer-based IP which is now being commercialised. A new CEO will be the subject of a future announcement, and in the meantime Rob Cridland has been appointed Acting CEO;
- *Fertin Pharma A/S and Gumlink A/S litigation*: Following the commencement of alleged patent infringement proceedings against the Company in connection with the sale of its nicotine gum in Canada, this matter has been very closely attended to under appropriate professional advice throughout the year. Management and

the Company's professional advisers continue to believe that there are strong grounds for rebutting this action and accordingly intend to defend vigorously the Company's position.

Financial Highlights

- £17.7 million of current cash investments, cash and cash equivalents on hand at the year end (2012: £21.9 million);
- Net cash outflow from operating activities flat year-on-year at £4.3 million (2012: £4.3 million);
- Revenue for the period up significantly at £528k (2012: £176k), the largest constituent being sales of nicotine gum in Canada;
- Gross loss for the period also improved at £343k (2012: gross loss £606k);
- Other operating income for the period was £194k (2012: £340k), being derived from potential licensing partners in the Consumer Specialties business areas. The reduction in income reflects the advanced status of a number of our programmes, and our focus on securing licence deals to deliver high quality medium term value, rather than focussing on short term collaborative income;
- Reported loss for the year improved to £5.3 million (2012: £10.1 million), and was adversely impacted by non-cash charges in respect of stock write downs, legal costs and share based payments amounting in total to £1.0 million (2012 £5.2 million, including US closure costs also). The loss excluding these items was £4.3 million (2012: £4.9 million).

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Chairman's Statement

I am pleased to present my second report as Chairman of Revolymer plc.

Firstly, I must report the departure of our CEO, Dr Roger Pettman who resigned on 31 January 2014. Dr Pettman had been CEO of the business since its inception in 2005 and led the flotation on the AIM Market in July 2012. He has played a significant role in driving the development of a broad portfolio of polymer-based IP which is now being applied to improve the performance of a variety of consumer products within the fast moving consumer goods (FMCG) industry and other industrial markets. I and the Board thank Roger for his dedicated service to the Company over the years, and wish him well in his new endeavours.

Our CFO, Rob Cridland will act as CEO until we have identified a new CEO with the commercial and operational experience to execute the Company's strategy of delivering commercialisation deals for its intellectual property portfolio.

Overall, 2013 was a year of mixed fortunes for the Company. Our financial performance has in general improved over 2012 (with the loss for the year reducing to £5.3m), we submitted regulatory filings for marketing approval of our nicotine gum in Europe, and we successfully concluded a deal to market nicotine gum into Canada (which resulted in significant sales) as well as Poland. However we were unable to close a significant deal within Consumer Specialties by the end of the financial year. As a consequence, the targets for short term incentives for management and staff set by the Board were not met. The Board are, however, satisfied that this is a timing issue and that the prospects for the business remain promising.

The Board continues to monitor and, where appropriate, amend our strategic plan. As a result:

- We have agreed the best commercial strategy for the Company, concluding that our resources are best deployed by a focus on partnering our portfolio of intellectual property in a number of product fields to businesses with the expertise, resources and scale to launch and market products incorporating our technology;
- We have set a 2014 operating plan consistent with this strategy, with very specific goals for management;
- We have established appropriate governance and control structures, including a comprehensive business risk assessment and mitigation process, and a medium term strategic planning cycle; and
- We continue to build relationships with institutional and private investors, and we recognise that this is fundamental to achieving our goals. We aim to achieve this through face-to-face meetings and a range of other communication channels immediately following the achievement and announcement of significant milestones and financial results. We also aim to be highly receptive to shareholder interactions, either received directly or through our broker. The Notice of Annual General Meeting (AGM) that accompanies this Annual Report sets out the business for our second AGM and we actively encourage all our shareholders, large or small, to attend and participate.

Corporate governance

Although full compliance with the UK Corporate Governance Code (the Code) issued by the Financial Reporting Council in September 2012 is not compulsory for AIM companies, the Board has chosen to apply those principles of the Code considered appropriate, taking into consideration Revolymer's size and the recommendations contained in the Quoted Companies Alliance (QCA) guidelines. We intend to move towards full compliance over time, and as the business grows and matures.

We shall regularly review the overall performance of the Board to ensure that it remains focussed, is provided with targets for improvement and meets such targets where possible. Specifically, the Nominations Committee will formally review the overall performance of the Board during the fourth quarter of 2014 to ensure that we have the correct mix of skills in order to provide proper guidance to the Company in achieving its strategic goals. The outcome will be presented in the 2015 Annual Report.

