22 September 2016

Revolymer plc
Unaudited interim results for the 6 month period to 30 June 2016

Revolymer plc (AIM: REVO) ("Revolymer", the "Company" or the "Group"), today announces its current business highlights and unaudited interim results for the 6 month period to 30 June 2016.

Business Highlights

Commercial milestones in 2016, signifying the continued focus of the business on specialty functional polymers, include:

- As announced on 20 June 2016, Revolymer acquired the entire issued share capital of Itaconix Corporation ("Itaconix"), a privately-owned business based in New Hampshire, USA, for initial consideration of $7m comprising $3m in cash and $4m in new Revolymer ordinary shares ("Ordinary Shares"), plus further deferred performance related consideration of up to $6m payable in new Ordinary Shares, subject to the satisfaction of certain business performance criteria in the period 2017 to 2020 inclusive
- In conjunction with the acquisition of Itaconix, Revolymer announced after the period end on 8 July 2016 the closing of a £5.8m (gross) placing of 15,680,222 Ordinary Shares to existing and new institutional investors in order to fund the combined business and cover the cash element of the acquisition. Revolymer welcomes the new shareholders and appreciates the support of its existing shareholders, notably Woodford Investment Management
- As announced after the period end on 7 September 2016, first commercial sales of Itaconix CHT ("CHT") have been made by the recently acquired business of Itaconix for use in a private label automatic dish wash ("ADW") detergent marketed by a large US retailer
- As announced after the period end on 19 September 2016, Revolymer executed agreements committing it to divest its nicotine gum business to the Danish company Alkalon A/S ("Alkalon"), with completion subject to the satisfaction of certain customary conditions precedent including the transfer of key customer contracts and the Canadian product licence to Alkalon. Alkalon has EU regulatory approval for its products and an established European customer base, which complements Revolymer's Canadian customer base. The business combination offers the potential to grow the combined business in its existing territories as well as to expand in additional territories, benefiting from economies of scale in manufacturing and marketing. At completion, the consideration to Revolymer for the divestment of this business will be a 15% equity holding in the combined new business, which may increase to 20% if certain commercial milestones in the acquired Revolymer nicotine gum business are met within nine months of completion, namely the award of additional specific contracts in Canada
- As announced on 25 January 2016, Revolymer renewed and expanded the contract to supply its nicotine gum to a Canadian retailer, and disclosed a separate contract with a distributor supplying nicotine gum into Canadian convenience outlets. Management believe these developments enhanced the Group's ability subsequently to execute the transaction with Alkalon described above.

Board, management and organisational improvements include the following:

- As announced after the period end on 13 September 2016, Revolymer appointed Dr James "Jim" Barber to the board as a non executive director with effect from 12 September 2016, representing the interests of the previous shareholders of Itaconix as their Revolymer board nominee, a right conveyed under the merger agreement between Itaconix and the Company. Since 2007, Dr Barber has run his own business consultancy practice, Barber Advisors LLC, and has served as an advisor and a director for a number of firms. Dr Barber has extensive business management expertise in the specialty chemicals industry, including CEO of Metabolix Inc. and senior management positions running businesses within the Albermarle group. He has a PhD in organic chemistry from the Massachusetts Institute of Technology
- As announced on 16 March 2016, Revolymer appointed Dr Louise Crascall as Chief Commercial Officer with effect from 1 June 2016. Dr Crascall has over 20 years of experience in technical and commercial roles in the specialty chemicals industry and brings significant commercial expertise, along with a broad technical understanding, to augment Revolymer's management team
- John Shaw and Yvon Durant, CEO and CTO of Itaconix, were appointed to the management team following the acquisition
- During the period management has continued to focus the organisation, and in particular has established a supply chain unit capable of co-ordinating a strategic network of contract manufacturers to make the

business's products. This development is a key step in the execution of Revolymer's product supply strategy.

