

Croda International Plc
Results for the six months ended 30 June 2015

Croda International Plc (“Croda” or “the Group”), a world leader in speciality chemical ingredients, today announces its half year results for the six months ended 30 June 2015.

Strong innovation driving profitable growth

	Half year ended 30 June			Change
	2015	2015	2014	
	reported £m	constant currency £m	reported £m	
Sales	564.6	565.6	537.4	5.2%*
Adjusted operating profit	140.8	139.3	132.3	5.3%*
Adjusted pre-tax profit	135.7	134.4	125.3	7.3%*
Adjusted earnings per share	71.8p	n/a	64.6p	11.1%
Dividend per share	31.0p	n/a	29.5p	5.1%
IFRS pre-tax profit	135.6	n/a	125.1	8.4%

Highlights

- H1 2015 sales up 5.2% reflecting growth in all sectors and all regions*:
 - Q2 performance ahead of Q1
 - Continued momentum in Personal Care with strong margin
 - Excellent growth in Life Sciences, up almost 15%, including pharma Omega-3 launch
 - Recovering sales in Performance Technologies
- Successful focus on innovation driving increased profit:
 - Record New and Protected Products sales, up 21%, representing 25.8% of total sales (2014: 22.5%)
 - Adjusted pre-tax profit of £135.7m (2014: £125.3m), up 7.3%*
 - Robust operating margin at 24.6% (2014: 24.6%)
- Good cash generation funding organic growth investment and increased dividend:
 - Net debt £179.2m (31 December 2014: £180.2m)
 - Continued investment to drive future organic growth
 - Interim dividend increased by 5.1%

Martin Flower, Chairman of Croda, commented:

“Croda’s performance in the first half of 2015 has been encouraging. The recovery in underlying sales trends, which began in the second half of last year, has continued to strengthen, operating margin has remained strong and pre-tax profit has increased over 8%. This progress has been underpinned by record sales of New and Protected Products.

“We expect to continue to deliver growth through the second half of the year, albeit against a stronger comparator period. Whilst conditions remain uncertain in Europe, we are encouraged by recent growth. Overall, we remain on track to deliver our expectations for the full year and to generate strong returns for shareholders.”

Financial performance

	Half year ended 30 June			
	2015 reported £m	2015 constant currency £m	2014 restated £m	Constant currency change
Sales				
Personal Care	197.1	194.0	188.7	2.8%
Life Sciences	118.8	118.3	103.1	14.7%
Performance Technologies	185.7	188.4	182.3	3.3%
	501.6	500.7	474.1	5.6%
Industrial Chemicals	63.0	64.9	63.3	2.5%
Group	564.6	565.6	537.4	5.2%

	Half year ended 30 June			
	2015 reported £m	2015 constant currency £m	2014 restated £m	Constant currency change
Adjusted profit				
Personal Care	64.4	64.4	62.6	2.9%
Life Sciences	40.5	39.7	32.6	21.8%
Performance Technologies	31.6	31.1	34.4	(9.6)%
	136.5	135.2	129.6	4.3%
Industrial Chemicals	4.3	4.1	2.7	51.9%
Group operating profit	140.8	139.3	132.3	5.3%
Net interest costs	(5.1)	(4.9)	(7.0)	30.0%
Group pre-tax profit	135.7	134.4	125.3	7.3%

Further information

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A presentation for investors and analysts will be held at 0930 (BST) on 21 July 2015 at the Andaz Hotel, Liverpool Street, London EC2M 7QN. The presentation will be audiocast at www.croda.com

Definitions:

*at constant currency

Adjusted earnings are measured before exceptional items, acquisition costs and amortisation of intangible assets arising on acquisition, and tax thereon

Operating margin is adjusted operating profit divided by sales, at constant currency

Net debt is borrowings and other financial liabilities less cash and cash equivalents

Performance overview

Croda's performance in the first half of 2015 has been encouraging. The recovery in underlying sales trends, which began in the second half of last year, has continued to strengthen, operating margin has remained robust and pre-tax profit has increased over 8%. This progress has been underpinned by our continued focus on innovation and record sales of New and Protected Products ('NPP'). Our good cash flow has supported increased investment in capacity in faster growth markets.

The refocused global organisation is facilitating this improvement and delivering our three key objectives: to deliver consistent top and bottom line growth, to increase the proportion of NPP sales, and to invest in a sustainable future.