People

Through 2013, Revolymer employed an average of 36 people (excluding Non-executive Directors) based in our Deeside facility, most of whom are highly qualified polymer scientists, focused on product research and development across our five business areas and particularly in Consumer Specialties. Our employees are critical to our future success and I would like to thank all of them for their hard work during the year and look forward to their continued commitment to the business.

Conclusion

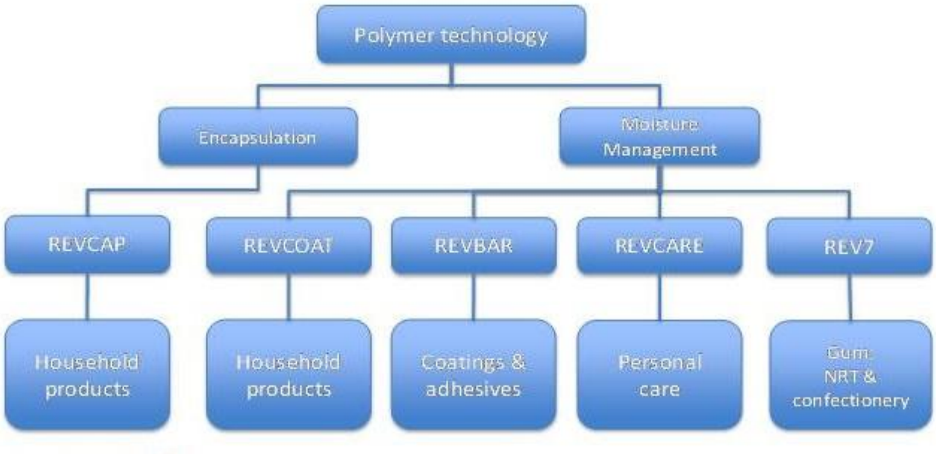
Based on the progress made in 2013 and the continuing significant market potential for our technologies, I believe the outlook for Revolymer remains promising and look forward to the ongoing developments in Consumer Specialties contributing to the growing revenue stream from our nicotine gum business in the near to medium term.

John ("Jack") Keenan
Chairman

Chief Executive Officer's Review

Technology Overview

The chart below summarises the Group's technology base and its application across the FMCG industry and other industrial markets.



Consumer Specialties

The Consumer Specialties business area comprises many partnered (but also some in-house) development programmes utilising Revolymer's proprietary polymer technologies across a broad range of product applications in the fields of household products (such as laundry and non-laundry cleaning agents), coatings and adhesives (such as foodstuff packaging and coatings and sealants used in the construction industry) and personal care products (such as cosmetics, personal hygiene and hair-care). This broad portfolio is targeting high value global markets where we believe our technology can offer significant performance improvement in a variety of the properties of existing marketed products.

All of our technologies in the Consumer Specialties business area are based on two broad areas of polymer technology; encapsulation and moisture management.

Our REVCAP encapsulation technology has been shown to stabilise certain laundry and other cleaning actives in both liquid and powder formulations, with equivalent or improved release of the actives in the cleaning cycle. Our REVCOAT amphiphilic polymer technology has been shown to improve the performance of certain non-laundry cleaning agents, and our REVBAR laminated barrier technology is in development to improve packaging for both wet and dry perishable foodstuffs. Our REVCARE moisture management technology has also been shown to improve the properties of certain personal care and cosmetic formulations, such as moisturisation and perceived softness.

These development programmes are being progressed in partnership with a number of international FMCG companies through joint development and other collaborative structures that allow Revolymer to retain the underlying polymer intellectual property as the subject of subsequent licences.

Closing these licences (and equivalent deal structures) is a top priority for management, and we are very aware that our investors and other market commentators are awaiting news of these transactions. Such contractual arrangements tend to be very detailed and require significant commitments from both partners. Therefore they can take time to negotiate and conclude, as we follow the necessary decision making processes within our partners' organisations (including market testing of our products). Nonetheless we remain focused on closing deals as soon as possible. Contractual confidentiality may also restrict our ability to describe such deals, once consummated.

Management are also aware that not all our partnered development programmes may culminate in deals, which is why Revolymer continues to develop a broad portfolio of product programmes for partnered commercialisation, which both mitigates the challenges inherent in closing commercialisation deals and reduces the dependence of the business on success in a single product development programme.

Although there can be no assurance until the deal is signed, management are targeting at least one significant transaction in Consumer Specialties in 2014.

