

Yule Catto & Co plc

Interim Results for the six months ended 30 June 2011

Yule Catto & Co plc ("Yule Catto" or the "Group"), the international producer of speciality chemicals, is pleased to announce its interim results for the six months ended 30 June 2011.

HIGHLIGHTS*

- Very successful first half; strong increase in sales and profits, benefiting from good growth in Asia and the acquisition of PolymerLatex
- Underlying Profit before tax of £43.5m – up 81%
- Underlying earnings per share of 10.0p – up 23%
- Interim dividend of 1.2p per ordinary share; commitment to at least 3.0p for full year
- Total sales of £547.7m – up 65%
- Over 40% of Polymer sales in Asia and other high growth markets
- PolymerLatex integration on track – good progress on synergy delivery

* Before special items, analysed in note 3 and as defined in note 16

Adrian Whitfield, Chief Executive, commented:

"The Group had an excellent first half, delivering strong growth in underlying earnings. We have benefited from our position in Asia, where we experienced strong demand for our products, and the PolymerLatex acquisition is delivering synergies in line with our original plans.

We remain cautious regarding the wider economic outlook given the recent turmoil in the equity markets, and the expectations of weakening global demand which we have seen some evidence of during July and August. However, Yule Catto's strong portfolio of market leading products, our high percentage of sales into Asia and other developing economies, and our near term synergy benefits from the PolymerLatex acquisition underpin the Board's confidence in the Group's prospects for the medium term.

Whilst the Board anticipates performance in the second half will likely be affected by current macro-economic difficulties, and the usual seasonal effects, in aggregate, with the benefit of the synergies from the PolymerLatex acquisition, full year earnings are expected to be modestly ahead of previous expectations."

26 August 2011

ENQUIRIES:

Yule Catto & Co plc

Adrian Whitfield, Chief Executive
David Blackwood, Group Finance Director

Tel: 01279 442791

MHP Communications

Andrew Jaques
John Olsen
Ian Payne

Tel: 020 3128 8100

Yule Catto & Co plc
Interim Results for the six months ended 30 June 2011

RESULTS SUMMARY - Six months ended 30 June 2011

As reported	Underlying performance^(a)		IFRS	
	2011	2010	2011	2010
	Unaudited £'000	Unaudited £'000	Unaudited £'000	Unaudited £'000
Total sales ^(b)	547,677	326,647	547,677	332,336
EBITDA ^(c)	57,287	36,061	N/A	N/A
Operating profit / (loss)	47,963	28,699	(1,595)	41,438
Profit / (loss) before taxation	43,492	24,049	(7,900)	40,914
Net debt ^(d)	240,438	76,545	N/A	N/A
Earnings per share – continuing operations	10.0p	8.1p	(3.4)p	13.6p

(a) Underlying performance excludes special items as shown in note 3.

(b) Total sales includes revenues from joint ventures as reconciled on the consolidated income statement.

(c) Operating profit before depreciation, amortisation and special items.

(d) As reconciled on the consolidated balance sheet.

Pro-forma	Underlying performance	
	2011	2010
	Unaudited £'000	Unaudited £'000
Total sales	699,659	567,538
EBITDA	74,246	67,857
Operating profit	61,245	51,390
Profit before taxation	54,674	42,540

Pro-forma numbers reflect the results of PolymerLatex as though it were under the Group's ownership for the relevant reporting periods, with an estimate of the associated notional finance cost for those periods – see the Chairman's statement for a fuller explanation.

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.

This IMR and the consolidated financial statements for the six months ended 30 June 2011 and for the six months ended 30 June 2010 have been reviewed but not audited.

All reference to sales and operating profit in the Chairman's statement and business review, which follows, reflect underlying performance including share of joint ventures, as per note 4, unless otherwise stated.

Yule Catto & Co plc
Interim Results for the six months ended 30 June 2011

CHAIRMAN'S STATEMENT & BUSINESS REVIEW

Overview

The Group had a very successful first half year in 2011. Headline underlying results show a strong increase in sales and profits, benefiting from good growth in Asia and the acquisition of PolymerLatex.

The acquisition of PolymerLatex, completed in March, created a Group with increased scale, an enhanced product portfolio, stronger market positions and greater efficiencies, all of which provide a foundation from which to grow and compete more effectively in a consolidating emulsion polymers market. At the same time, it supports Yule Catto's long-term strategy by providing a stronger platform and the necessary cash generation to further accelerate its growth in emerging markets.

This is the first period in which we are reporting on the enlarged Group post the completion of the acquisition, and therefore the interim results include the results of PolymerLatex for the second quarter only. To help understand the performance of the enlarged group, we have prepared pro-forma information, estimating the impact of owning the business throughout the period under review. The analysis is set out in the following table.

	Six months ended 30 June 2011		
	As reported	PolymerLatex	Pro-forma
	£'000	Q1 2011 £'000	£'000
Pro-forma Information - underlying performance			
Total sales (including share of JV's)	547,677	151,982	699,659
Operating profit (including share of JV's)	47,963	13,282	61,245
Finance costs	(4,471)	(2,100)	(6,571)
Profit before taxation	43,492	11,182	54,674
Taxation	(8,754)	(3,243)	(11,997)
Profit for the period	34,738	7,939	42,677
Profit attributable to minority interests	844	-	844
Profit attributable to equity holders of parent	33,894	7,939	41,833
	34,738	7,939	42,677
Six months ended 30 June 2010			
	As reported	PolymerLatex	Pro-forma
	£'000	H1 2010 £'000	£'000
Pro-forma Information - underlying performance			
Total sales (including share of JV's)	326,647	240,891	567,538
Operating profit (including share of JV's)	28,699	22,691	51,390
Finance costs	(4,650)	(4,200)	(8,850)
Profit before taxation	24,049	18,491	42,540

Yule Catto & Co plc
Interim Results for the six months ended 30 June 2011

Pro-forma information presented in this report reflects the inclusion of the unaudited results of PolymerLatex for the first quarter of 2011 and the first half of 2010 restated to Yule Catto's accounting policies. An estimate of the impact on finance costs if the business had been owned for those periods has been made at the rate of £2.1m per quarter.