Financial Highlights

- Cash, cash equivalents and short term investments on hand at the period end were £6.1m (30 June 2015: £12.0m, 31 December 2015: £10.5m) reflecting a net utilisation of cash resources by the business in the period of £4.4m (2015: £1.2m). The increase in utilisation was primarily due to the upfront component of the acquisition of Itaconix of £2.0m. Additionally no R&D tax credits were received in the period (2015: £775k). After the period end, the Company closed the equity placing to raise gross proceeds of £5.8m
- Whilst revenue for the period reduced slightly to £578k (2015: £594k) being primarily sales of nicotine gum in Canada, gross profit improved to £60k (2015: £12k), including £43k of deferred income released due to the termination by the Group of a confectionery gum licence no longer of strategic importance
- Administrative expenses for the period increased to £2.1m (2015: £1.7m), reflecting an increase in the non-cash share based payment charge to £59k (2015: a credit of £370k) and also a non-cash foreign exchange gain of £461k (2015: nil) related to the acquisition of Itaconix which closed before the EU referendum result, following which there was a significant reduction in the GBP:USD rate. Administrative expenses before these non-cash items were £2.5m (2015: £2.1m)
- The loss after taxation for the period was £1.8m (2015: £0.3m) after tax credits accrued in respect of 2016 to date of £0.2m (2015: £1.3m, including three years of tax credit claims)
- The non-current assets of the Group now include a provisional goodwill amount of £9.6m (2015: nil) following the acquisition of Itaconix in June. Due to the proximity of the acquisition to the period end, an exercise to allocate the purchase price between goodwill and other assets is still to be performed. Once this exercise is completed within the permitted 12 month period, the provisional acquisition accounting will be finalised.

Outlook

Recent transactions including the acquisition of Itaconix and the conditional divestment of our nicotine gum business are significant milestones in the development of Revolymer's business towards a focused specialty chemicals company. Management are highly focused on addressing the key commercial challenge of getting our products to market as quickly as possible with finite cash resources, in order to deliver revenues and progress towards sustainable profitability in the medium term.

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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

In our 2015 full year results we described the evolution of the strategy of the Group, and the Board is pleased to report continued progress in the execution, and refinement of, this strategy.

In respect of 2016 to date we have acquired and are well progressed in the integration of Itaconix, a business highly complementary to that of Revolymer. With its proprietary itaconic acid polymerisation technology, existing products and customers in similar markets to our own, and US base, the Board believes we are well positioned to accelerate the growth of both our businesses. We have also conditionally divested our nicotine gum operations to Alkalon, a business with a complementary nicotine gum revenue footprint to our own, i.e. in Europe compared to Canada. The combined business is now well positioned to establish critical mass and deliver on enhanced growth potential and economies of scale in manufacturing and marketing. We retain our interest through a minority equity participation in the combined business.

Internally we have built on the organisational changes described in our 2015 results, and in particular have implemented a supply chain organisation capable of managing a small network of contract manufacturers to make our specialty materials products which underpins the stated intention of Revolymer to commercialise its own products as well as entering into licences when appropriate. The business has also significantly strengthened its product applications and commercial teams through both recruitment of key people and the acquisition of Itaconix, which further improves the Group's ability to deliver on its key product opportunities.

The most significant commercial challenge facing the business currently is getting our products to their respective markets to generate revenue as quickly as practicable with finite cash resources. However, the developments summarised above position the business well to address this challenge and focus further our strategy towards becoming a leader in functional polymers that manage the interface between different surfaces and phases to improve the safety, performance and/or sustainability of our customers' products.

Deal Update

Including developments after the period end, management is pleased to report that Revolymer has continued to execute deals to progress its strategy:

Acquisition of Itaconix Corporation – As announced on 20 June 2016, Revolymer acquired, by merger under Delaware law, the entire issued share capital of Itaconix Corporation, a privately owned business based in New Hampshire, USA, (the "Acquisition"). Initial consideration was $7m (approximately £4.8 million at that time), comprising $3m in cash and $4m in new Ordinary Shares, with the potential for further deferred performance related consideration of up to a maximum of $6m payable in new Ordinary Shares. The deferred consideration is subject to the achievement of certain growth targets for the calendar years 2017 to 2020, based on 50% of incremental annual net sales of poly itaconic acid based products above $3m in 2017 and in excess of the prior year for 2018 to 2020 inclusive. Such deferred performance related consideration shall be satisfied annually in the form of Ordinary Shares issued at a price equivalent to the volume-weighted average closing mid-market share price over the 30 trading days immediately preceding the first day on which the financial results for the prior year with reference to which such deferred performance related consideration will be calculated are publicly released.

Itaconix is a high growth specialty polymer business that develops and commercialises novel polymers based on its proprietary, commercially-proven and low production cost itaconic acid polymerisation technology. Itaconix has worldwide expertise in itaconic acid polymers. Its patent portfolio comprises nine patent families covering manufacturing processes, product compositions and applications. Management believes that Itaconix fits well within Revolymer's stated M&A strategy, as a specialty polymer business with a high value offering to its customers in the Company's target markets and with technological leadership in its field, and that the Acquisition will enable the Group to generate faster growth based on broader customer engagement and expanded product solutions.