Nicotine Gum

We are pleased to report significant developments in the commercialisation, through the private label channel, of our proprietary nicotine gum products that have more confectionery-like chew and taste characteristics than other marketed nicotine gums.

In Canada, the first country to provide regulatory approval for our product, sales have grown significantly during the year following the award of a contract to supply a leading Canadian pharmacy chain. The deal, announced in July, is for an initial period of 2 years and under its terms Revolymer is supplying 18 stock-keeping units of nicotine gum, including a new ‘handy pack’. Primarily as a result of this transaction, sales in the year of nicotine gum were £0.5m.

In October, Revolymer announced that it had also signed a distribution deal for nicotine gum in Poland, Hungary and the Czech and Slovak Republics where the demand for nicotine replacement therapy is growing. Management are currently working on a number of other commercialisation deals in Europe and the US for our products, which will be conditional on regulatory approval.

In November, the Group announced that it had filed for marketing authorisation in Europe of its nicotine gum products by submitting an application to the Medicines and Healthcare products Regulatory Agency (MHRA) under Directive 2001/83/EC. It is also preparing to apply for marketing authorisation with the FDA in the US.

Management are enthusiastic about the prospects for the nicotine gum business and look forward to making appropriate announcements as commercial and regulatory milestones are achieved in due course

Confectionery Gum

Owing to the significant promotional budgets required to launch and support the sales of branded confectionery gum products, and the overall characteristics of the global confectionery gum market, the Board has made a decision to refrain from further investment in the Group’s confectionery gum business, following the closure of the US business early in 2013. We have a number of fully developed commercial products incorporating our removable and degradable technology that remain available for partnered commercialisation, but Revolymer has no plans currently to commit further resources to commercialise them other than through such partnerships.

Financial Review

Cash flow

After a net cash outflow relating to operating activities of £4.3 million during the year (2012: £4.3 million), the balances on hand at the year end were cash and cash equivalents of £2.2 million (2012: £4.9 million) and short term deposits of £15.5 million (2012: 17.0 million), placed in accordance with the Board approved treasury policy, that is in short term deposits with a panel of UK financial institutions rated at least F1/A1/P1 (or equivalent ratings). Net cash inflow from financing activities was £0.1 million (2012: £23.2 million), reflecting the proceeds of vested share option exercises during the year. The 2012 inflow reflects the net proceeds of the IPO in July 2012.

Operations

Revenue for the period increased to £528k (2012: £176k), the majority of which was net sales of nicotine gum in Canada of £495k (2012: £16k), as well as £16k of net sales of Rev7® confectionery gum in the US prior to closure of that business unit early in the period (2012: £153k). The net sales of nicotine gum of £495k are stated after deferring £252k relating to our Canadian customer’s contractual right to return product if it is unsold at its time expiry, provided this relates to sales in excess of minimum customer purchase obligations; such arrangements being customary in distribution agreements of this type.

Gross loss for the period reduced to £343k (2012: gross loss £606k) after charging cost of sales of £871k (2012: £782k). Cost of sales included non-cash provisions relating to the write-down of Rev7® polymer (as first disclosed in the interim announcement to 30 June 2013) totalling £263k (2012: nil).

Other operating income for the period was £194k (2012: £340k), reflecting receipts from potential licensing partners in the Consumer Specialties business areas. The lower income compared to the prior period reflects the varied phasing of payments from the ongoing projects, and the fact that the Company is approaching the later developmental stages in a number of projects (which we aim to progress to licences or equivalent deals). We remain focused on achieving significant licences rather than short term collaborative income.

Reduced administrative expenses of £5.3 million were incurred in the year (2012: £9.9 million) and include non-cash provisions of £0.7m (2012: £4.5m) relating to a provision for Canadian legal costs (as described below) and share based payments charges. Administrative expenses before these charges were £4.6m (2012: £5.4m).

Finance income

Interest receivable on bank deposits and investments increased to £193k (2012: £50k), reflecting the full year effect of net deposit and investment balances following the IPO.

Loss for the year

The loss for the year reduced to £5.3 million (2012: £10.1 million). Excluding the non-cash charges described above in respect of stock write downs, legal costs and share based payments (including employers' national insurance) amounting to £1.0 million (2012: £5.2 million, including US closure costs), the loss reduced to £4.3 million (2012: £4.9 million).