Whilst underlying reported earnings per share show a healthy improvement to 10.0p from the rights adjusted return of 8.1p in the first half of 2010, we estimate that, ownership of PolymerLatex from the first of January would have resulted in earnings per share of some 12.3p – an increase of over 50%.

We have made substantial progress on the integration of the PolymerLatex business. Extensive planning took place during the first quarter of 2011 prior to completion. Since then we have moved ahead in creating a stronger merged Polymer business. We are clear that we will deliver the synergies we indicated at the time of the acquisition of at least £20m, and we exited the first half with an annualised delivery rate of £4.0m.

We have declared an interim dividend for the year of 1.2p, and the Board has decided that the proposed total dividend for the year (interim plus final) will be not less than 3.0p.

Polymer Chemicals

Underlying – as reported*	H1 2011	H1 2010
Sales (£'000)	512,296	292,845
Operating Profit (£'000)	51,552	30,732
Underlying – pro-forma**		
Sales (£'000)	664,278	533,736
Operating Profit (£'000)	64,834	53,423

*reconciliation of IFRS to underlying performance is provided in note 3

** reconciliation of underlying performance to pro-forma results provided above

Polymers has manufacturing assets around the world and comprises Dispersion, Latex and various Speciality Polymers. Dispersion Polymers are principally used in surface coatings such as paint and varnish, adhesives such as wood glues and construction applications such as sealants and fillers. SBR latex is used in the manufacture of carpet floor coverings and construction materials such as speciality cement whilst NBR (nitrile) latex is mainly sold into the fast growing nitrile glove market. Speciality Polymers includes polymers to regulate PVC manufacture and sealants for the motor industry. The Division also includes William Blythe, previously reported as the Impact Division.

Polymer Chemicals was previously reported as one division, but with the increased scale, we will in future be reporting it as two segments, being "Europe & North America" and "Asia & ROW" (ROW meaning Rest Of World). The Polymers business is focused on 6 core market segments - Paper, CCF (Carpets, Compounds and Foam), C&C (Construction and Coatings), Functional Polymers (textiles & fibre bonding and non construction adhesives), Performance Polymers (specialties) and Health & Protection (mainly nitrile polymer for the glove industry).

Yule Catto & Co plc
Interim Results for the six months ended 30 June 2011

Polymer Europe & North America

Underlying – as reported*	H1 2011	H1 2010
Sales (£'000)	343,677	171,836
Operating Profit (£'000)	33,463	18,612
Underlying – pro-forma**		
Sales (£'000)	478,953	391,072
Operating Profit (£'000)	45,825	44,260

*reconciliation of IFRS to underlying performance is provided in note 3

** reconciliation of underlying performance to pro-forma results provided above

Polymers Europe & North America saw a substantial increase in sales revenue, as large raw material price increases were passed through to our customers. We previously reported that the European business operating profit excluding PolymerLatex was behind prior year at the end of the first quarter after a sluggish start. Demand was better in Q2, and together with the PolymerLatex business, combined pro-forma sales were £479.0m, with operating profit ahead by 3.5%. Cash margins were generally maintained, despite the very severe raw material price increases.

Paper volumes increased whilst C&C were at similar levels to prior year. CCF saw generally lower demand, in part due to the impact of high raw material pricing. Functional Polymers showed strong growth over the first half of 2011. Exports to the Middle East were lower due to the political turmoil in the region.

Polymer Asia & Rest Of World

Underlying – as reported*	H1 2011	H1 2010
Sales (£'000)	168,619	121,009
Operating Profit (£'000)	18,089	12,120
Underlying – pro-forma**		
Sales (£'000)	185,325	142,664
Operating Profit (£'000)	19,009	9,163

*reconciliation of IFRS to underlying performance is provided in note 3

** reconciliation of underlying performance to pro-forma results provided above

On a pro-forma basis, sales in Asia & ROW rose 30%. The Group's original business in Asia remained capacity constrained during the first half, though the new 15,000 tonne nitrile expansion did commence manufacture in mid June. The nitrile manufacturing facility acquired with PolymerLatex commenced production in late 2009, building sales through 2010 and so delivered good volume improvement in H1 2011 compared to H1 2010. In aggregate, the combined business, on a pro-forma basis delivered high single digit volume growth in the period.

Plans are already under review to build a further 60,000 tonnes of capacity in Asia for NBR and SBR to start production by the end of 2012.

Pharma Chemicals

Underlying – as reported	H1 2011	H1 2010
Sales (£'000)	35,381	33,802
Operating Profit (£'000)	2,291	2,969

Pharma Chemicals (Uquifa), from its manufacturing plants in Spain and Mexico, produces a range of Active Pharmaceutical Ingredients (APIs) for the generic and ethical pharmaceutical industries. These products are sold to formulators who produce and distribute the drug in its final physical form. APIs range from anti-bacterial, anti-ulcer, anti-parasitic to heart drugs. The company currently produces over 75 products.

Yule Catto & Co plc
Interim Results for the six months ended 30 June 2011

The business performed reasonably well through the first half. A substantial amount of orders were deferred into July 2011, which have subsequently been dealt with and the business was actually slightly ahead of prior year as at the end of July.

