09 August 2016

Synthomer plc

Interim Results for the six months ended 30 June 2016

Solid performance, with underlying profit before tax up 18.9%; full year expectations unchanged

Underlying performance*	**H1 2016**	**H1 2016 (at constant currency)**	**H1 2015**	**Increase / (decrease)**	
				As reported	Constant currency basis
	£m	£m	£m	%	%
Group Revenue	446.2	432.3	454.5	(1.8)	(4.9)
Volumes (ktes)	621.7		631.0	(1.5)	
Operating Profit (EBIT)	64.9	62.6	55.4	17.1	13.0
Europe and North America	*46.8*	*44.0*	*42.1*	11.2	4.5
Asia and RoW	*24.2*	*24.7*	*18.9*	28.0	30.7
Unallocated	*(6.1)*	*(6.1)*	*(5.6)*	8.9	8.9
Profit before Tax	61.0	58.7	51.3	18.9	14.4
EPS (p)	13.8		11.6	19.0	
DPS (p)	3.5		3.2	9.4	
*Underlying performance excludes special items, unless otherwise stated					

H1 Highlights

- **Ongoing improvement in Europe and North America:**
  - Driven by positive momentum in Construction & Coatings, Functional Polymers and Foam markets.

- **Strong performance in Asia and Rest of the World:**
  - Improved performance driven by firming margins relative to H1 2015. Volumes and margins achieved in nitrile business broadly in line with the strong performance experienced in H2 2015.

- **Cost efficiency programme on track:**
  - Delivered annualised run rate savings of €11m by the end of June, targeting run rate of €13m by the end of 2016.

- **Hexion Performance Adhesives and Coatings (‘Hexion PAC’) acquired on 21 March 2016**
  - Transaction completed on 30 June 2016; reorganisation and integration process well underway.

- **R&D:** Products launched in last 5 years now represent 18% of sales (2015: 16%).

- **Debt:** Continued good cash generation of £34.4m, leading to net borrowings at 30 June of £46.7m (31 December 2015: £77.4m), or £215.0m post acquisition of Hexion PAC. The pro-forma post acquisition leverage multiple was 1.5x.

- **Earnings per share:** Up 19.0% at 13.8p per share.

- **Dividend:** Interim dividend is increased by 9.4% from 3.2 to 3.5 pence per share.

Commenting on the results, Neil Johnson, Chairman, said:
"This is an encouraging first half performance. It reflects continued improvement in our Europe and North America segment, where we have controlled costs and increased focus on R&D investment to drive growth of higher margin products, and another strong performance in our Asia and Rest of World business.

In March, we acquired Hexion Performance Adhesives and Coatings, the Group's first transaction under the new management team. Hexion PAC significantly strengthens Synthomer's position in the performance adhesives and coatings market, offering access to new product technologies, customers and markets.

Looking ahead, we remain cautiously optimistic for the Full Year. In Europe and North America, notwithstanding the Brexit vote and the ensuing unsettled economic outlook and currency markets, we expect to make continued progress. In Asia and Rest of World, consistent with our existing guidance, we expect average unit margins in our nitriles business to soften as the new nitrile production capacity is brought on line in H2, resulting in similar volumes and average unit margins for the year as a whole compared to 2015. Accordingly the Board's expectations for the full year, in constant currency, remain unchanged."

ENQUIRIES:

Calum MacLean, Chief Executive Officer
Stephen Bennett, Chief Financial Officer
Tel: 01279 436211

Charles Armitstead
Teneo Strategy
Tel: 0207 240 2486

The Company will host a meeting for analysts and investors at 09.00 at Canaccord Genuity (88 Wood Street, London EC2V 7QR). The presentation will be webcast on the Company's website www.synthomer.com

UNDERLYING AND IFRS INTERIM RESULTS FOR SIX MONTHS ENDED 30 JUNE

	Six months ended 30 June 2016			Six months ended 30 June 2015		
	Underlying performance*	Special items	IFRS	Underlying performance[a]	Special items	IFRS
	£m	£m	£m	£m	£m	£m
Group Revenue	446.2	-	446.2	454.5	-	454.5
Europe and North America	46.8	(10.6)	36.2	42.1	(11.7)	30.4
Asia and RoW	24.2	(2.7)	21.5	18.9	(2.8)	16.1
Unallocated	(6.1)	9.6	3.5	(5.6)	-	(5.6)
Operating profit	64.9	(3.7)	61.2	55.4	(14.5)	40.9
Finance costs	(3.9)	0.1	(3.8)	(4.1)	-	(4.1)
Profit before taxation	61.0	(3.6)	57.4	51.3	(14.5)	36.8
Taxation	(13.4)	4.0	(9.4)	(11.3)	4.1	(7.2)
Profit for the period	47.6	0.4	48.0	40.0	(10.4)	29.6
Profit attributable to minority interests	0.6	(0.1)	0.5	0.6	(0.2)	0.4
Profit attributable to equity holders of parent	47.0	0.5	47.5	39.4	(10.2)	29.2
	47.6	0.4	48.0	40.0	(10.4)	29.6

*Underlying performance excludes special items. See note 3.

Synthomer plc (SYNT) may also be referred to in this report as “Synthomer”, the “Company” or the “Group”

Cautionary statement

This Interim Management Report (IMR) has been prepared solely to provide additional information to shareholders to assess the Group’s strategies and the potential for those strategies to succeed. The IMR should not be relied on by any other party or for any other purpose.

The IMR contains certain forward-looking statements. These statements are made by the directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

Underlying Statement

The Group’s management uses underlying performance to plan for, control and assess the performance of the Group. Underlying performance differs from the statutory IFRS performance as it excludes the effect of special items, which are detailed in note 3. The Board’s view is that underlying performance provides meaningful information for the Group’s investors and so it is the primary focus of the Group’s narrative reporting. Where appropriate, statutory performance inclusive of special items is also described. References to ‘unit margin’ and ‘margin’ are used in the commentary on underlying performance. Unit margin (or margin) is calculated on selling price less variable raw material and logistics costs.