Financial performance

Our financial performance in the first half year was encouraging:

Sales growth in all sectors and all regions

Sales increased to £564.6m (2014: £537.4m), up 5.2% in constant currency, with growth in all sectors and regions. This sales growth was achieved with a strong and stable operating margin at 24.6% (2014: 24.6%), supported by increased sales from NPP. There was no material impact from currency translation, which reduced sales by £1.0m. Volume grew strongly, up 5.7%, and raw material prices overall were slightly lower than prior year.

Focus on innovation resulting in improved profit

NPP sales increased by almost 21% year-on-year, representing a record proportion of Group sales of 25.8% (2014: 22.5%). This helped drive stronger margins in our consumer businesses and improved overall profit performance. Adjusted pre-tax profit increased by £10.4m to £135.7m (2014: £125.3m), reflecting underlying growth of 7.3%. Currency translation benefitted adjusted pre-tax profit by £1.5m.

Good cash generation funding organic growth investment

Free cash flow of £46.7m (2014: £47.3m) funded capital investment of two times depreciation to drive future organic growth. Despite this increased investment, higher working capital due to increased activity and the final scheduled UK pension deficit payment, net debt reduced slightly from last year end to £179.2m (31 December 2014: £180.2m). We have increased the interim dividend and have a robust financial platform with which to fund potential acquisitions and/or return of excess capital to shareholders.

Sector performance

Our performance in consumer markets was particularly good:

Improving growth in Personal Care, with margin sustained

The recovery of sales growth in Personal Care since mid 2014 continued. Sales were £197.1m (2014: £188.7m), up 2.8% in constant currency, and operating margin was sustained at 33.2% (2014: 33.2%), reinforcing our ability to grow the top line whilst delivering a strong margin. Adjusted operating profit increased to £64.4m (2014: £62.6m). This reflected NPP launches, improved proximity to customers for development and sales, together with increased demand from our 'regional dynamo' customers. We returned to growth in Europe, with selective innovation amongst customers, particularly in skin care; strong global and regional customer demand in Latin America, amid signs that consumers are focusing their discretionary spend on personal care products; and continued success in Asia, with agile regional customers continuing to drive growth.

Outstanding sales growth in Life Sciences, driven by high purity technology

Life Sciences delivered an excellent half year, with sales of £118.8m (2014: £103.1m), up 14.7% in constant currency. This was driven by strong growth in high purity excipients in Health Care, above forecast sales of pharmaceutical grade Omega-3 and an improved performance in Crop Care, particularly in Europe and Latin America. The strength of NPP and differentiated products was reflected in a two percentage point increase in operating margin to 33.6% (2014: 31.6%). Adjusted operating profit increased to £40.5m (2014:

£32.6m). Sales of pharmaceutical grade Omega-3 into generic treatment of hypertriglycerides in North America were above our forecast, benefitting from pipeline filling in pharmacies and a more successful market penetration than anticipated. High purity excipients grew well in all regions, with broad-based growth in human and animal treatments. Crop Care also performed well, growing ahead of market, with growth in adjuvant delivery systems in Latin America and Western Europe, and encouraging development with regional customers in Asia.

Recovering sales in Performance Technologies

Despite a slow start to 2015, sales in Performance Technologies recovered in the second quarter. Sales were £185.7m (2014: £182.3m), up 3.3% in constant currency. NPP in Polymer Additives drove growth, alongside Coatings and Polymers, while volumes in Lubricants recovered steadily after a degree of destocking in the first quarter. We continue to invest in customer application laboratories and sales support to grow outside Europe, and to leverage new regulatory requirements in the automotive industry. This investment, together with increased sales in Sipo diluting margin and lower oil production impacting sales in Geo Technologies, led to operating margin declining to 16.5% (2014: 18.9%) and adjusted operating profit of £31.6m (2014: £34.4m). However, our attractive product and market development opportunities should drive an improved performance over the medium term.

Improved performance in Industrial Chemicals

Performance in Industrial Chemicals improved after a challenging 2014. Sales were £63.0m (2014: £63.3m), up 2.5% in constant currency. Adjusted operating profit improved to £4.3m (2014: £2.7m), an operating margin of 6.3% (2014: 4.3%). Growth was mainly in Europe and Asia, the latter benefitting from new higher value added sales from Sipo in China. The sector is focused on opportunities to add value to co-stream products through niche applications leveraging innovative product development.