The environment though still remains challenging for Pharma with persistent pressure on margins from Asian competition.

With the Group's clear focus on Polymers, the Board has been reviewing options for the Pharma business and concluded that it is non core to the Group moving forward. As part of the review, the carrying value of the goodwill has been re-assessed, and the Board considers the goodwill to be impaired, and has accordingly written the goodwill down to zero, resulting in a non cash expense of £36.9m, which is included in the special items column on the face of the Consolidated Income Statement.

Cash flow, Net Debt, Pensions and liquidity

The Group's net debt at the half year stood at £240m, up from £63m at the end of 2010, as a result of the PolymerLatex acquisition. There was a substantial increase in working capital over and above the normal seasonal outflow from the year end, reflecting the effect of the high input prices on the Group's working capital. In July, the Group settled the balance of the acquisition price for PolymerLatex of £5.4m, bringing the acquisition process with the vendor to a close.

There was no change in the level of the Group's pension deficit from the start of the year, with a small increase in the discount rate (actuarial gain), and the effect of the 6 months contributions offsetting a small underperformance on the expected return on the assets (actuarial loss). The acquisition of PolymerLatex increased the pension deficit by £31m following the adoption of the unfunded German scheme liabilities. The total deficit on the pension schemes as at the half year end was £92.1m.

At the end of June, the Group had net liquid resources available of cash of £35m (cash less short term borrowings) and an undrawn £60m revolving credit line maturing in December 2013 together with various uncommitted overdraft lines. The Group's first repayment due of long term debt is £20m (net of derivatives) in respect of the Group's £75m US private placement debt, which is due in September 2012.

IFRS

The Group reported an IFRS loss before tax of £7.9m. This is lower than the underlying PBT of £43.5m due to the special items detailed in the 'Special Items' note below. The comparative period in 2010 had an IFRS profit before tax of £40.9m, which included £12.7m of income not considered to be part of the underlying results of the Group arising from gains and trading of divested / closed activities, and a gain on the mark to market of derivatives associated with the Group's US private placements of £4.1m.

Special items

The Group had a number of special items in the half year, which are not part of underlying results. The operating expense amount of £49.6m comprised the £36.9m impairment of goodwill for Pharma Chemicals (as discussed above), £0.9m of acquisition costs relating to the PolymerLatex acquisition, £4.5m of restructuring expenses associated with integration and synergy extraction, and £7.3m of intangible amortisation, arising from the provisional valuation of intangibles as part of the acquisition, as required by IFRS. The loss on fair value on interest relates to the Group's swaps that hedge the Group US private placement debt into sterling, but do not qualify for hedge accounting under the narrow framework of IAS 39. The taxation amount of £6.0m comprises the release of prior year provisions and the notional tax credit on the intangible amortisation expense.

Taxation

The Group currently benefits from a tax holiday from all its nitrile activities in Malaysia and no tax is payable in the UK, as a result of contributions to the closed defined benefit UK pension fund. Consequently, the underlying taxation charge for the half year was 20%, whilst reflecting the Q1 results of PolymerLatex produces a pro-forma rate of 22%.

Yule Catto & Co plc
Interim Results for the six months ended 30 June 2011

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 2010. These risks include:

- Conditions in the global economy, economic fluctuations in customer industries and volatility and cyclical nature 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 effect 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.

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

Yule Catto & Co plc
Interim Results for the six months ended 30 June 2011

Outlook

The Board remains cautious regarding the wider economic outlook, and the expectations of weakening global demand, of which we have seen some evidence during July and August. However, Yule Catto's strong portfolio of market leading products, our high percentage of sales into Asia and other developing economies, and the near term synergy benefits from PolymerLatex, all underpin the Board's confidence in the Group's prospects for the medium term.

Whilst the Board expects that performance in the second half will likely be affected by current macro-economic difficulties and the usual seasonal effects, in aggregate, taking into account the strong results in the first half, performance in July and August, and the benefit of the synergies from the PolymerLatex acquisition, earnings for the full year are anticipated to be modestly ahead of current market expectations.

PETER WOOD
Chairman
26 August 2011

Yule Catto & Co plc
Interim Results for the six months ended 30 June 2011

CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Six months ended 30 June 2011			Six months ended 30 June 2010		
	Underlying performance	Special items	IFRS	Underlying performance	Special items	IFRS
	£'000 Unaudited	£'000 Unaudited	£'000 Unaudited	£'000 Unaudited	£'000 Unaudited	£'000 Unaudited
Continuing operations						
Group revenue	523,957	-	523,957	316,982	5,689	322,671
Share of joint ventures' revenue	23,720	-	23,720	9,665	-	9,665
Total sales	547,677	-	547,677	326,647	5,689	332,336
Group revenue	523,957	-	523,957	316,982	5,689	322,671
Company and subsidiaries before special items	45,773	-	45,773	27,284	-	27,284
Profit arising from sale or closure of operations	-	-	-	-	12,739	12,739
Impairment of goodwill	-	(36,885)	(36,885)	-	-	-
Restructuring and site closure	-	(4,516)	(4,516)	-	-	-
Acquisition costs	-	(846)	(846)	-	-	-
Amortisation of acquired intangibles	-	(6,880)	(6,880)	-	-	-
Company and subsidiaries	45,773	(49,127)	(3,354)	27,284	12,739	40,023
Share of joint ventures	2,190	(431)	1,759	1,415	-	1,415
Operating profit / (loss)	47,963	(49,558)	(1,595)	28,699	12,739	41,438
Interest payable	(4,926)	-	(4,926)	(4,860)	-	(4,860)
Interest receivable	455	-	455	210	-	210
	(4,471)	-	(4,471)	(4,650)	-	(4,650)
Fair value adjustment	-	(1,834)	(1,834)	-	4,126	4,126
Finance costs	(4,471)	(1,834)	(6,305)	(4,650)	4,126	(524)
Profit/(loss) before taxation	43,492	(51,392)	(7,900)	24,049	16,865	40,914
Taxation	(8,754)	5,955	(2,799)	(4,809)	(225)	(5,034)
Profit/(loss) for the period	34,738	(45,437)	(10,699)	19,240	16,640	35,880
Profit attributable to minority interests	844	-	844	866	4,236	5,102
Profit / (loss) attributable to equity holders of the parent	33,894	(45,437)	(11,543)	18,374	12,404	30,778
	34,738	(45,437)	(10,699)	19,240	16,640	35,880
Earnings per share						
From continuing operations						
Basic	10.0p	(13.4)p	(3.4)p	8.1p	5.5p	13.6p
Diluted	9.8p	(13.1)p	(3.3)p	7.9p	5.3p	13.2p