CHIEF EXECUTIVE'S BUSINESS REVIEW

Overview

This is an encouraging first half performance which reflects improved profits in both our Europe and North America ('ENA') as well as Asia and Rest of the World ('ARW') segments. We have seen the benefits of strategic decisions taken during 2015 with the Group's investment in research and development continuing to bear fruits, with products launched in last 5 years now representing 18% of sales (2015: 16%), a step closer towards our target of 20%. We have also made further progress with our cost efficiency programme, delivering annualised run rate savings of €11m by the end of June and we are on track to deliver a run rate of €13m by end of 2016.

H1 Results (underlying)

Group revenue reduced 1.8% to £446.2m (2015: £454.5m) reflecting the net impact of lower raw materials costs and volumes, offset by the higher unit margins and weakening sterling relative to the euro and US dollar.

Operating profit in H1 2016 increased to £64.9m (2015: £55.4m), a rise of 17.1% or 13.0% at constant currency. Positively, both ENA and ARW reported an improvement in profitability at constant currency of 4.5% and 30.7% respectively.

The reported underlying results benefited from a weakening in sterling relative to the euro (H1 2016 £1 : €1.27, H1 2015 £1 : €1.38) resulting in a favourable FX translation impact of £2.8m and suffered as a result of strengthening of sterling relative to Malaysian Ringgit (H1 2016 £1 : MYR 5.74, H1 2015 £1 : MYR 5.59), resulting in an adverse FX translation impact of £0.5m. As previously commented, the fact that a significant component of the Malaysian business is denominated in US dollars indirectly results in the translation of the results of the Malaysian business benefitting from the appreciation of the dollar relative to sterling estimated at £1.4m (H1 2016 £1: 1.42, H1 2015 £1: $1.53).

Earnings per share was up 19.0% at 13.8 pence per share (2015: 11.6 pence per share).

Divisional Performance (underlying)

Europe and North America

	H1 2016	H1 2015	Increase/(decrease)	
			As reported	Constant currency basis
	£m	£m	%	%
Volume (ktes)	427.7	432.9	(1.2)	
Sales	305.5	307.0	(0.5)	(6.4)
Operating Profit	46.8	42.1	11.2	4.5

Operating profit in the ENA business segment was £4.7m higher at £46.8m (2015: £42.1m), an increase of 11.2% or 4.5% at constant currency.

Total volumes in Europe were broadly flat, with reduced volumes in the challenging Paper and Carpets markets being offset by growth particularly in our Functional Polymers Adhesives and Textile markets, and in our Compounding business.

Unit margins strengthened relative to the prior year with improved sales mix towards higher margin product ranges in Construction Chemicals, Textiles and Pressure Sensitive Adhesives, including the introduction of a Poly-Butadiene impact modifier and a highly efficient non-woven binder, and active margin management exiting low margin business.

The Synthomer 2015 cost initiative continued and delivered an annualised run rate saving of €11m by the 30 June 2016, targeting a run rate of €13m by end of 2016.

Asia and Rest of the World

	H1 2016	H1 2015	Increase/(decrease)	
			As reported	Constant currency basis
	£m	£m	%	%
Volume (ktes)	194.0	198.1	(2.1)	
Sales	140.7	147.5	(4.6)	(1.8)
Operating Profit	24.2	18.9	28.0	30.7

Operating profit in the ARW business segment was £24.2m, £5.3m higher than 2015, an increase of 28.0% or 30.7% at constant currency.

Following the significant growth in volumes experienced in H1 2015, particularly in the nitrile latex market, we have had a period of stability and H1 2016 volumes were broadly flat compared to corresponding period.

Unit margins in our Asian nitrile latex business grew strongly relative to a weaker H1 2015 reflecting our investment in product development and market conditions. The more difficult economic environment in the Middle East resulted in a reduction in unit margins as competitors lowered prices to secure volumes.

The performance of the nitrile latex business is in line with the performance of the business delivered in H2 2015 and is consistent with management's expectations that volumes and average unit margins will be similar to 2015 for the year as a whole.

The increase in unallocated central costs from by £5.6m to £6.1m, reflected the investment made in the senior management team and head office, preparing the Group for its next stage of organic and M&A growth.

Group underlying profit before tax at £61.0m, was up 18.9% on the comparative period, or 14.4% up on the comparative period at constant currency. The Group has benefitted from its continued focus on innovation, capacity expansion and tight cost control which collectively contributed to stable volumes and improved unit margins across the Group.

H1 Results IFRS

The profit before tax on an IFRS basis was £57.4m, £20.6m higher than the comparative period, an increase of 56.0%. The rise in profitability reflects the increase in underlying earnings described above, and the reduction in cost of special items. Special items which reconcile the underlying profit before tax to IFRS profit before tax are set out in note 3.

Hexion Performance Adhesives & Coatings (Hexion PAC) Acquisition

We announced the acquisition of Hexion PAC on 21 March 2016 and, following necessary competition clearances, works council consultations and carve out restructurings, the transaction closed at the end of June 2016. The total consideration of $219.8m (£164.0m) was funded from both existing cash resources and utilisation of additional credit facilities.

The acquisition of Hexion PAC significantly strengthens Synthomer's position in the performance adhesives and coatings market, offering access to new product technologies, customers and markets. Hexion PAC is also highly complementary to Synthomer's existing business both geographically and in the markets in which it operates. The completion of the acquisition will give Synthomer a stronger platform from which to continue its growth aspirations in the Speciality Coatings market.

The Group has commenced its integration process, consolidating the Hexion PAC business into our existing regional dispersions activities and the Group remains confident in delivering the synergies of $12m indicated a the announcement of the acquisition. The results of the Hexion PAC business will be consolidated with effect from 1 July 2016, mainly impacting our Europe and North America segment.

South Africa Disposal
The sale of the South African dispersions business was also announced on 21 March 2016, subject to competition and regulatory approvals. The final approval has now been received and accordingly the sale will complete during August, with the operating results of this business ceasing to be consolidated from 31 July 2016 (operating profit in the 6 months to 30 June 2016: £0.9m, H1 2015: £0.9m). The net sale proceeds, which have also been hedged, are estimated at £13m.