Interim dividend increased by 5.1%

Croda's dividend policy is to pay out 40% to 50% of adjusted full year earnings over the business cycle. The Board has increased the interim dividend by 5.1% to 31.0p (2014: 29.5p). The dividend will be paid on 29 September 2015 to shareholders registered on 28 August 2015.

Delivering our strategy

The refocused global organisation is facilitating improved performance across all our business sectors and delivering our three key business objectives:

1. Delivering consistent top and bottom line growth

We are targeting to grow sales profitably, ahead of our markets, by getting closer to customers, satisfying their unmet needs through differentiated products and focusing on three mega trends – beauty and ageing; health and wellbeing; and sustainability. In the first half year, we successfully grew top line sales, up 5.2% in constant currency, whilst maintaining our superior operating margin.

Our proximity to local customers is driving improved sales, with the relationships we have built with regional dynamos, supported by our investment in regional resource, delivering the strongest growth. Our focus on increasing collaboration with global accounts is developing a stronger pipeline of future opportunities.

The increase in disposable income in emerging markets is driving growth in Personal Care. The focus on health and wellbeing is leading our pharmaceutical customers to leverage our range of high purity excipients to improve patient treatment and extend product shelf-life, giving robust sales growth. In Performance Technologies, we are helping our customers to deliver sustainability, such as innovative lubricants delivering more efficient engines.

The Group is increasing sales in all fast growth markets. We are committed to investment in these markets, with local R&D centres added in Singapore and Brazil over the last 12 months and projects to increase local production capacity committed in the USA, Singapore, Brazil, India and Sipo in China.

2. *Increasing the proportion of NPP sales*

Delivering world class innovation is at the heart of everything we do. Local R&D facilities and customer proximity help drive better innovation. This innovation builds on over 90 years of speciality chemistry expertise, based around a series of technology platforms where Croda is a global leader. Current growth on our existing platforms will be progressively supplemented through the roll-out of products on our newer platforms, including bio-based surfactants, applications using biotechnology and pharmaceutical grade Omega-3.

NPP sales grew by almost 21% year-on-year to a record 25.8% (2014: 22.5%) of reported sales. In Personal Care, we launched a new generation of variants from our Actives business, including 'IRB by Sederma™' a range of innovative actives formulated using plant cells. In April, Sederma was recognised by the personal care industry, winning the '25 Years of Innovation' award for Matrixyl™, the product having the greatest impact in personal care ingredients globally. We expanded our Solaveil™ range of sunscreen products, produced to enhanced 'GMP' standards. In Life Sciences, the Crop Care business will benefit from our collaborative innovation partnerships with major multinationals. In Performance Technologies, we are working closely with OEMs to improve engine efficiency, whilst we are excited by the growth opportunities for Incroslip™, our innovative ingredient that makes it easier to use plastic films.

3. *Investing in a sustainable future*

Croda is passionate about sustainability. Around 70% of our raw materials come from natural sources; we continue to lead our industry on Certified Sustainable Palm Oil (CSPO), remaining on target to have 100% of our relevant supply chains certified to handle CSPO by the end of 2015; we are using more non-fossil fuels in our facilities; in our largest production facility, in Gouda, Netherlands, our recently commissioned clean water recycling plant will reduce fresh water consumption by five hundred million litres per annum; and we have reduced waste to landfill by more than 50% since 2010.

Building of our new North American plant for the non-ionic bio-surfactant market is underway. Using renewable bioethanol, produced 100% from corn, the project is attracting interest from customers wanting to promote natural and sustainable products for personal care and other markets, as well as transforming yet more of Croda's feedstock base to naturally-sourced ingredients.

Outlook

Our performance in the first half of 2015 has been encouraging, with underlying sales growing across all sectors and in all regions. Operating margin remains strong and stable, supported by increased innovation and investment in new capacity, successfully growing pre-tax profit.

We expect to continue to deliver growth through the second half of the year, albeit against a stronger comparator period. Whilst conditions remain uncertain in Europe, we are encouraged by recent growth. Overall, we remain on track to deliver our expectations for the full year and to generate strong returns for shareholders.

Supporting financial information

Sales

Reported sales were 5.1% higher at £564.6m (2014: £537.4m). On a constant currency basis, sales rose by 5.2%, reflecting underlying growth of £28.2m. During the first half of the year, Sterling averaged US\$1.524 (2014: \$1.670) and €1.365 (2014: €1.218).

Sales	£m
First half year 2014 reported	537.4
Underlying growth	28.2
Impact of acquisitions	-
First half year 2015 at constant currency	565.6
Impact of currency translation	(1.0)
First half year 2015 reported	564.6

Sales improved as the year unfolded, with underlying growth of 4.0% in the first quarter and 6.5% in the second quarter.