Special items

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

Yule Catto & Co plc
Interim Results for the six months ended 30 June 2011

CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2011 continued

	Year ended 31 December 2010		
	Underlying performance	Special items	IFRS
	£'000 Audited	£'000 Audited	£'000 Audited
Continuing operations			
Group revenue	626,765	5,689	632,454
Share of joint ventures' revenue	19,026	-	19,026
Total sales	645,791	5,689	651,480
<hr/>			
Group revenue	626,765	5,689	632,454
Company and subsidiaries before special items	51,951	-	51,951
Profit arising from sale or closure of operations	-	12,303	12,303
Restructuring and site closure	-	-	-
Acquisition costs	-	(4,182)	(4,182)
Amortisation of acquired intangibles	-	-	-
Company and subsidiaries	51,951	8,121	60,072
Share of joint ventures	2,934	-	2,934
Operating profit	54,885	8,121	63,006
<hr/>			
Interest payable	(8,266)	-	(8,266)
Interest receivable	426	-	426
	(7,840)	-	(7,840)
Fair value adjustment	-	2,645	2,645
Finance costs	(7,840)	2,645	(5,195)
Profit before taxation	47,045	10,766	57,811
Taxation	(9,095)	6,558	(2,537)
Profit for the year	37,950	17,324	55,274
<hr/>			
Profit attributable to minority interests	1,300	4,236	5,536
Profit attributable to equity holders of the parent	36,650	13,088	49,738
	37,950	17,324	55,274
<hr/>			
Earnings per share			
From continuing operations			
Basic	16.2p	5.8p	22.0p
Diluted	15.7p	5.7p	21.4p

Special items

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

Yule Catto & Co plc
Interim Results for the six months ended 30 June 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Six months ended 30 June 2011			Six months ended 30 June 2010		
	Minority interests	Equity holders of the parent	Total	Minority interests	Equity holders of the parent	Total
	Unaudited £'000	Unaudited £'000	Unaudited £'000	Unaudited £'000	Unaudited £'000	Unaudited £'000
Profit / (loss) for the period	844	(11,543)	(10,699)	5,102	30,778	35,880
Actuarial gains / (losses)	-	1,959	1,959	-	(18,402)	(18,402)
(Losses) / gains on a hedge of a net investment taken to equity	-	(1,814)	(1,814)	-	3,597	3,597
(Losses) / gains on cash flow hedges arising during the period	-	(4,495)	(4,495)	-	-	-
Exchange differences on translation of foreign operations	(168)	9,417	9,249	131	(1,960)	(1,829)
Tax relating to components of other comprehensive income	-	-	-	-	-	-
Other comprehensive income for the period	(168)	5,067	4,899	131	(16,765)	(16,634)
Total comprehensive income for the period	676	(6,476)	(5,800)	5,233	14,013	19,246

	Year ended 31 December 2010		
	Minority interests	Equity holders of the parent	Total
	Audited £'000	Audited £'000	Audited £'000
Profit for the year	5,536	49,738	55,274
Actuarial gains / (losses)	-	76	76
Gains on a hedge of a net investment taken to equity	-	1,732	1,732
Gains on cash flow hedges arising during the period	-	4,495	4,495
Exchange differences on translation of foreign operations	649	6,030	6,679
Tax relating to components of other comprehensive income	-	300	300
Other comprehensive income for the year	649	12,633	13,282
Total comprehensive income for the year	6,185	62,371	68,556

Yule Catto & Co plc
Interim Results for the six months ended 30 June 2011

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
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2011	14,566	33,034	949	6,828	4,495	46,444	106,316	6,249	112,565
(Loss) / profit for the period	-	-	-	-	-	(11,543)	(11,543)	844	(10,699)
Other comprehensive income for the period	-	-	-	7,603	(4,495)	1,959	5,067	(168)	4,899
Total comprehensive income for the period	-	-	-	7,603	(4,495)	(9,584)	(6,476)	676	(5,800)
Dividends paid	-	-	-	-	-	-	-	-	-
Issue of share capital	19,422	197,500	-	-	-	-	216,922	-	216,922
At 30 June 2011 (Unaudited)	33,988	230,534	949	14,431	-	36,860	316,762	6,925	323,687