Special items
The Group had a number of special items in H1, which do not form part of the underlying results. These special items comprised the restructuring costs associated with the European business £1.2m, the amortisation of the intangible relating to the PolymerLatex acquisition £12.1m, and one off costs associated with the acquisition of the Hexion PAC business amounting to £3.5m and gains on FX contracts associated with the same acquisition of £13.1m. Of the tax credit of £4.0m, £3.7m related to the notional tax credit on the intangible amortisation expense.

Taxation (underlying)
The Group's overall underlying tax rate at 22% (2015: 22%) remains low and benefited from the Group's pioneer status tax incentives (extended tax holiday) in the nitrile latex business in Malaysia.

Cash flow and balance sheet
The Group again generated good cash flow in the six month period, contributing £34.4m to the reduction in Group debt to £46.7m prior to the acquisition of Hexion PAC on 30 June 2016, or £215.0m post the acquisition of Hexion PAC. As disclosed in note 12, the impact of the acquisition on borrowings was an increase of £168.3m. This is expected to reduce to £155.9m, mainly as a result of cash receipts from related foreign exchange contracts maturing on 1 July 2016.

The Group paid £164.0m for the Hexion PAC net assets of £82.9m, with the purchase price being funded through borrowings from the extended credit facilities. The borrowings were made in euros and dollars to reflect the underlying net assets purchased. The allocation of the purchase price between goodwill, intangibles and tangible fixed assets of £81.1m, £0.4m and £55.7m respectively, remains provisional pending a full asset valuation exercise being undertaken as part of the year end audit process.

Capital expenditure in the period amounted to £8.9m (2015: £7.8m). Capital expenditure is expected to rise to approximately £35.0m for the full year (2015: £22.8m), in large part as a result of the commencement of investment in our nitrile latex capacity expansion at Pasir Gudang where we expect to spend £12.0m in H2 2016 as part of a total spend of approximately £40m.

The Group paid the 2015 final ordinary dividend of 5.4 pence per share to shareholders on 4 July, resulting in a cash out flow of £18.3m post period end.

The sale of Malaysian land continued to move forward, with all regulatory approvals now received. As previously reported, the Group's share of outstanding sales proceeds, amounting to circa £18m, has been hedged and is now expected in Q3 2016. The final tranche of land of approximately 400 acres remains for sale with an indicative value to the Group, based on the recent transactions, of circa £8m.

Pensions
The Group's 2015 triennial valuation and associated funding plan was finalised during Q2 2016. The Group has agreed to continue with the funding plan put in place at the time of the 2012 triennial valuation. Accordingly the 2016 annual cash funding of the pension is estimated at £13.8m.

Along with many other pension schemes, the Group pension scheme deficit at 30 June 2016 (£190.1m, 2015: £140.9m) was adversely impacted by the fall in gilt yields following the Brexit referendum.

Dividend

The Board has declared an interim dividend of 3.5 pence per share, an increase of 0.3 pence or 9.4%.

Outlook

Looking ahead, we remain cautiously optimistic for the Full Year. In Europe and North America, notwithstanding the Brexit vote and the ensuing unsettled economic outlook and currency markets, we expect to make continued progress. In Asia and Rest of World, consistent with our existing guidance, we expect average unit margins in our nitriles business to soften as new nitrile production capacity is brought on line in H2, resulting in similar volumes and average unit margins for the year as a whole compared to 2015. Accordingly the Board's expectations for the full year, in constant currency, remain unchanged.

CALUM MACLEAN
Chief Executive Officer
8 August 2016

CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Six months ended 30 June 2016			Six months ended 30 June 2015		
	Underlying performance	**Special items**	**IFRS**	Underlying performance	Special items	IFRS
	£m Unaudited	**£m Unaudited**	**£m Unaudited**	£m Unaudited	£m Unaudited	£m Unaudited
Group revenue	**446.2**	**-**	**446.2**	454.5	-	454.5
Company and subsidiaries before special items	**63.6**	**-**	**63.6**	53.0	-	53.0
Restructuring and site closure	**-**	**(1.2)**	**(1.2)**	-	(1.8)	(1.8)
Net gains on acquisition of subsidiary undertakings	**-**	**9.6**	**9.6**	-	-	-
Amortisation of acquired intangibles	**-**	**(12.1)**	**(12.1)**	-	(12.7)	(12.7)
Company and subsidiaries	**63.6**	**(3.7)**	**59.9**	53.0	(14.5)	38.5
Share of joint ventures	**1.3**	**-**	**1.3**	2.4	-	2.4
Operating profit / (loss)	**64.9**	**(3.7)**	**61.2**	55.4	(14.5)	40.9
Interest payable	**(1.6)**	**-**	**(1.6)**	(1.9)	-	(1.9)
Interest receivable	**0.2**	**-**	**0.2**	0.2	-	0.2
	(1.4)	**-**	**(1.4)**	(1.7)	-	(1.7)
IAS 19 interest charge	**(2.5)**	**-**	**(2.5)**	(2.4)	-	(2.4)
Fair value adjustment	**-**	**0.1**	**0.1**	-	-	-
Finance costs	**(3.9)**	**0.1**	**(3.8)**	(4.1)	-	(4.1)
Profit / (loss) before taxation	**61.0**	**(3.6)**	**57.4**	51.3	(14.5)	36.8
Taxation	**(13.4)**	**4.0**	**(9.4)**	(11.3)	4.1	(7.2)
Profit / (loss) for the period	**47.6**	**0.4**	**48.0**	40.0	(10.4)	29.6
Profit / (loss) attributable to minority interests	**0.6**	**(0.1)**	**0.5**	0.6	(0.2)	0.4
Profit / (loss) attributable to equity holders of the parent	**47.0**	**0.5**	**47.5**	39.4	(10.2)	29.2
	47.6	**0.4**	**48.0**	40.0	(10.4)	29.6
Earnings per share						
Basic	**13.8p**	**0.2p**	**14.0p**	11.6p	(3.0)p	8.6p
Diluted	**13.7p**	**0.2p**	**13.9p**	11.5p	(3.0)p	8.5p

Special items
The special items are shown in more detail in note 3.

CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016 continued

	Year ended 31 December 2015		
	Underlying performance	Special items	IFRS
	£m Audited	£m Audited	£m Audited
Group revenue	870.1	-	870.1
Company and subsidiaries before special items	99.1	-	99.1
Restructuring and site closure	-	(5.4)	(5.4)
Sale of land	-	6.5	6.5
Amortisation of acquired intangibles	-	(23.7)	(23.7)
Company and subsidiaries	99.1	(22.6)	76.5
Share of joint ventures	3.8	-	3.8
Operating profit / (loss)	102.9	(22.6)	80.3
Interest payable	(3.8)	-	(3.8)
Interest receivable	0.5	-	0.5
	(3.3)	-	(3.3)
IAS 19 interest charge	(4.3)	-	(4.3)
Fair value adjustment	-	(0.2)	(0.2)
Finance costs	(7.6)	(0.2)	(7.8)
Profit / (loss) before taxation	95.3	(22.8)	72.5
Taxation	(21.0)	11.6	(9.4)
Profit / (loss) for the year	74.3	(11.2)	63.1
Profit / (loss) attributable to non-controlling interests	1.2	1.5	2.7
Profit / (loss) attributable to equity holders of the parent	73.1	(12.7)	60.4
	74.3	(11.2)	63.1
Earnings per share			
Basic	21.5p	(3.7)p	17.8p
Diluted	21.3p	(3.7)p	17.6p

Special items
The special items are shown in more detail in note 3.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Six months ended 30 June 2016			Six months ended 30 June 2015		
	Equity holders of the parent	**Minority interests**	**Total**	Equity holders of the parent	Minority interests	Total
	Unaudited	**Unaudited**	**Unaudited**	Unaudited	Unaudited	Unaudited
	£m	**£m**	**£m**	£m	£m	£m
Profit for the period	**47.5**	**0.5**	**48.0**	29.2	0.4	29.6
Actuarial (losses) / gains on pension scheme	**(45.0)**	**-**	**(45.0)**	2.7	-	2.7
Tax relating to components of other comprehensive income	**3.2**	**-**	**3.2**	(0.2)	-	(0.2)
Total items that will not be reclassified to profit or loss	**(41.8)**	**-**	**(41.8)**	2.5	-	2.5
Exchange differences on translation of foreign operations	**43.5**	**1.6**	**45.1**	(30.0)	(0.9)	(30.9)
Gains on a hedge of a net investment taken to equity	**(2.9)**	**-**	**(2.9)**	9.7	-	9.7
Total items that may be reclassified subsequently to profit or loss	**40.6**	**1.6**	**42.2**	(20.3)	(0.9)	(21.2)
Other comprehensive (expense) / income for the period	**(1.2)**	**1.6**	**0.4**	(17.8)	(0.9)	(18.7)
Total comprehensive income / (expense) for the period	**46.3**	**2.1**	**48.4**	11.4	(0.5)	10.9

	Year ended 31 December 2015		
	Equity holders of the parent	Minority interests	Total
	Audited	Audited	Audited
	£m	£m	£m
Profit for the year	60.4	2.7	63.1
Actuarial gains	1.6	-	1.6
Tax relating to components of other comprehensive income	(0.7)	-	(0.7)
Total items that will not be reclassified to profit or loss	0.9	-	0.9
Exchange differences on translation of foreign operations	(35.7)	(1.4)	(37.1)
Gains on a hedge of a net investment taken to equity	10.6	-	10.6
Total items that may be reclassified subsequently to profit or loss	(25.1)	(1.4)	(26.5)
Other comprehensive expense for the year	(24.2)	(1.4)	(25.6)
Total comprehensive income for the year	36.2	1.3	37.5

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Capital redemption reserve	Hedging and translation reserve	Cash flow hedging reserve	Retained earnings	Total	Minority interest	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m	£m
At 1 January 2016	**34.0**	**230.5**	**0.9**	**(48.3)**	**-**	**32.3**	**249.4**	**9.1**	**258.5**
Profit for the period	-	-	-	-	-	**47.5**	**47.5**	**0.5**	**48.0**
Other comprehensive (expenses) / income for the period	-	-	-	**40.6**	-	**(41.8)**	**(1.2)**	**1.6**	**0.4**
Total comprehensive (expense) / income for the period	-	-	-	**40.6**	-	**5.7**	**46.3**	**2.1**	**48.4**
Share based payments	-	-	-	-	-	**(0.2)**	**(0.2)**	-	**(0.2)**
Dividends payable	-	-	-	-	-	**(18.3)**	**(18.3)**	-	**(18.3)**
At 30 June 2016 (Unaudited)	**34.0**	**230.5**	**0.9**	**(7.7)**	**-**	**19.5**	**277.2**	**11.2**	**288.4**

	Share capital	Share premium	Capital redemption reserve	Hedging and translation reserve	Cash flow hedging reserve	Retained earnings	Total	Minority interest	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m	£m
At 1 January 2015	34.0	230.5	0.9	(23.2)	-	24.1	266.3	10.8	277.1
Profit for the period	-	-	-	-	-	29.2	29.2	0.4	29.6
Other comprehensive expenses for the period	-	-	-	(20.3)	-	2.5	(17.8)	(0.9)	(18.7)
Total comprehensive (expense) / income for the period	-	-	-	(20.3)	-	31.7	11.4	(0.5)	10.9
Share based payments	-	-	-	-	-	-	-	-	-
Dividends payable	-	-	-	-	-	(42.8)	(42.8)	-	(42.8)
At 30 June 2015 (Unaudited)	34.0	230.5	0.9	(43.5)	-	13.0	234.9	10.3	245.2