	First quarter %	Second quarter %	Half year %
Underlying sales growth			
Personal Care	1.8	4.0	2.8
Life Sciences	15.8	13.5	14.7
Performance Technologies	0.4	6.4	3.3
	4.3	7.0	5.6
Industrial Chemicals	2.0	3.1	2.5
Group	4.0	6.5	5.2

Adjusted profit

Adjusted operating profit rose 6.4% to £140.8m (2014: £132.3m). On a constant currency basis, adjusted operating profit was £139.3m, an increase of 5.3%.

Adjusted operating profit	£m
First half year 2014 reported	132.3
Underlying growth	7.0
Impact of acquisitions	-
First half year 2015 at constant currency	139.3
Impact of currency translation	1.5
First half year 2015 reported	140.8

Net interest cost decreased to £5.1m (2014: £7.0m), benefitting from the strong cash generation reducing debt and a lower pension charge. Adjusted pre-tax profit increased by £10.4 million to £135.7m (2014: £125.3m).

Summary income statement	Half year ended 30 June		Full year
	2015	2014	2014
	£m	£m	£m
Sales	564.6	537.4	1,046.6
Operating costs	(423.8)	(405.1)	(798.2)
Adjusted operating profit	140.8	132.3	248.4
Net interest costs	(5.1)	(7.0)	(13.0)
Adjusted pre-tax profit	135.7	125.3	235.4

The effective tax rate on this profit was 28.2% (2014: 30.2%), reflecting a lower corporation tax rate in the UK and the mix of profit by jurisdiction. The adjusted profit after tax for the half year was £97.4m (2014: £87.5m). Adjusted basic earnings per share (EPS) increased by 11.1% to 71.8p (2014: 64.6p).

IFRS profit

Adjusted profit is stated before exceptional items, acquisition costs and amortisation of intangible assets arising on acquisition. The Board believes that the adjusted presentation (and the columnar format adopted for the Group condensed income statement) assists

shareholders in better understanding the underlying performance of the business and is adopted on a consistent basis at each half year and full year results.

On an IFRS basis, there were no exceptional items or acquisition costs in the first half of the year and an amortisation charge for intangible assets arising on acquisition of £0.1m. The total charge was £0.1m (2014: £0.2m). Profit before tax was £135.6m (2014: £125.1m) and profit after tax was £97.3m (2014: £87.3m). Basic EPS were 71.7p (2014: 64.5p).

IFRS profit	Half year ended 30 June		Full year
	2015	2014	2014
	£m	£m	£m
Adjusted pre-tax profit	135.7	125.3	235.4
Exceptional items, acquisition costs & intangibles	(0.1)	(0.2)	(6.0)
Pre-tax profit	135.6	125.1	229.4
Tax	(38.3)	(37.8)	(64.2)
Profit after tax	97.3	87.3	165.2

Cash management

The generation of cash and allocation of capital are core to Croda's strategy. The Group generates significant cash flow. In line with the capital allocation policy announced with the 2014 full year results, it uses this superior cash flow to:

- 1) **Reinvest for growth** – through organic investment in new product innovation, fast growth markets and new production assets, to deliver returns well in excess of the Group's cost of capital;
- 2) **Deliver a regular dividend to shareholders** – in line with the dividend policy stated above;
- 3) **Invest in inorganic acquisition opportunities** – to secure new exciting technologies and to access fast growth markets; and
- 4) **Periodically return excess capital to shareholders**, utilising surplus debt capacity within a target gearing policy of 1 to 1.5 times net debt:EBITDA (excluding the deficit on retirement benefit schemes), whilst being prepared to move outside this range if circumstances warrant.

In the first half of the year, the Group increased EBITDA to £159.7m (2014: £149.8m) and free cash flow was £46.7m (2014: £47.3m). This was after funding higher working capital, reflecting strong sales volumes, and the final scheduled deficit payment to the UK pension scheme. In line with the above capital allocation policy, the first half saw net capital expenditure of £38.2m (2014: £23.9m), with significant capacity added in Singapore, in GMP facilities for high purity pharmaceutical excipients and actives, and commencement of our new plant for the non-ionic bio-surfactant market in North America.