In particular, the Board believes that the Acquisition provides market synergies for the enlarged Group in the Home Care and Personal Care sectors. The Company is developing novel encapsulated activities for laundry and ADW which, together with its existing products, is complementary to Itaconix's high performance polymers, hence delivering to customers enhanced, cost effective and novel products for laundry and ADW. In the Personal Care sector, the Board believes that product and revenue synergies will include customer overlap, applications expertise, and low cost production. Management anticipates that these synergies will be created, for example, by combining the Company's application expertise and IP in hair fixative polymers ("HFP") with Itaconix's manufacturing capacity and process IP for HFP, thereby strengthening the Group's ability to penetrate the c.$360m HFP market by providing a superior cost benefit performance over standard competitor products using a naturally derived polymer. Management also believes that the Acquisition improves the Group's ability to service customers' differing application needs in different geographies.

£5.8m Placing – As announced on 8 July 2016, Revolymer closed a £5.8m (gross) private placement of a total of 15,680,222 Ordinary Shares (i.e. at a share price of 37p) to existing and new institutional investors (the "Placing"), in order to fund the combined business of Revolymer and Itaconix as well as cover the cash element of the Acquisition of $3m, including a placement of 4,869,411 Ordinary Shares to Woodford Investment Management under a dispensation from making a General Offer under Rule 9 of the Code.

First Commercial Sales of CHT – As announced on 7 September 2016, Revolymer made its first commercial sales of CHT through the recently acquired business of Itaconix, for use in a private label ADW detergent marketed by a large US retailer. Itaconix has already established use for its itaconic acid polymers in leading, private label European and North American detergent brands for water conditioning to replace phosphates. With new regulations scheduled to take effect in 2017 limiting phosphate use in European ADW detergents, the new CHT polymer represents a significant technological advance, achieving low cost performance without phosphates in terms of reduced spotting and filming. Revolymer sees the commercial potential for CHT as significant in the medium term and an important constituent of the rationale for the acquisition of Itaconix, making first commercial sales a meaningful milestone. Whilst limited in quantum, this forms an important step forward and management look forward to further developments in due course.

Nicotine Gum Business Divestment - As announced after the period end on 19 September 2016, Revolymer executed agreements committing it to divest its nicotine gum business to the Danish company Alkalon, with completion subject to the satisfaction of certain customary conditions precedent including the transfer of key customer contracts and the Canadian product licence to Alkalon. Alkalon has EU regulatory approval for its products and an established European customer base, which complements Revolymer's Canadian customer base. The business combination offers the potential to grow the combined business in its existing territories as well as to expand in additional territories, benefiting from economies of scale in manufacturing and marketing. At completion, the consideration to Revolymer for the divestment of this business will be a 15% equity holding in the combined new business, which may increase to 20% if certain commercial milestones in the acquired Revolymer nicotine gum business are met within nine months of completion, namely the award of additional specific contracts in Canada. The consideration is valued at DKK8.2m, equivalent to £0.9m, and Revolymer currently expects to hold the investment in Alkalon for the medium to long term. At completion, Revolymer will have the right to appoint a director to the board of the combined business, that will continue under the Alkalon name. In addition to the Revolymer customer contracts and Canadian product licence, additional assets to be transferred to Alkalon at completion include stocks of finished goods (i.e. nicotine gum to be sold in Canada), work in progress and raw materials; and certain equipment used in the nicotine gum business and no longer required by Revolymer.

Expansion of Nicotine Gum Business – As announced on 25 January 2016, Revolymer renewed and expanded the contract to supply its nicotine gum to a Canadian retailer which was first announced in July 2013. In addition, at the same time Revolymer announced a separate contract with a distributor supplying nicotine gum into Canadian convenience outlets. During the three years since the initial contract was signed, the Company has seen consistent growth in its revenue stream from this business and has been investigating ways to improve the return. Management believe these developments enhanced the Group's ability subsequently to execute the transaction with Alkalon as described above.

Board, Management and Organisational Enhancement

Appointment of Jim Barber to the Board - With effect from 12 September 2016, Revolymer appointed Dr James Joseph Barber as a non executive director, representing the interests of the previous shareholders of Itaconix as their Revolymer board nominee, a right conveyed under the merger agreement between Itaconix and the Company.

Since 2007, Dr Barber has run his own business consultancy practice, Barber Advisors LLC, and has served as an advisor and a director for a number of firms. Prior to this, Dr. Barber served as President and CEO of Metabolix, Inc. from January 2000 to May 2007. During this period, he led the transformation of Metabolix from a research boutique to a world renowned, highly regarded leader in "clean tech" and industrial biotechnology, building the company into a multi-disciplinary, industry leading, publicly traded enterprise with a market capitalisation of over $500m. He negotiated a highly attractive joint venture arrangement with Archer Daniels Midland for commercialising Metabolix's first product platform, Mirel natural plastics, and took the company public on NASDAQ in November 2006.