	Share capital	Share premium	Capital redemption reserve	Hedging and translation reserve	Cash flow hedging reserve	Retained earnings	Total	Minority interest	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m	£m
At 1 January 2015	34.0	230.5	0.9	(23.2)		24.1	266.3	10.8	277.1
Profit for the period	-	-	-	-	-	60.4	60.4	2.7	63.1
Other comprehensive expenses for the period	-	-	-	(25.1)	-	0.9	(24.2)	(1.4)	(25.6)
Total comprehensive (expense) / income for the period	-	-	-	(25.1)	-	61.3	36.2	1.3	37.5
Share based payments	-	-	-	-	-	0.6	0.6	-	0.6
Dividends payable	-	-	-	-	-	(53.7)	(53.7)	(3.0)	(56.7)
At 31 December 2015 (Audited)	34.0	230.5	0.9	(48.3)	-	32.3	249.4	9.1	258.5

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2016

	30 June 2016	30 June 2015	31 December 2015
	Unaudited	Unaudited	Audited
	£m	£m	£m
Non-current assets			
Goodwill	**321.7**	220.2	222.4
Acquired intangible assets	**45.0**	61.4	50.9
Other intangible assets	**0.6**	0.4	0.3
Property, plant and equipment	**260.6**	186.8	186.4
Deferred tax assets	**14.2**	13.5	15.4
Investment in joint ventures	**8.0**	8.2	8.0
Total non-current assets	**650.1**	490.5	483.4
Current assets			
Inventories	**94.8**	65.0	63.6
Trade and other receivables	**206.9**	157.3	122.9
Cash and cash equivalents	**93.1**	68.5	50.9
Derivatives at fair value	**19.1**	2.1	2.9
Total current assets	**413.9**	292.9	240.3
Asset classified as held for sale	**6.5**	1.1	1.0
Current liabilities			
Borrowings	**(65.2)**	(25.0)	(57.3)
Trade and other payables	**(189.8)**	(138.1)	(124.7)
Current tax liability	**(37.9)**	(35.2)	(30.6)
Dividends payable	**(18.3)**	(42.8)	-
Provisions for other liabilities and charges	**(3.0)**	(0.6)	(3.2)
Total current liabilities	**(314.2)**	(241.7)	(215.8)
Non-current liabilities			
Borrowings	**(247.1)**	(122.5)	(73.7)
Deferred tax liability	**(23.4)**	(29.0)	(30.0)
Post retirement benefit obligations	**(190.1)**	(140.9)	(139.2)
Provisions for other liabilities and charges	**(7.3)**	(5.2)	(7.5)
Total non-current liabilities	**(467.9)**	(297.6)	(250.4)
Net assets	**288.4**	245.2	258.5
Equity			
Called up share capital	**34.0**	34.0	34.0
Share premium	**230.5**	230.5	230.5
Capital redemption reserve	**0.9**	0.9	0.9
Hedging and translation reserve	**(7.7)**	(43.5)	(48.3)
Retained earnings	**19.5**	13.0	32.3
Equity attributable to equity holders of the parent	**277.2**	234.9	249.4
Non-controlling interests	**11.2**	10.3	9.1
Total equity	**288.4**	245.2	258.5

The financial statements were approved by the Board of Directors and authorised for issue on 8 August 2016.

ANALYSIS OF NET BORROWINGS

Cash and cash equivalents	**93.1**	**68.5**	50.9
Current borrowings	**(65.2)**	**(25.0)**	(57.3)
Non-current borrowings	**(247.1)**	**(122.5)**	(73.7)
Net borrowings	**(219.2)**	**(79.0)**	(80.1)
Special item: deduct fair value adjustment	**4.2**	**1.8**	2.7
Net borrowings (underlying performance)	**(215.0)**	**(77.2)**	(77.4)

The Group's US private placement US dollar term debt was economically hedged from dollars into sterling using long dated cross currency swaps at the date it was borrowed. The US dollar term debt is shown at the 30 June 2016 spot rate in net borrowings. The mark to market of the currency element of these swaps which hedges this US dollar term debt is shown as a reconciling item in the above analysis.

CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Six months ended 30 June 2016		Six months ended 30 June 2015		Year ended 31 December 2015	
	Unaudited	**Unaudited**	Unaudited	Unaudited	Audited	Audited
	£m	**£m**	£m	£m	£m	£m
Operating						
Cash generated from operations		**46.5**		39.6		115.6
Interest received	**0.2**		0.2		0.5	
Interest paid	**(1.6)**		(1.9)		(3.9)	
Net interest paid		**(1.4)**		(1.7)		(3.4)
UK corporation tax paid	**-**		-		-	
Overseas corporate tax paid	**(6.7)**		(6.8)		(15.4)	
Total tax paid		**(6.7)**		(6.8)		(15.4)
Net cash inflow from operating activities		**38.4**		31.1		96.8
Investing						
Dividends received from joint ventures		**2.0**		1.9		3.6
Purchase of property, plant and equipment	**(8.9)**		(7.8)		(22.8)	
Sale of property, plant and equipment	**0.1**		-		6.8	
Net capital expenditure and financial investment		**(8.8)**		(7.8)		(16.0)
Purchase of business		**(165.5)**		-		-
Net cash outflow from investing activities		**(172.3)**		(5.9)		(12.4)
Financing						
Ordinary dividends paid		**-**		-		(53.7)
Dividends paid to non-controlling interests		**-**		-		(3.0)
Drawdown of borrowings		**184.7**		-		-
Repayment of borrowings		**(10.0)**		-		(48.5)
Net cash outflow from financing activities		**174.7**		-		(105.2)
Increase / (decrease) in cash and bank overdrafts during the period		**40.8**		25.2		(20.8)
Comprised of:						
Cash, cash equivalents and bank overdrafts at 1 January		**8.5**		24.9		24.9
Cash (outflows)/inflows						
Cash and cash equivalents	**49.7**		8.7		(44.5)	
Bank overdrafts	**(8.9)**		16.5		23.7	
		40.8		25.2		(20.8)
Exchange and other movements		**(3.7)**		(6.0)		4.4
Cash, cash equivalents and bank overdrafts at period end		**45.6**		44.1		8.5