Costs of alleged infringement proceedings

In January 2013, the Company received notification from Fertin Pharma A/S and Gumlink A/S of the commencement of alleged patent infringement proceedings against it in connection with the sale of its nicotine gum in Canada. This matter has been very closely attended to under appropriate professional advice during the course of the year. Management and the Company's professional advisers continue to believe that there are strong grounds for rebutting this action and accordingly intend to defend vigorously the Company's position. In 2013 a provision for the future costs of continuing to defend the alleged patent infringement has been made of £0.5m. In view of the stance of management and the Company's professional advisers on this matter, no provision in respect of potential damages has been deemed appropriate.

Notwithstanding the current position of management and the Company's advisers, there can however be no assurance that the Canadian courts will ultimately find in Revolymer's favour. If the infringement claims against the Group are upheld, the Group may be required to cease the infringing activity, and/or enter into licensing and royalty arrangements, and/or pay damages. In addition, the Group may elect to develop alternative non-infringing solutions.

Outlook

Financial performance during the year has improved over 2012 and the business remains well funded, with £17.7 million of current cash investments, cash and cash equivalents on hand at the year end (2012: £21.9 million). Management is planning to deploy these resources prudently, with the aim of delivering a number of significant partnering deals over the course of the funded runway for our operations.

Consolidated income statement

For the year ended 31 December 2013

	Notes	**2013 £'000**	2012 £'000
Revenue	2	**528**	176
Cost of sales		**(871)**	(782)
Gross loss		**(343)**	(606)
Other operating income		**194**	340
Administrative expenses		**(5,328)**	(9,858)
Group operating loss		**(5,477)**	(10,124)
Finance income		**193**	50
Loss for the year before tax		**(5,284)**	(10,074)
Taxation expense		**–**	–
Loss for the year		**(5,284)**	(10,074)
Basic loss per share	3	**9.8p**	25.2p
Diluted loss per share	3	**9.8p**	25.2p

All results relate wholly to continuing activities.

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

Consolidated balance sheet

At 31 December 2013

	Notes	2013 £'000	2012 £'000
Non-current assets			
Property, plant and equipment		**364**	545
		364	545
Current assets			
Inventories	4	**168**	255
Trade and other receivables		**534**	300
Investments	5	**15,500**	17,000
Cash and cash equivalents		**2,182**	4,899
		18,384	22,454
Total assets		**18,748**	22,999
Financed by			
Equity shareholders' funds			
Equity share capital	6	**542**	538
Equity share premium		**22,987**	22,908
Own shares reserve		**(7)**	(8)
Merger reserve		**17,626**	17,626
Share based payment reserve		**5,999**	5,807
Retained earnings		**(31,063)**	(25,779)
Total equity		**16,084**	21,092
Current liabilities			
Trade and other payables		**2,314**	1,805
Non-current liabilities			
Finance lease obligations and other payables		**350**	102
Total liabilities		**2,664**	1,907
Total equity and liabilities		**18,748**	22,999

Consolidated statement of changes in equity

For the year ended 31 December 2013

	Equity share capital	Equity share premium	Own shares reserves	Merger reserve	Share-based payment reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2012	–	17,906	–	–	1,748	(15,705)	3,949
Retained loss for the year	–	–	–	–	–	(10,074)	(10,074)
Shares issued to EBT	–	–	(8)	–	–	–	(8)
Combination of Revolymer (U.K) Limited	280	(17,906)	–	17,626	–	–	–
Issue of equity share capital	258	24,750	–	–	–	–	25,008
Costs of issuing shares	–	(1,842)	–	–	–	–	(1,842)
Share based payments	–	–	–	–	4,059	–	4,059
At 1 January 2013	538	22,908	(8)	17,626	5,807	(25,779)	21,092
Retained loss for the year	–	–	–	–	–	(5,284)	(5,284)
Share based payments	–	–	–	–	192	–	192
Exercise of share options	4	79	1	–	–	–	84
At 31 December 2013	**542**	**22,987**	**(7)**	**17,626**	**5,999**	**(31,063)**	**16,084**

Consolidated statement of cash flow

For the year ended 31 December 2013

	Notes	2013 £'000	2012 £'000
Net cash outflow from operating activities	7	**(4,311)**	(4,270)
Cash flows from investing activities			
Interest received		**193**	3
Purchase of property, plant and equipment		**(183)**	(75)
Funds withdrawn from / (placed on) term deposits		**1,500**	(17,000)
Net cash inflow / (outflow) from investing activities		**1,510**	(17,072)
Cash received from issue of shares		**84**	25,000
Transaction costs of issuing shares		**–**	(1,842)
Net cash inflow from financing activities		**84**	23,158
Net (outflow) / inflow in cash and cash equivalents		**(2,717)**	1,816
Cash and cash equivalents at beginning of year		**4,899**	3,083
Cash and cash equivalents at end of year		**2,182**	4,899

Notes to the preliminary results to 31 December 2013

1. Basis of preparation

This announcement has been prepared in accordance with the Group's accounting policies, which in turn are in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") applied in accordance with the provisions of the Companies Act 2006.