Prior to joining Metabolix Inc., Dr Barber served as Global Business Director for the Organometallics and Catalysts business of Albemarle Corporation, with global P&L responsibility for a $100m+ business, and as Representative Director of Nippon Aluminum Alkyls, a joint venture Company between Albemarle Corporation and Mitsui Chemicals, Inc. During his tenure with Albemarle Corporation, he led the development and implementation of strategies that resulted in the strong growth of its polymer catalyst business, including its emerging single-site/metallocene catalyst business.

Prior to his position with Albemarle Corporation, Dr. Barber served as Director, Business Development with Ethyl Corporation, with responsibility for acquisitions and managing Ethyl Corporation's venture capital activities; as President of Geltech, Inc., a venture capital backed company focused in the area of precision moulded micro optics; and as Chief Operating Officer of Hyperion Catalysis International, a pioneering developer and producer of carbon nanofibers.

Dr. Barber received the American Chemical Society's Henry F. Whalen, Jr. award for Business Development in September 2003. He has a BS degree in Chemistry from Rensselaer Polytechnic Institute and a PhD in Organic Chemistry from the Massachusetts Institute of Technology. He serves on the Advancement Council of the College of Polymer Science and Polymer Engineering at the University of Akron, and as a non executive director of Graham Corporation and Nanocomp Technologies, Inc.

New Management Team Members - On 16 March 2016, Revolymer appointed Dr Louise Crascall as Chief Commercial Officer with effect from 1 June 2016. Dr Crascall has over 20 years of experience in technical and commercial roles in the specialty chemicals industry and brings significant commercial expertise, along with a broad technical understanding, to augment Revolymer's management team. Dr Crascall joined Revolymer from Vivimed Labs Europe Ltd, the European operation of Vivimed Labs whose specialty chemicals business makes actives for the personal care industry, where she served as Commercial Operations Director and Chief Marketing Officer. Prior to that, Dr Crascall had senior commercial and technical sales roles at James Robinson Ltd (acquired by Vivimed Labs) and Uniquema (part of the ICI group, and acquired by Croda). She has a BSc in Chemistry from the University of Bristol and an MSc and PhD in Chemistry from the University of Salford.

Following the acquisition of Itaconix, Itaconix's former CEO, John Shaw, was appointed to the management team in the role of President of Revolymer's US subsidiary and will take responsibility for the growth of the Itaconix business. Itaconix's former CTO Yvon Durant was also appointed to the management team.

Other Organisational Enhancement - As first described in the 2015 annual report, Revolymer's technical group has been organised into an externally focused opportunity identification team, a polymer development team and two customer and market focused application teams (Homecare and Industrial; and Personal and Consumer Health Care). In order to commercialise Revolymer's products successfully with customers, it is vital to have a deep understanding of how our products perform in their end use formulations and the generation of this application data is the priority for these application teams. During the year management has continued to focus the organisation and built on these foundations, and in particular has established a supply chain unit capable of co ordinating a strategic network of contract manufacturers to make the business's products. Along with the integration of Itaconix, this development is a key step in the progression of Revolymer's product supply strategy.

Financial Overview

Cash, cash equivalents and short term investments on hand at the period end were £6.1m (30 June 2015: £12.0m, 31 December 2015: £10.5m), reflecting a net consumption by the business for the six month period of £4.4m (2015: £1.2m). This "cash burn" was greater than in the prior period primarily because it included the upfront component of the acquisition of Itaconix of £2.0m, and additionally no R&D tax credits were received in the period (2015: £775k, in respect of 2012 and 2013). After the period end, the Company closed an equity placing to raise gross proceeds of £5.8m.

Whilst revenue for the period reduced slightly to £578k (2015: £594k) (being primarily sales of nicotine gum in Canada), gross profit improved to £60k (2015: £12k). The Group terminated a confectionery gum licence agreement in the period, and accordingly released the upfront payment of EUR50k, previously provided for as deferred income, to the profit and loss account. This amount, equating to £43k, is included in revenue and gross profit.

Administrative expenses for the period increased to £2.1m (2015: £1.7m), and are after the non-cash items of share based payment charges of £59k (2015: a credit of £370k) and a gain on foreign exchange relating to the acquisition of Itaconix of £461k (2015: nil). This non-cash gain arises since the acquisition closed on 20 June and the GBP:USD exchange rate was significantly lower at the period end after the EU referendum vote in the UK. Administrative expenses before these non-cash items were £2.5m (2015: £2.1m). Accordingly the loss before taxation for the period increased to £2.0m (2015: £1.6m).