RECONCILIATION OF NET CASH FLOW FROM OPERATING ACTIVITIES TO MOVEMENT IN NET DEBT FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015
	Unaudited	Unaudited	Audited
	£m	£m	£m
Net cash inflow from operating activities	**38.4**	31.1	96.8
Add back: dividends received from joint ventures	**2.0**	1.9	3.6
Less: net capital expenditure and financial investment	**(8.8)**	(7.8)	(16.0)
Less: purchase of business	**(165.5)**	-	-
	(133.9)	25.2	84.4
Ordinary dividends paid	**-**	-	(53.7)
Dividends paid to non-controlling interests	**-**	-	(3.0)
Exchange movements	**(3.7)**	9.7	7.0
(Increase) / decrease in net borrowings (underlying performance)	**(137.6)**	34.9	34.7

NOTES TO THE FINANCIAL STATEMENTS

1. General information

The information for the year ended 31 December 2015 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' report on those accounts was not qualified, did not contain a reference to any matters which the auditor drew attention by way of emphasis without qualifying the report, and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

2. Accounting policies and basis of preparation

The annual financial statements of Synthomer plc are prepared in accordance with IFRSs as adopted by the European Union. This condensed set of financial statements has been prepared in accordance with applicable law, the Disclosure and Transparency Rules of the Financial Conduct Authority and with International Accounting Standards 34 'Interim Financial Reporting', as adopted by the European Union. The same accounting policies and methods of computations are followed in these financial statements as in the most recent audited annual financial statements except as described below.

A number of amendments to IFRSs became effective for the financial year beginning on 1 January 2016 however the group did not have to change its accounting policies or make material retrospective adjustments as a result of adopting these new standards.

In March 2016, the IFRS Interpretations Committee (IFRS IC) issued an agenda decision regarding the treatment of offsetting and cash-pooling arrangements in accordance with IAS 32: 'Financial instruments: Presentation'. This provided additional guidance on when bank overdrafts in cash-pooling arrangements would meet the requirements for offsetting in accordance with IAS 32. Following this additional guidance, the Group has reviewed its cash-pooling arrangements and has revised its presentation of bank overdrafts and has presented £47.0m of bank overdrafts within current borrowings as at 30 June 2016. At 30 June 2015 comparatives have been restated by £24.4m and at December 2015 by £31.0m with pooled cash presented within cash and cash equivalents.

Management believe that offsetting the overdraft and cash balances, where a right of set off is in place, as presented previously, provides a meaningful view of the cash available for the Group to use. If this treatment was continued the amounts for cash and bank overdraft would be £45.6m (June 2015 : £44.1m; December 2015 : £19.9m) and £nil (June 2015 : £nil; December 2015 : £(11.4)m) respectively

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

Having regard to the financial position and future prospects of the Group, the directors have concluded that the Group is a going concern and have prepared these financial statements on that basis.

3. Special items

The special items disclosed are made up as follows:

	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015
	£m	£m	£m
	Unaudited	Unaudited	Audited
Continuing operations			
Operating profit / (loss)			
Net gains on acquisition of subsidiary undertakings	**9.6**	-	-
Restructuring and site closure	**(1.2)**	(1.8)	(5.4)
Sale of land	**-**	-	6.5
Amortisation of acquired intangibles - subsidiaries	**(12.1)**	(12.7)	(23.7)
	(3.7)	(14.5)	(22.6)
Finance costs			
Fair value adjustment	**0.1**	-	(0.2)
Loss before taxation from continuing operations	**(3.6)**	(14.5)	(22.8)
Taxation	**4.0**	4.1	11.6
Profit/(loss) for the year from continuing operations	**0.4**	(10.4)	(11.2)

Further details are provided in the Chief Executive’s Business Review and the glossary of terms in note 17.

4. Segmental analysis

	Group revenue	Operating profit		
		Underlying performance	Special items	IFRS
	£m	£m	£m	£m
Six months ended 30 June 2016 Analysis by activity				
Europe & North America	**305.5**	**46.8**	**(10.6)**	**36.2**
Asia & Rest of World	**140.7**	**24.2**	**(2.7)**	**21.5**
Total sales	**446.2**			
Divisional operating profit / (loss)		**71.0**	**(13.3)**	**57.7**
Unallocated corporate expenses		**(6.1)**	**9.6**	**3.5**
Operating profit / (loss)		**64.9**	**(3.7)**	**61.2**

	Group revenue	Operating profit		
		Underlying performance	Special items	IFRS
	£m	£m	£m	£m
Six months ended 30 June 2015 Analysis by activity				
Europe & North America	307.0	42.1	(11.7)	30.4
Asia & Rest of World	147.5	18.9	(2.8)	16.1
Total sales	454.5			
Divisional operating profit / (loss)		61.0	(14.5)	46.5
Unallocated corporate expenses		(5.6)	-	(5.6)
Operating profit / (loss)		55.4	(14.5)	40.9

	Group revenue	Operating profit		
		Underlying performance	Special items	IFRS
	£m	£m	£m	£m
Year ended 31 December 2015 Analysis by activity				
Europe & North America	582.1	73.3	(23.4)	49.9
Asia & Rest of World	288.0	40.5	1.0	41.5
Total sales	870.1			
Divisional operating profit / (loss)		113.8	(22.4)	91.4
Unallocated corporate expenses		(10.9)	(0.2)	(11.1)
Operating profit / (loss)		102.9	(22.6)	80.3

The chief operating decision maker is the Executive Committee.