	Share capital	Share premium	Capital redemption reserve	Hedging and translation reserve	Cash flow hedging reserve	Retained earnings	Total	Minority interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2010	14,566	33,034	949	(934)	-	19	47,634	6,903	54,537
Profit for the period	-	-	-	-	-	30,778	30,778	5,102	35,880
Other comprehensive income for the period	-	-	-	1,637	-	(18,402)	(16,765)	131	(16,634)
Total comprehensive income for the period	-	-	-	1,637	-	12,376	14,013	5,233	19,246
Dividends paid	-	-	-	-	-	-	-	(5,786)	(5,786)
Investment by minority interest	-	-	-	-	-	-	-	135	135
At 30 June 2010 (Unaudited)	14,566	33,034	949	703	-	12,395	61,647	6,485	68,132

	Share capital	Share premium	Capital redemption reserve	Hedging and translation reserve	Cash flow hedging reserve	Retained earnings	Total	Minority interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2010	14,566	33,034	949	(934)	-	19	47,634	6,903	54,537
Profit for the year	-	-	-	-	-	49,738	49,738	5,536	55,274
Other comprehensive income for the period	-	-	-	7,762	4,495	376	12,633	649	13,282
Total comprehensive income for the period	-	-	-	7,762	4,495	50,114	62,371	6,185	68,556
Dividends paid	-	-	-	-	-	(2,913)	(2,913)	(6,585)	(9,498)
Investment by minority interest	-	-	-	-	-	-	-	130	130
Divestment by minority interest	-	-	-	-	-	-	-	(384)	(384)
Share-based payments	-	-	-	-	-	(776)	(776)	-	(776)
At 31 December 2010 (Audited)	14,566	33,034	949	6,828	4,495	46,444	106,316	6,249	112,565

Yule Catto & Co plc
Interim Results for the six months ended 30 June 2011

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2011

	<u>30 June 2011</u>	<u>30 June 2010</u>	<u>31 December 2010</u>
	Unaudited £'000	Unaudited £'000	Audited £'000
Non-current assets			
Goodwill	261,032	124,027	124,027
Acquired intangible assets	185,678	-	-
Other intangible assets	3,163	482	363
Property, plant and equipment	193,659	99,623	102,568
Deferred tax assets	158	1,069	161
Investment in joint ventures	14,422	4,398	3,716
	<u>658,112</u>	<u>229,599</u>	<u>230,835</u>
Current assets			
Inventories	102,524	57,576	65,379
Trade and other receivables	199,889	124,448	111,285
Cash and cash equivalents	41,639	52,162	36,211
Derivatives at fair value	14,511	23,026	22,765
Total current assets	<u>358,563</u>	<u>257,212</u>	<u>235,640</u>
Current liabilities			
Borrowings	(6,833)	(39,141)	(9,876)
Derivatives at fair value	(5,328)	-	-
Trade and other payables	(239,126)	(140,776)	(140,079)
Current tax liability	(28,921)	(32,942)	(28,763)
Total current liabilities	<u>(280,208)</u>	<u>(212,859)</u>	<u>(178,718)</u>
Non-current liabilities			
Borrowings	(253,155)	(106,125)	(102,379)
Trade and other payables	-	(319)	(144)
Deferred tax liability	(67,535)	(8,414)	(6,672)
Post retirement benefit obligations	(92,090)	(90,962)	(65,997)
	<u>(412,780)</u>	<u>(205,820)</u>	<u>(175,192)</u>
Net assets	<u>323,687</u>	<u>68,132</u>	<u>112,565</u>
Equity			
Called up share capital	33,988	14,566	14,566
Share premium	230,534	33,034	33,034
Capital redemption reserve	949	949	949
Hedging and translation reserve	14,431	703	6,828
Cash flow hedging reserve	-	-	4,495
Retained earnings	36,860	12,395	46,444
Equity attributable to equity holders of the parent	<u>316,762</u>	<u>61,647</u>	<u>106,316</u>
Minority interests	6,925	6,485	6,249
Total equity	<u>323,687</u>	<u>68,132</u>	<u>112,565</u>
Analysis of net borrowing			
Cash and cash equivalents	41,639	52,162	36,211
Current borrowings	(6,833)	(39,141)	(9,876)
Non-current borrowings	(253,155)	(106,125)	(102,379)
Net borrowings	<u>(218,349)</u>	<u>(93,104)</u>	<u>(76,044)</u>
Special item: deduct fair value adjustment	9,684	16,559	12,674
Special item: add factoring	(31,773)	-	-
Net debt	<u>(240,438)</u>	<u>(76,545)</u>	<u>(63,370)</u>

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 2011 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 between net borrowings and net debt.

The financial statements were approved by the Board of Directors and authorised for issue on 26 August 2011.

Yule Catto & Co plc
Interim Results for the six months ended 30 June 2011

CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Six months ended 30 June 2011		Six months ended 30 June 2010		Year ended 31 December 2010	
	Unaudited £'000	Unaudited £'000	Unaudited £'000	Unaudited £'000	Audited £'000	Audited £'000
Operating						
Cash generated from operations		13,828		15,596		42,228
Interest received	455		210		426	
Interest paid	(6,728)		(4,758)		(9,630)	
Net interest paid		(6,273)		(4,548)		(9,204)
UK corporation tax paid	(27)		(19)		(39)	
Overseas corporate tax paid	(10,500)		(5,620)		(8,693)	
Total tax paid		(10,527)		(5,639)		(8,732)
Net cash (outflow) / inflow from operating activities		(2,972)		5,409		24,292
Investing						
Dividends received from joint ventures		809		130		2,667
Purchase of property, plant and equipment	(10,099)		(4,568)		(10,592)	
Sale of property, plant and equipment	3		-		43	
Net capital expenditure and financial investment		(10,096)		(4,568)		(10,549)
Purchase of business	(352,208)		-		(371)	
Sale of businesses	-		16,236		16,075	
Net cash impact of acquisitions and disposals		(352,208)		16,236		15,704
Net cash (outflow) / inflow from investing activities		(361,495)		11,798		7,822
Financing						
Equity dividends paid		-		-		(2,913)
Dividends paid to minority interests		-		(5,786)		(6,585)
Investment by minority shareholder		-		135		130
Proceeds on issue of shares		216,922		-		-
Repayment of borrowings		(1,927)		-		(35,978)
Proceeds of non-current borrowings		153,401		1,902		-
Net cash inflow / (outflow) from financing activities		368,396		(3,749)		(45,346)
Increase / (decrease) in cash and bank overdrafts during the period		3,929		13,458		(13,232)
Comprised of:						
Cash and cash equivalents		1,651		10,655		(10,657)
Bank overdrafts		2,278		2,803		(2,575)
		3,929		13,458		(13,232)