IFRS is subject to amendment and interpretation by the International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee and there is an ongoing process of review and endorsement by the European Commission. The accounting policies comply with each IFRS that is mandatory for accounting periods ended 31 December 2013.

The information in this preliminary announcement does not constitute statutory accounts within the meaning of section 434 to 436 of the Companies Act 2006 and no statutory accounts have yet been filed. The consolidated financial information has been approved for issue by the Board of Directors on 28 March 2014. The statutory accounts for the year ended 31 December 2013 will be delivered to the registrar of Companies following the Company's Annual General Meeting.

2. Revenue

Revenue recognised in the Group income statement is analysed as follows:

	2013	2012
	£'000	£'000
Sale of goods	**780**	176
Deferral for sales returns*	**(252)**	–
Revenue	**528**	176

Geographical information

	2013	2012
	£'000	£'000
United Kingdom	**–**	1
Eire	**–**	4
Canada	**495**	16
Italy	**17**	2
United States	**16**	153
	528	176

Segmental information

The revenue information is derived from one segment (i.e. gum, both confectionery and nicotine) and net assets are attributable solely to the UK.

*: The company estimates potential sales returns based on its 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 financial year end.

3. Loss per share

Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

	2013	2012
	£'000	£'000
Loss		
Loss for the purposes of basic and diluted loss per share	**5,284**	10,074
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**53,996**	39,909
Basic and diluted loss per share	**9.8p**	25.2p

The loss for the period and the weighted average number of ordinary shares for calculating the diluted earnings per share for the period to 31 December 2013 are identical to those used for the basic earnings per share. This is because the outstanding share options and warrants would have the effect of reducing the loss per ordinary share and would therefore not be dilutive.

4. Inventories

Group	**2013 £'000**	2012 £'000
Raw materials	**31**	14
Work in progress	**11**	287
Finished goods	**117**	157
Goods in transit	**9**	–
Provisions	**–**	(203)
	168	255

5. Investments

	2013	2012
	£'000	£'000
Term deposits maturing within one year	**15,500**	17,000

6. Share capital

	£'000
Prior to combination of Revolymer (U.K.) Limited	
At 1 January 2012 – 933,839 ordinary shares of 0.008p each	–
Combination of Revolymer (U.K.) Limited	
04/07/12 – 28,015,168 ordinary shares of 1p each issued	280
On admission to AIM and subsequently	
10/07/12 – 25,000,000 ordinary shares of 1p each issued	250
27/12/12 – 763,530 ordinary shares of 1p each issued to Revolymer Employee Benefit Trust	8
At 31 December 2012 (53,778,700 shares in issue)	538
Issued as a result of an exercise of options	
25/01/13 – 60,000, 04/07/13 – 3,000 and 10/10/13 – 324,480	4
At 31 December 2013 (54,166,180 shares in issue)	542

Revolymer plc was incorporated on 10 April 2012 and 2 subscription shares were issued with a nominal value of 0.008p each. On 2 July 2012 a further 248 shares were issued and the resultant 250 shares were then consolidated into 2 ordinary shares with a nominal value of 1p each. The remaining issues are as noted above.

In addition, at 31 December 2013 there were outstanding warrants in respect of the ordinary shares as follows:

Holder	No. of shares	Exercise Price	Expiry date
Panmure Gordon	250,000	£1.00	9 Jul 2014
XCAP Securities plc	316,290	£0.92	31 May 2016

7. Notes to the cash flow statement

	2013 £'000	2012 £'000
Operating loss	**(5,477)**	(10,124)
Depreciation of property, plant and equipment	**364**	269
Share based payments charge	**192**	4,059
Operating cash flows before movements in working capital	**(4,921)**	(5,796)
Decrease in inventories	**87**	515
(Increase) / decrease in receivables	**(234)**	188
Increase in payables	**757**	823
Net cash outflow from operating activities	**(4,311)**	(4,270)

8. Post balance sheet events

The Chief Executive Officer, Dr Roger Pettman, resigned on 31 January 2014. A termination payment (determined by reference to his contractual entitlements) of £250,000 was made following this date.