5. Reconciliation of profit from operations to cash generated from operations

	Six months ended 30 June 2016	**Six months ended 30 June 2015**	**Year ended 31 December 2015**
	Unaudited	Unaudited	Audited
	£m	£m	£m
Operating profit – continuing operations	**61.2**	40.9	80.3
Less: share of profit of joint ventures	**(1.3)**	(2.4)	(3.8)
	59.9	38.5	76.5
Adjustments for:			
Depreciation	**12.2**	11.1	21.8
Amortisation: underlying	**-**	0.1	0.3
Amortisation: special items	**12.1**	12.7	23.7
Restructuring and site closure costs (special items)	**1.2**	1.8	5.4
Net gains on acquisition of subsidiary undertakings (special items)	**(9.6)**	-	-
Share based payments	**(0.2)**	-	0.6
Profit on sale of land (special items)	**-**	-	(6.5)
Profit on sale of fixed assets	**-**	-	-
Cash impact of restructuring and site closure	**(1.6)**	(1.5)	(5.4)
Cash impact of foreign exchange contracts relating to acquisition	**(1.4)**		
Cash Impact of acquisition costs	**(1.4)**	-	-
IAS 19 interest charge	**(2.5)**	(2.4)	(4.3)
Pension funding (in excess of) / less than IAS 19 charge	**(4.5)**	(1.8)	(6.3)
(Increase) / (decrease) in inventories	**(6.0)**	6.7	7.1
(Increase) / decrease in trade and other receivables	**(22.8)**	(29.6)	4.9
Increase / (decrease) in trade and other payables	**11.1**	4.0	(2.2)
Cash generated from operations	**46.5**	39.6	115.6

6. Tax

Tax on the underlying profit before taxation for the six month period is charged at 22.0% (six months ended 30 June 2015: 22.0%; year ended 31 December 2015: 22.0%), representing the best estimate of the average annual effective income tax rate expected for the full year. Inclusion of the best estimate for the tax charge on the special items profit before taxation results in a tax rate of 109.5% as a result of non taxable gains included in special items (six months ended 30 June 2015: 19.0%; year ended 31 December 2015: 14.0%), on the IFRS profit before taxation.

7. Dividends

The interim dividend of 3.5 pence per ordinary share was approved by the Board on 8 August 2016 and will be paid on 4 November 2016 to members on the register at the close of business on 7 October 2016.

8. Earnings per share

	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015
	Unaudited	Unaudited	Audited
	’000 shares	’000 shares	’000 shares
Weighted average number of shares in issue - basic	**339,799**	339,798	339,798
Weighted average number of shares in issue - diluted	**342,232**	342,894	342,413

	Six months ended 30 June 2016			Six months ended 30 June 2015		
	Underlying performance	**Special items**	**IFRS**	**Underlying performance**	**Special items**	**IFRS**
	£m	£m	£m	£m	£m	£m
Earnings Profit / (loss) attributable to equity holders of the parent	**47.0**	**0.5**	**47.5**	39.4	(10.2)	29.2
Basic earnings per share	**13.8p**	**0.2p**	**14.0p**	11.6p	(3.0)p	8.6p
Diluted earnings per share	**13.7p**	**0.2p**	**13.9p**	11.5p	(3.0)p	8.5p

	Year ended 31 December 2015		
	Underlying performance	**Special items**	**IFRS**
	£m	£m	£m
Earnings Profit / (loss) attributable to equity holders of the parent	73.1	(12.7)	60.4
Basic earnings per share	21.5p	(3.7)p	17.8p
Diluted earnings per share	21.3p	(3.7)p	17.6p

9. Assets classified as held for sale

As announced on 21 March 2016 the Group has agreed to sell its dispersions business in South Africa. The net assets as at 30 June 2016 were £5.3m. The assets classified as held for sale also includes £1.2m in respect of the decision to sell agricultural land owned by the group in Malaysia. No further disposals were made in the six month period to 30 June 2016.

10. Financial instruments

The risks associated with the Group’s financial instruments and related polices are detailed in note 21 of the 2015 annual financial statements. Subject to the following, there have been no changes in the risks and the management thereof since 31 December 2015. At the end of June some of the currency of the Group’s main borrowings was converted to euros and dollars as a hedge against the euro and dollar asset base.

Fair values have been obtained from the relevant institutions where appropriate. Where market values are not available, fair values of financial assets and financial liabilities have been calculated by discounting expected future cash flow at prevailing interest rates and by applying period end exchange rates. The carrying amount of borrowings approximates to book value.

The fair value of the Group’s financial instruments are measured using inputs other than quoted prices that are directly or indirectly observable. (Level 2 as defined in IFRS 13.)

There are no significant differences between the carrying value and fair value of either financial assets or financial liabilities.

11. Defined benefit schemes

The defined benefit plan assets have been updated to reflect their market value as at the 30 June 2016. Actuarial gains or losses are recognised in the Statement of Comprehensive Income in accordance with the Group's accounting policy. The liabilities have been updated to reflect the change in the discount rate assumption.

12. Acquisition of subsidiary

The Group acquired the Performance and Adhesive Coatings business of Hexion Inc. on 30 June 2016 for a total consideration of £164.0m.

	Book and provisional fair value
	£m
Net assets acquired	
Intangible assets	0.4
Property, plant and equipment	55.7
Deferred tax assets	3.8
Inventories	21.2
Trade and other receivables	48.6
Cash and cash equivalents	1.9
Trade and other payables	(42.5)
Current tax liability	(1.1)
Borrowings	(3.4)
Post retirement benefit obligations	(1.7)
Provisional fair value of net assets acquired	82.9
Goodwill arising on acquisition	81.1
Total consideration	164.0
Satisfied by	
Cash consideration	164.0
Cash flow	
Cash consideration	164.0
Cash acquired	(1.9)
Borrowings acquired	3.4
Net movement on borrowings	165.5

Including provisional amounts, the total expected impact on borrowings is -

	£m
Net movement on borrowings per above	165.5
Cash impact of acquisition costs	1.4
Cash impact of foreign exchange contracts relating to acquisition	1.4
Total movement on borrowings relating to acquisition, to 30 June 2016	**168.3**
Further cash impact of foreign exchange contracts, received on 1 July	(14.5)
Estimated further cash impact of acquisition costs	2.1
Total estimated movement on borrowings	**155.9**

International Financial Reporting Standard 3 "Business Combinations" (revised 2008) requires the assets acquired to be initially recorded at Fair Value at the date of acquisition. Any such Fair Value adjustments are provisional and will be finalised within twelve months of the acquisition date. Any resulting changes in the fair values may have an impact on the depreciation from the date of acquisition and would be recorded in the financial statements.