Yule Catto & Co plc
Interim Results for the six months ended 30 June 2011

RECONCILIATION OF NET CASH FLOW FROM OPERATING ACTIVITIES TO MOVEMENT IN NET DEBT FOR THE SIX MONTHS ENDED 30 JUNE 2011

	<u>Six months ended 30 June 2011</u>	<u>Six months ended 30 June 2010</u>	<u>Year ended 31 December 2010</u>
	Unaudited £'000	Unaudited £'000	Audited £'000
Net cash (outflow) / inflow from operating activities	(2,972)	5,409	24,292
Dividends received from joint ventures	809	130	2,667
Net capital expenditure and financial investment	(10,096)	(4,568)	(10,549)
Dividends paid to minority interests	-	(5,786)	(6,585)
Free cash flow	<u>(12,259)</u>	<u>(4,815)</u>	<u>9,825</u>
Net cash impact of acquisitions and disposals (underlying)	(382,970)	16,236	15,704
Investment by minority shareholder	-	135	130
Proceeds on issue of shares	216,922	-	-
Equity dividends paid	-	-	(2,913)
Exchange movements	1,239	(63)	1,922
Movement in net debt	<u>(177,068)</u>	<u>11,493</u>	<u>24,668</u>

NOTES TO THE FINANCIAL STATEMENTS

1. General information

The information for the year ended 31 December 2010 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

The annual financial statements of Yule Catto & Co plc are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in the half-yearly financial report has been prepared in accordance 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.

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.

Yule Catto & Co plc
Interim Results for the six months ended 30 June 2011

3. Special items

The special items disclosed are made up as follows:

	Six months ended 30 June 2011	Six months ended 30 June 2010	Year ended 31 December 2010
	£'000	£'000	£'000
	Unaudited	Unaudited	Audited
Continuing operations			
Total sales			
Revenue of operations sold or closed during the period	-	5,689	5,689
Operating loss			
(Loss) / profit arising from sale or closure of operations			
Operating profit of operations sold or closed	-	468	890
Closure of Uquifa's Italian manufacturing site	-	-	(858)
Sale of Revertex Finewaters Sdn Bhd	-	12,271	12,271
	-	12,739	12,303
Impairment of goodwill			
Pharma Chemicals	(36,885)	-	-
Restructuring and site closure			
Integration of PolymerLatex business	(4,516)	-	-
Acquisition Costs			
Acquisition of PolymerLatex Deutschland Beteiligungsgesellschaft mbH	(846)	-	(4,182)
Amortisation of acquired intangibles			
PolymerLatex: Customer relationships	(6,804)	-	-
PolymerLatex: Technology	(76)	-	-
	(6,880)	-	-
Share of joint ventures			
Amortisation of Customer relationships	(431)	-	-
Finance costs			
Fair value adjustment	(1,834)	4,126	2,645
(Loss) / profit before taxation	(51,392)	16,865	10,766

Yule Catto & Co plc
Interim Results for the six months ended 30 June 2011

4. Segmental analysis

Following the acquisition of PolymerLatex the Group has revised its reporting to the Executive Committee for the purposes of resource allocation and assessment of segment performance. The Group now reports its operations in three reportable segments under IFRS8 which are Polymer Chemicals Europe & North America, Polymer Chemicals Asia & Rest Of World and Pharma Chemicals.

	Total sales			Operating profit		
	Underlying performance	Special items	IFRS	Underlying performance	Special items	IFRS
	£'000	£'000	£'000	£'000	£'000	£'000
30 June 2011						
Analysis by activity						
Continuing activity						
Polymer Chemicals – Europe & North America	343,677	-	343,677	33,463	(10,797)	22,666
Polymer Chemicals – Asia & Rest of World	168,619	-	168,619	18,089	(1,030)	17,059
	<u>512,296</u>	<u>-</u>	<u>512,296</u>	<u>51,552</u>	<u>(11,827)</u>	<u>39,725</u>
Pharma Chemicals	35,381	-	35,381	2,291	(36,885)	(34,594)
Total sales	<u>547,677</u>	<u>-</u>	<u>547,677</u>			
Divisional operating profit				53,843	(48,712)	5,131
Unallocated corporate expenses				(5,880)	(846)	(6,726)
Operating profit / (loss)				<u>47,963</u>	<u>(49,558)</u>	<u>(1,595)</u>