The loss after taxation for the period was £1.8m (2015: £0.3m) after tax credits accrued in respect of 2016 to date of £0.2m (2015: £1.3m, including three years of claims). This loss for the period is also after crediting finance income of £35k (2015: £48k) relating to the cash, cash equivalents and short term deposits on hand.

The non-current assets of the Group now include a provisional estimate of goodwill of £9.6m (2015: nil) following the acquisition of Itaconix in June. The goodwill arising on consolidation is the difference between the purchase price ($4m in Ordinary shares, $3m in cash and up to $6m in deferred consideration payable in Ordinary Shares, and which has been recognised in full based on management's assessment of the likelihood of payment) and the net assets acquired. Due to the proximity of the acquisition to the period end, an exercise to allocate the purchase price between goodwill and other assets is still to be performed. Once this exercise is completed within the permitted 12 month period, the provisional acquisition accounting will be finalised. Further analysis will be provided in the 2016 annual report.

Outlook

Recent transactions including the acquisition of Itaconix and the conditional divestment of our nicotine gum business are significant milestones in the development of Revolymer's business towards a focused specialty chemicals company. In the immediate term, management are working to generate the maximum value from the acquisition of Itaconix through carefully planned and executed integration of the businesses. In parallel, the Board intends to continue on its existing direction of travel, exploring organic and other selective M&A based growth opportunities, and will update the market as appropriate in due course. Management are highly focused on addressing the key commercial challenge of getting our products to market as quickly as possible with finite cash resources, in order to deliver revenues and progress towards sustainable profitability in the medium term.

Condensed consolidated income statement and statement of comprehensive income

For the six months ended 30 June 2016

	Notes	*Unaudited* *6 Months to 30 June 2016* *£000*	*Unaudited* *6 Months to 30 June 2015* *£000*	*Audited* *Year to 31 December 2015* *£000*
Revenue	7	578	594	1,249
Cost of sales	5	(518)	(582)	(1,162)
Gross profit		60	12	87
Other operating income	5	11	16	26
Administrative expenses	5	(2,106)	(1,722)	(3,786)
Operating loss	5	(2,035)	(1,694)	(3,673)
Finance income		35	48	88
Loss for the period before tax		(2,000)	(1,646)	(3,585)
Taxation	6	232	1,343	1,793
Loss for the period		(1,768)	(303)	(1,792)
Other comprehensive income, net of income tax				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translated foreign operations		(1)	-	-
Total comprehensive income for the period		(1,769)	(303)	(1,792)
Basic and Diluted loss per share	12	3.1p	0.5p	3.2p

All amounts relate to continuing activities as at the period end. Whilst an agreement relating to the conditional disposal of the Group's nicotine gum business was signed after the period end, with completion subject to certain conditions precedent, this is not disclosed as a discontinued business or held-for-sale because (i) although the Board had resolved (and previously announced) an intent to seek to address the poor margins of the nicotine gum business, an active sale process was not underway at the period end; and (ii) the inherent uncertainty associated with such transactions meant classifying a sale as highly probable was not possible.

Condensed consolidated statement of financial position

As at 30 June 2016

	Notes	*Unaudited As at 30 June 2016 £000*	*Unaudited As at 30 June 2015 £000*	*Audited As at 31 December 2015 £000*
Non-current assets				
Property, plant and equipment	8	563	274	340
Goodwill	11	9,575	-	-
		10,138	274	340
Current assets				
Inventories		544	92	164
Trade and other receivables		1,267	978	1,017
Investments	4	6,000	9,000	7,000
Cash and cash equivalents	4	97	3,047	3,514
		7,908	13,117	11,695
Total assets		18,046	13,391	12,035
Financed by				
Equity shareholders' funds				
Equity share capital		630	566	567
Equity share premium		25,904	23,203	23,220
Own shares reserve		(5)	(5)	(5)
Merger reserve		17,626	17,626	17,626
Share based payment reserve		6,143	6,004	6,084
Foreign translation reserve		(1)	-	-
Retained earnings		(38,936)	(35,679)	(37,168)
Total equity		11,361	11,715	10,324
Current liabilities				
Trade and other payables		2,158	1,676	1,711
Non-current liabilities				
Trade and other payables	9	4,527	-	-
Total liabilities		6,685	1,676	1,711
Total equity and liabilities		18,046	13,391	12,035