12. Acquisition of subsidiary (continued)

No preliminary assessment of intangible assets and the Property Plant and Equipment (PPE) valuation had been completed at the date of these condensed financial statements. When the final valuation work is concluded, a substantial increase in PPE and intangible assets values, and a corresponding substantial reduction in goodwill is anticipated.

The goodwill arising on the acquisition of the business represents the premium the Group paid to acquire companies which complement the existing business and create significant opportunities for cross-selling and other synergies.

Acquisition transaction costs expensed	£m
In 12 months to 31 December 2015	-
In 6 months to 30 June 2016	3.5
	3.5

The acquisition of Hexion PAC completed on 30 June. The acquired business has not contributed to the results of the Group in the six month period to 30 June 2016. Disclosure of the contribution to the Group if the acquisition had been made on 1 January 2016 will be provided in the full year accounts for 2016 once sufficient information is available.

13. Related party transactions

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not included in this note.

14. Seasonality

Historically, there has been no visible fixed pattern to seasonality in H1 compared to H2 performance in the Group, but, everything else being equal, because of the summer and Christmas break periods in Europe, management would normally expect the second half profits to be slightly weaker than the first half year.

15. Risks and uncertainties

There are a number of potential risks and uncertainties which could have a material impact on the Group's performance over the remaining six months of the financial year and could cause actual results to differ materially from expected and historical results. The directors do not consider that the principal risks and uncertainties have changed since the publication of the annual report for the year ended 31 December 2015. These risks include:

- Conditions in the global economy, economic fluctuations in customer industries and volatility and cyclicality of the global chemicals and polymers markets may adversely affect the results of operations, financial condition and cash flows of the Group;
- Volatility in raw material prices and energy prices may adversely affect the profitability of the Group and its working capital position;
- The failure of the Group to procure key raw materials may lead to production interruptions that may adversely affect the profitability of the Group and its working capital position;
- The markets in which the Group operates are highly competitive and the Group may lose market share to other producers or sellers of water based polymers or to other products that can be substituted for the products of the Group;
- The Group operates in a number of different geographies which may present different legal and regulatory risks. In addition, the Group operates in a number of different tax regimes, which may increase the volatility of the effective tax rate and cash tax rate of the Group;
- The ability of the Group to compete is highly dependent on its ability to develop technological innovations, to introduce new products and to protect its intellectual property, trade secrets and know-how. Failure to do so could have an adverse affect on the Group;
- The Group may be liable for damages based on product liability claims brought against its customers in end-use markets. In addition, compliance with extensive environmental, health and safety laws and

regulations could require material expenditure, changes in the operations of the Group or site remediation;

- The manufacture, storage and transportation of chemicals is inherently dangerous and any incidents relating to the hazards which the Group faces may adversely affect its financial condition, results of operations and reputation;
- Fluctuations in currency exchange rates may significantly impact the results of the operations of the Group and may significantly affect the comparability of financial results between financial periods;
- Credit market conditions and credit ratings may restrict the ability of the Group to obtain credit facilities or to refinance its existing debt facilities in the longer term. In addition, interest rate fluctuations and increases in bank lending margins may increase the Group's costs of borrowing in the longer term;
- The carrying value of goodwill and non-current assets is sensitive to changes in estimates of future growth rates and discount rates; and
- The Group has funding risks relating to defined benefit pension schemes and any deterioration in the value of assets in which the pension scheme has invested as against the financial obligations to make payments to members of the schemes could have an adverse effect on the Group. Changes in interest rates will also affect the Group's pension liabilities.

The Group continues to manage these risks as set out in the annual report.

16. Further information

The financial statements were approved by the Board of Directors on 8 August 2016.

This statement can be obtained by the public from the Company's registered office at Temple Fields, Harlow, Essex, CM20 2BH, or on the company website www.synthomer.com.

17. Glossary of terms

Operating profit — Operating profit represents profit before finance costs and taxation.

EBITDA — EBITDA is calculated as operating profit before depreciation, amortisation and special items.

Special items — The following are disclosed separately as special items in order to provide a clearer indication of the Group's underlying performance:

- Profit or loss impact arising from the sale or closure of an operation;
- Amortisation of acquired intangible assets;
- Impairment of non-current assets;
- Costs of business combinations as defined by IFRS 3 and related debt issue costs;
- Re-structuring and site closure costs;
- Fair value adjustment - mark to market adjustments in respect of cross currency and interest rate derivatives used for hedging purposes where IAS 39 hedge accounting is not applied;
- Amounts advanced in respect of invoices sold under non-recourse factoring arrangements;
- Other non-recurring and non-operating items;
- Tax impact of the above items; and
- Settlement of prior period tax issues

Underlying performance — Underlying performance represents the statutory performance of the Group under IFRS, excluding special items.

Net borrowings — Net borrowings represents cash and cash equivalents together with short and long term borrowings, as adjusted for the effect of related derivative instruments, irrespective of whether they qualify for hedge accounting, and non-recourse factoring arrangements and the inclusion of Financial Assets.

Responsibility statement

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union;
- The interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- The interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

On behalf of the Board

C G MacLean
Chief Executive Officer
8 August 2016

S G Bennett
Chief Financial Officer

INDEPENDENT REVIEW REPORT TO Synthomer PLC

Report on the condensed set of financial statements

Our conclusion

We have reviewed Synthomer plc's condensed consolidated interim financial statements (the "interim financial statements") in the half-yearly financial report of Synthomer plc for the 6 month period ended 30 June 2016. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority

This conclusion is to be read in the context of what we say in the remainder of this report.

What we have reviewed

The interim financial statements comprise:

- the consolidated balance sheet as at 30 June 2016;
- the consolidated income statement and consolidated statement of comprehensive income for the period then ended;
- the consolidated cash flow statement for the period then ended;
- the consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the half-yearly financial report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority.
As disclosed in note 2 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the condensed set of financial statements and the review

Our responsibilities and those of the directors

The half-yearly financial report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

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.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
8 August 2016
London

Notes:

a) The maintenance and integrity of the Synthomer plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim financial statements since they were initially presented on the website.

b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.