	Total sales			Operating profit		
	Underlying performance	Special items	IFRS	Underlying performance	Special items	IFRS
	£'000	£'000	£'000	£'000	£'000	£'000
30 June 2010						
Analysis by activity						
Continuing activity						
Polymer Chemicals – Europe & North America	171,836	-	171,836	18,612	-	18,612
Polymer Chemicals – Asia & Rest of World	121,009	5,689	126,698	12,120	13,161	25,281
	<u>292,845</u>	<u>5,689</u>	<u>298,534</u>	<u>30,732</u>	<u>13,161</u>	<u>43,893</u>
Pharma Chemicals	33,802	-	33,802	2,969	(422)	2,547
Total sales	<u>326,647</u>	<u>5,689</u>	<u>332,336</u>			
Divisional operating profit				33,701	12,739	46,440
Unallocated corporate expenses				(5,002)	-	(5,002)
Operating profit				<u>28,699</u>	<u>12,739</u>	<u>41,438</u>

	Total sales			Operating profit		
	Underlying performance	Special items	IFRS	Underlying performance	Special items	IFRS
	£'000	£'000	£'000	£'000	£'000	£'000
31 December 2010						
Analysis by activity						
Continuing activity						
Polymer Chemicals – Europe & North America	335,742	-	335,742	36,252	-	36,252
Polymer Chemicals – Asia & Rest of World	247,116	5,689	252,805	24,031	13,161	37,192
	<u>582,858</u>	<u>5,689</u>	<u>588,547</u>	<u>60,283</u>	<u>13,161</u>	<u>73,444</u>
Pharma Chemicals	62,933	-	62,933	4,450	(858)	3,592
Total sales	<u>645,791</u>	<u>5,689</u>	<u>651,480</u>			
Divisional operating profit				64,733	12,303	77,036
Unallocated corporate expenses				(9,848)	(4,182)	(14,030)
Operating profit				<u>54,885</u>	<u>8,121</u>	<u>63,006</u>

Yule Catto & Co plc
Interim Results for the six months ended 30 June 2011

5. Reconciliation of profit / (loss) from operations to cash generated from operations

	<u>Six months ended 30 June 2011</u>	<u>Six months ended 30 June 2010</u>	<u>Year ended 31 December 2010</u>
	Unaudited £'000	Unaudited £'000	Audited £'000
Operating (loss) / profit – continuing operations	(1,595)	41,438	63,006
Less: share of profit of joint ventures	(1,759)	(1,415)	(2,934)
	<u>(3,354)</u>	<u>40,023</u>	<u>60,072</u>
Adjustments for:			
Depreciation and amortisation (underlying)	9,324	7,362	14,616
Impairment of goodwill	36,885	-	-
Amortisation: special items	6,880	-	-
Profit arising from the sale or closure of operations	-	(11,849)	(11,413)
Restructuring and site closure	4,516	-	-
Acquisition costs expensed in the period	846	-	-
(Profit) / loss on sale of fixed assets	(3)	9	(36)
Acquisition costs cash spent in period	(3,812)	-	4,182
Share based payments	-	-	333
Cash impact of restructuring and site closure	(2,585)	-	-
Cash impact of termination of businesses	(451)	(1,057)	(1,445)
Pension funding in excess of IAS19 charge	(3,804)	(5,676)	(12,191)
Increase in inventories	(4,177)	(2,451)	(8,362)
Increase in trade and other receivables	(39,797)	(28,595)	(14,210)
Increase in trade and other payables	13,360	17,830	10,682
Cash generated from operations	<u>13,828</u>	<u>15,596</u>	<u>42,228</u>

6. Tax

Tax on the underlying profit before taxation for the six month period is charged at 20% (six months ended 30 June 2010: 20%; year ended 31 December 2010: 19%), 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 minus 35% (six months ended 30 June 2010: 12%; year ended 31 December 2010: 4%), on the IFRS profit before taxation for continuing operations. Excluding the impact of non-deductible goodwill impairment charges of £36.9m the effective annual tax rate would be 10%.

7. Dividends

The interim dividend of 1.2p per ordinary share was approved by the Board on 26 August 2011 and will be paid on 10 November 2011 to members on the register at the close of business on 14 October 2011.

Yule Catto & Co plc
Interim Results for the six months ended 30 June 2011

8. Earnings per share

	Six months ended 30 June 2011	Six months ended 30 June 2010	Year ended 31 December 2010
	Unaudited '000 shares	Unaudited '000 shares	Audited '000 shares
Weighted average number of shares in issue - basic	339,881	226,268	226,268
Weighted average number of shares in issue - diluted	346,910	232,786	232,786

	Six months ended 30 June 2011			Six months ended 30 June 2010		
	Underlying performance	Special items	IFRS	Underlying performance	Special items	IFRS
	£'000	£'000	£'000	£'000	£'000	£'000
Earnings (Profit / (loss) attributable to equity holders of the parent)	33,894	(45,437)	(11,543)	18,374	12,404	30,778
Earnings per share	10.0p	(13.4)p	(3.4)p	8.1p	5.5p	13.6p
Diluted earnings per share	9.8p	(13.1)p	(3.3)p	7.9p	5.3p	13.2p

	Year ended 31 December 2010		
	Underlying performance	Special items	IFRS
	£'000	£'000	£'000
Earnings (Profit attributable to equity holders of the parent)	36,650	13,088	49,738
Earnings per share	16.2p	5.8p	22.0p
Diluted earnings per share	15.7p	5.7p	21.4p

9. Defined benefit schemes

The defined benefit plan assets have been updated to reflect their market value as at the 30 June 2011. Differences between the expected return on assets and the actual return on assets have been recognised as an actuarial gain or loss in the Statement of Comprehensive Income in accordance with the Group's accounting policy.

Yule Catto & Co plc
Interim Results for the six months ended 30 June 2011

10. Acquisition of subsidiary

The Group acquired 100% of the issued share capital of PolymerLatex Deutschland Beteiligungsgesellschaft mbH, a group focused on the manufacture of aqueous polymer latex, on 31 March 2011 for a total consideration of £152.6m. £147.2m was paid at closing with the remaining £5.4m being deferred. Further details including justification for this acquisition can be found in the Prospectus dated 13 December 2010.