Condensed consolidated statement of changes in equity

For the six months ended 30 June 2016

Consolidated statement of changes in equity

	Equity share capital £'000	Equity share premium £'000	Own shares reserve £'000	Merger reserve £'000	Share based payment reserve £'000	Foreign translation Reserve £'000	Retained earnings £'000	Total £'000
At 30 June 2015	566	23,203	(5)	17,626	6,004	–	(35,679)	11,715
Retained loss for the period	–	–	–	–	–	–	(1,489)	(1,489)
Exercise of share options	1	17	–	–	–	–	–	18
Share based payments	–	–	–	–	80	–	–	80
At 31 December 2015	567	23,220	(5)	17,626	6,084	–	(37,168)	10,324
Retained loss for the period	–	–	–	–	–	–	(1,768)	(1,768)
Other comprehensive income	–	–	–	–	–	(1)	–	(1)
Share issues	63	2,684	–	–	–	–	–	2,747
Share based payments	–	–	–	–	59	–	–	59
At 30 June 2016	**630**	**25,904**	**(5)**	**17,626**	**6,143**	**(1)**	**(38,936)**	**11,361**

The reserves described above have the purposes described below:

Own shares reserve

This reserve records the nominal value of shares purchased and held by the Employee Benefit Trust to satisfy the future exercise of options under the Group's share option schemes.

Merger reserve

This reserve arose as a result of a common control business combination on the formation of the Group.

Share based payment reserve

This reserve records the credit to equity in respect of the share based payment cost.

Foreign translation reserve

This reserve records the adjustment to equity in respect of the retranslation of foreign subsidiary's financial statements into a presentation currency.

Interim condensed consolidated statement of cash flows

For the six months ended 30 June 2016

	Note	*Unaudited 6 Months to 30 June 2016 £000*	*Unaudited 6 Months to 30 June 2015 £000*	*Audited Year to 31 December 2015 £000*
Cash flows from operating activities				
Operating loss		(2,035)	(1,694)	(3,673)
Adjustments for:				
Depreciation of property, plant and equipment		105	83	170
Share option charge / (credit)		59	(370)	(290)
Gain on foreign exchange		(461)	-	-
Taxation		-	775	1,343
(Increase) / decrease in inventories		(380)	116	43
(increase) / decrease in receivables		(14)	83	(90)
Increase / (decrease) in payables		447	(139)	(104)
Net cash (outflow) from operating activities		(2,279)	(1,146)	(2,601)
Cash flows from investing activities				
Interest received		31	51	107
Funds withdrawn from term deposits		1,000	2,500	4,500
Acquisition of subsidiary undertaking	10	(2,043)	-	-
Purchase of property, plant and equipment	8	(128)	(44)	(196)
Net cash (outflow) / inflow from investing activities		(1,140)	2,507	4,411
Cash flows from financing activities				
Cash received from issue of shares		2	-	18
Net cash inflow from financing activities		2	-	18
Net (outflow) / inflow in cash and cash equivalents		(3,417)	1,361	1,828
Cash and cash equivalents at beginning of the period		3,514	1,686	1,686
Cash and cash equivalents at end of the period		97	3,047	3,514

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 2016 were authorised for issue in accordance with a resolution of the Board on 21 September 2016. 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 2016 and 30 June 2015, and for the year ended 31 December 2015, 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 2015, which are expected to be used in the preparation of the financial statements of the Group for the year ending 31 December 2016.

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 2015, except for the adoption of new standards and interpretations effective as of 1 January 2016, 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 2016, 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 2016, amounted to £6.1m (31 December 2015: £10.5m, 30 June 2015: £12.0m). Furthermore, the Company issued 15,680,222 ordinary shares on the London AIM stock market on 11 July 2016, the £5.5m net funds from this share issue being received by the Company on 11 July 2016.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income.

The fair value of contingent consideration is determined by reference to the projected financial performance in relation to the specific contingent consideration criteria for each acquisition.

Goodwill is initially measured at cost being the excess of the aggregate of the acquisition-date fair value of the consideration transferred over the net identifiable amounts of the assets acquired and the liabilities assumed in exchange for the business combination. Assets acquired and liabilities assumed in transactions separate to the business combinations, such as the settlement of pre-existing relationships or post-acquisition remuneration arrangements are accounted for separately from the business combination in accordance with their nature and applicable IFRSs. Identifiable intangible assets, meeting either the contractual-legal or separability criterion are recognised separately from goodwill. Contingent liabilities representing a present obligation are recognised if the acquisition-date fair value can be measured reliably.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which goodwill is allocated shall represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and not be larger than an operating segment before aggregation.

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 2015 and is unchanged.