	Book value	Fair value adjustment	Fair value
	£'000	£'000	£'000
Net assets acquired			
Intangible assets	137,462	51,219	188,681
Property, plant and equipment	90,436	295	90,731
Investment in joint ventures	18,865	(7,890)	10,975
Inventories	32,189	-	32,189
Trade and other receivables	46,996	-	46,996
Cash and cash equivalents	32,347	-	32,347
Derivatives at fair value	(5,016)	-	(5,016)
Trade and other payables	(75,901)	(3,536)	(79,437)
Current tax liability	(8,110)	1,243	(6,867)
Borrowings	(237,367)	-	(237,367)
Deferred tax liability	(7,909)	(51,803)	(59,712)
Post retirement benefit obligations	(31,214)	-	(31,214)
	<hr/>	<hr/>	<hr/>
Fair value of net assets acquired	(7,222)	(10,472)	(17,694)
Goodwill arising on acquisition			170,335
Total consideration			<hr/> <hr/> 152,641
Satisfied by			
Cash consideration			151,767
Gain on cash flow hedge			(4,579)
			<hr/> 147,188
Deferred consideration			5,453
			<hr/> <hr/> 152,641
Cash flow			
Cash consideration			147,188
Cash acquired			(32,347)
Borrowings acquired			237,367
			<hr/> 352,208
Net cash outflow arising on acquisition			352,208
Special item: adjustment for factored invoices			30,762
			<hr/> 382,970
Net cash outflow arising on acquisition (underlying)			<hr/> <hr/> 382,970

The "Fair Value Adjustments" to the value of assets acquired including Intangible assets, Property, plant and equipment and Provisions are made in accordance with International Financial Reporting Standard 3 "Business Combinations" (revised 2008). The 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 annual financial statements.

No preliminary assessment of Property Plant and Equipment (PPE) valuation had been completed at the date of these accounts. When the final valuation work is concluded, a substantial increase in PPE 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.

Yule Catto & Co plc
Interim Results for the six months ended 30 June 2011

10. Acquisition of subsidiary (continued)

Acquisition transaction costs expensed

In 12 months to 31 December 2010	4,182
In 6 months to 30 June 2011	846
	<hr/> 5,028 <hr/>

In the period from acquisition to 30 June 2011 the acquisition contributed revenue of £154,277,000 and operating profit of £15,255,000 to the Group's results.

If the acquisition of PolymerLatex Deutschland Beteiligungsgesellschaft mbH had been completed on the first day of the financial year, total sales (including share of JV's) for the period would have been £699,659,000 and the Group's underlying operating profit (including share of JV's) would have been £61,245,000.

11. Goodwill

The Group completed a review of the carrying value of its Pharma CGU during the period. As a result of ongoing challenging market conditions and pressure on margins from Asian competitors the Group has revised its estimate of the recoverable amount. As a result, an impairment charge of £36.9m has been recorded in the period.

12. Share Capital

Share capital as at 30 June 2011 amounted to £34.0 million. During the period, the Group issued 194,217,582 shares as part of a capitalisation issue to its shareholders. The capitalisation issue increased the number of shares in issue from 145,663,187 to 339,880,769 without a corresponding change in resource.

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 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 expect the second half profits to be slightly weaker than the first half year.

15. Further information

The financial statements were approved by the Board of Directors on 26 August 2011.

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.yulecatto.com.

Yule Catto & Co plc
Interim Results for the six months ended 30 June 2011

16. Glossary of terms

Total sales	Total sales represent the total of revenue from Yule Catto & Co plc, its subsidiaries, and its share of the revenue of joint ventures.
EBITDA	EBITDA is calculated as operating profit before depreciation, amortisation and special items.
Operating profit	Operating profit represents profit from continuing activities before finance costs and taxation.
Non-recurring items	Non-recurring items are defined as: <ul style="list-style-type: none">• <i>Profit or loss impact arising from the sale or closure of an operation;</i>• <i>Impairment of non-current assets; and</i>• <i>Other non-operating or one-off items.</i>
Special items	The following are disclosed separately as special items in order to provide a clearer indication of the Group's underlying performance: <ul style="list-style-type: none">• 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; and• Tax impact of the above items.
Underlying performance	Underlying performance represents the statutory performance of the Group under IFRS, excluding special items.
Free cash flow	Free cash flow represents cash flow before cash impact of acquisitions and disposals, purchase and issue of own shares, equity dividends paid and exchange movements.
Net debt	Net debt 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.
Pro-forma	The information described as pro-forma in this report reflects the inclusion of the unaudited results of PolymerLatex for the first quarter of 2011 and the first half of 2010 restated to Yule Catto's accounting policies.

Yule Catto & Co plc
Interim Results for the six months ended 30 June 2011

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';
- 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).

By order of the Board

A M Whitfield
Chief Executive

D C Blackwood
Group Finance Director

26 August 2011

INDEPENDENT REVIEW REPORT TO YULE CATTO & CO PLC

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2011 which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated balance sheet and the consolidated cash flow statement and related notes 1 to 16. 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 condensed set of financial statements.

This report is made solely to the Company 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. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report 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 and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 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 half-yearly financial report based on our review.

Yule Catto & Co plc
Interim Results for the six months ended 30 June 2011

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 inquiries, 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 half-yearly financial report for the six months ended 30 June 2011 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte LLP

Chartered Accountants and Statutory Auditor
Cambridge, United Kingdom
26 August 2011