4. Cash, cash equivalents and investments

	Unaudited As at 30 June 2016 £000	*Unaudited As at 30 June 2015 £000*	*Audited As at 31 December 2015 £000*
Term deposits maturing within one year	6,000	9,000	7,000
Cash at bank and in hand	97	3,047	3,514
	6,097	12,047	10,514

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 2016 £000	*Unaudited 6 Months to 30 June 2015 £000*	*Audited Year to 31 December 2015 £000*
Revenue	578	594	1,249
Cost of sales before inventory provision	(518)	(582)	(1,172)
Gross profit before inventory provision	60	12	77
Inventory provision	-	-	10
Gross profit	60	12	87
Other operating income	11	16	26
Administrative expenses before non-cash gain on foreign exchange and share-based payments (charges) / credits	(2,508)	(2,092)	(4,076)
Gain on foreign exchange	461	-	-
Share-based payments (charge) / credit	(59)	370	290
Operating loss	(2,035)	(1,694)	(3,673)

6. Taxation

During the six months ended 30 June 2016, the company had a taxation credit of £232k, being a provision for the current period tax credit of £200k and an under provision for the taxation credit for the year ended 31 December 2015 of £32k (30 June 2015: £1,343k) (year ended 31 December 2015: £1,793k).

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 and US.

Six months ended 30 June 2016	*Chewing Gum*	*Consumer Specialties*	*Unaudited 6 months to 30 June 2016*
	£000	*£000*	*£000*
Revenue			
Sale of goods	510	25	535
Release of deferred sales income*	43	-	43
Segment revenue	**553**	**25**	**578**
Results			
Depreciation & amortisation	5	100	105
Segment loss	**(418)**	**(1,582)**	**(2,000)**
Operating assets	**592**	**17,454**	**18,046**
Operating liabilities	**-**	**6,685**	**6,685**
Other disclosure:			
Capital expenditure**	-	328	328

Six months ended 30 June 2015	*Chewing Gum*	*Consumer Specialties*	*Unaudited 6 months to 30 June 2015*
	£000	*£000*	*£000*
Revenue			
Sale of goods	594	-	594
Release of deferral for potential sales returns	-	-	-
Segment revenue	**594**	**-**	**594**
Results			
Depreciation & amortisation	5	78	83
Segment loss	**(631)**	**(1,015)**	**(1,646)**
Operating assets	**345**	**13,046**	**13,391**
Operating liabilities	**-**	**1,676**	**1,676**
Other disclosure:			
Capital expenditure**	-	44	44

Year ended 31 December 2015	*Chewing Gum*	*Consumer Specialties*	*Audited Year to 31 December 2015*
	£000	*£000*	*£000*
Revenue			
Sale of goods	1,249	-	1,249
Release of deferral for potential sales returns	-	-	-
Segment revenue	**1,249**	**-**	**1,249**
Results			
Depreciation & amortisation	10	160	170
Segment loss	**(1,028)**	**(2,557)**	**(3,585)**
Operating assets	**524**	**11,511**	**12,035**
Operating liabilities	**-**	**1,711**	**1,711**
Other disclosure:			
Capital expenditure**	-	196	196

The differences between the segment losses above and operating losses in note 5. are accounted for by finance income.

*The Group terminated a confectionery gum licence agreement in the period, and accordingly released the upfront payment of EUR50k previously provided for as deferred income to the profit and loss account.

**Capital expenditure consists of additions of property, plant and equipment, intangible assets and investment properties including assets from the acquisition of subsidiaries.

Geographical information

	Revenue from external customers			***Non-current assets***		
	Unaudited	*Unaudited*	*Audited*	*Unaudited*	*Unaudited*	*Audited*
	Six Months to 30 June 2016	*Six Months to 30 June 2015*	*Year to 31 December 2015*	*Six Months to 30 June 2016*	*Six Months to 30 June 2015*	*Year to 31 December 2015*
	£000	*£000*	*£000*	*£000*	*£000*	*£000*
Canada	510	591	1,219	-	-	-
Denmark	21	-	-	-	-	-
Italy	-	3	3	-	-	-
Netherlands	43	-	-	-	-	-
United Kingdom	-	-	7	363	274	340
United States	4	-	20	9,775	-	-
	578	594	1,249	10,138	274	340

The revenue information above is based on the location of the customer.

Non-current assets for this purpose consist of property plant and equipment, and goodwill.

8. Property, plant and equipment

During the six months ended 30 June 2016, the Company acquired plant and equipment with a cost of £328k, (30 June 2015: £44k) (year ended 31 December 2015: £196k), including £181k from the acquisition of Itaconix.

9. Non-current liabilities

The non-current payables relate to up $6m of deferred performance consideration payable to the former owners of Itaconix as part of the acquisition price. This consideration is payable in new ordinary shares in Revolymer Plc, subject to the satisfaction of certain business performance criteria in the period 2017 to 2020 inclusive. Management currently believe that all of the consideration will become payable and therefore it has been recognised in full.

10. Acquisition

On 20 June 2016 Revolymer acquired the entire issued share capital of Itaconix, a privately-owned business based in New Hampshire, US, for an initial consideration of $7 million, comprising $3 million in cash and $4 million in new Revolymer plc ordinary shares, plus further deferred performance related consideration of up to $6 million in new Revolymer plc ordinary shares (recognised in full as explained above), all payable to the former owners of Itaconix Corporation as part of the acquisition price. Accordingly goodwill arises as a result of the consolidation of this transaction as summarised in the table below.

Provisional estimate of goodwill on consolidation of Itaconix Corporation

	20 June 2016 £000
Fair value of consideration	
Cash consideration	2,043
Revolymer Plc shares (6,305,050 shares @ 44.38p)	2,724
	4,767
Deferred consideration: Revolymer Plc shares	4,086
	8,853
Fair value of assets and liabilities acquired	
Non-current assets	
Property, plant and equipment	181
Current assets	
Inventories	150
Accounts receivable	46
Other current assets	60
Cash	1
	257
Current liabilities	
Trade and other payables	(227)
	211
Goodwill arising (consideration less net assets acquired)	8,641

The analysis provided above is provisional. Due to the proximity of the acquisition to the period end, an exercise to allocate the purchase price between goodwill and other assets is still to be performed. Once this exercise is completed within the permitted 12 month period, the provisional acquisition accounting will be finalised.

The primary rationale for the acquisition of Itaconix is that it is a complementary specialty polymer business with a high value offering to its customers in the Company's target markets and with technological leadership in its field, offering the potential for the Group to generate faster growth based on broader customer engagement and expanded product solutions. This potential value is represented by the goodwill.

The total amount of goodwill expected to be deductable for tax purposes is nil.

The amount of acquisition related costs to date is £185k.

The amount of revenue since the acquisition date was £25k and the loss for that period was £10k. The amount of revenue of the subsidiary for the current period assuming the acquisition had taken place at the start of the accounting period was £250k and the loss for the same period was £447k.

11. Goodwill

	Unaudited Six Months to 30 June 2016 £000	*Unaudited Six Months to 30 June 2015 £000*	*Audited Year to 31 December 2015 £000*
As at start of period	-	-	-
Goodwill on acquisition	8,641	-	-
Foreign exchange on translation of subsidiary	934	-	-
As at end of period	9,575	-	-

12. Loss per share

	Unaudited 6 Months to 30 June 2016 £000	*Unaudited 6 Months to 30 June 2015 £000*	*Audited Year to 31 December 2015 £000*
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share ('000)	57,878	56,572	56,603

13. Share based payments

The charge for share based payments for the period to 30 June 2016 was £59k (30 June 2015: credit of (£370k)) (31 December 2015: credit of (£290k)). During the six months to 30 June 2016 no share options (30 June 2015: 1,710,992) (31 December 2015: 1,810,992) were granted under the Revolymer LTIP 2012 scheme as either approved options (under the HMRC approved EMI scheme) or unapproved options. The charge for share based payments for the period therefore relates to options granted in prior periods. Credits were taken in 2015 as a result of a change in valuation methodology in respect of market facing options granted to management, as explained in earlier reports.

14. 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 2016 £000	*Unaudited Six Months to 30 June 2015 £000*	*Audited Year to 31 December 2015 £000*
Wages and salaries	338	287	860
Directors' fees invoiced by third parties	8	8	15
Post-employment benefits	21	20	40
Equity settled share based payment expense/(credit)	25	(303)	(278)
	392	12	637

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.

	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 2016				
IP2IPO Services Limited	–	8	4	–
6 months to 30 June 2015				
IP2IPO Services Limited	–	8	4	–
Year to 31 December 2015				
IP2IPO Services Limited	–	15	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 period 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.

15. Events after the reporting period

On 11 July 2016 the Company issued 15,680,222 new ordinary shares on London Stock Exchange AIM market for net proceeds after expenses of £5.5m. These shares were allotted and issued, credited as fully paid and are identical to and rank pari passu in all respects with the existing ordinary shares.

On 19 September 2016, Revolymer announced the execution of agreements committing it to divest its nicotine gum business to the Danish company Alkalon, which is a marketer of nicotine gums across Europe, with completion subject to the satisfaction of certain customary conditions precedent. At completion the consideration due to Revolymer will be a 15% stake in the combined new business, to operate under the Alkalon corporate entity, which may increase to 20% if certain commercial milestones in the acquired Revolymer nicotine gum business are met within nine months.

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 2016 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 15 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 2016 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 2016