Cash flow	Half year ended 30 June		Full year
	2015	2014	2014
	£m	£m	£m
Operating profit	140.7	132.1	242.4
Depreciation and amortisation	19.0	17.6	37.0
EBITDA	159.7	149.7	279.4
Working capital	(23.2)	(26.6)	(12.3)
Net capital expenditure	(38.2)	(23.9)	(64.5)
Additional pension contributions	(19.4)	(22.0)	(30.2)
Interest & tax	(32.2)	(29.9)	(57.9)
Free cash flow	46.7	47.3	114.5
Dividends	(48.9)	(48.1)	(88.1)
Acquisitions	-	(0.6)	(1.9)
Other	3.2	1.6	(4.1)
Movement in net debt	1.0	0.2	20.4

There were no acquisitions during the first half of the year but we continue to explore opportunities which could improve our technology and market presence.

Net debt at 30 June 2015 reduced to £179.2m (31 December 2014: £180.2m), a gearing ratio of 0.6 times (31 December 2014: 0.6 times). Our balance sheet remains robust, with gearing well within the maximum covenant level under the Group's facilities of three times, and below the Board's medium term target gearing policy set out above. We will complete a review of acquisition and capital return opportunities during the second half of 2015. At 30 June 2015 the Group had £329.0m (31 December 2014: £317.4m) of cash and undrawn committed credit facilities available.

Retirement benefits

The post-tax deficit on retirement benefit plans at 30 June 2015, measured on an accounting valuation basis under IAS19R, reduced to £86.3m (31 December 2014: £95.4m), benefitting from the deficit funding payment. However, cash deficit payments are driven by the various schemes' ongoing actuarial valuation reviews. The triennial valuation to 30 September 2014 for the Group's largest pension scheme, the UK Croda Pension Scheme, showed that the actuarial valuation deficit had been eliminated, taking into account the final scheduled deficit payment of £22m paid in January 2015. As a result, no further deficit funding payments to this scheme are required over the coming three years.

Other matters

The principal risks and uncertainties facing the Group are set out in note 9. Related party transactions during the period are set out in note 10.

Statement of Directors' Responsibilities

The Directors confirm that this condensed interim financial information has been prepared in accordance with IAS 34 as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last Annual Report.

The Directors of Croda International Plc at 30 June 2015 are listed in the Group's Annual Report and Accounts for the year ended 31 December 2014 with the exception of the following change in the period: Mrs Anita Frew was appointed as a Non-Executive Director and Chairman Designate on 5 March 2015. A list of current Directors is maintained on the Croda website: www.croda.com.

By order of the Board

Steve Foots

Group Chief Executive

Jez Maiden

Group Finance Director

21 July 2015

Definition

Underlying growth excludes the impact of acquisitions and disposals and is measured at constant currency translation

Independent Review Report to Croda International Plc

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed the condensed consolidated interim financial statements, defined below, in the half-yearly financial report of Croda International Plc for the six months ended 30 June 2015. Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are 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 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 condensed consolidated interim financial statements, which are prepared by Croda International Plc, comprise:

- the Group condensed interim income statement and Group interim statement of comprehensive income and expense for the six months ended 30 June 2015;
- the Group condensed interim balance sheet as at 30 June 2015;
- the Group condensed interim statement of changes in equity for the period then ended;
- the Group condensed interim statement of cash flows for the period then ended; and
- the explanatory notes to the condensed consolidated interim financial statements.

As disclosed in note 1, 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.

The condensed consolidated 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 and Transparency Rules of the United Kingdom's Financial Conduct Authority.

What a review of condensed consolidated 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 condensed consolidated interim financial statements.

Responsibilities for the condensed consolidated interim financial statements and the review

Our responsibilities and those of the Directors

The half-yearly financial report, including the condensed consolidated 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 and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express to the company a conclusion on the condensed consolidated 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 and Transparency Rules of the 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.

The maintenance and integrity of the Croda International 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 financial statements since they were initially presented on the website.

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

PricewaterhouseCoopers LLP
Chartered Accountants
21 July 2015
Leeds

Croda International Plc

Interim announcement of trading results for the six months ended 30 June 2015

Group condensed interim income statement

	Note	Unaudited £m			Unaudited £m			Audited £m		
		H1 2015 Adjusted	H1 2015 Adjustments ¹	H1 2015 Reported Total	H1 2014 Adjusted	H1 2014 Adjustments ¹	H1 2014 Reported Total	2014 Adjusted	2014 Adjustments ¹	2014 Reported Total
Revenue	2	564.6	-	564.6	537.4	-	537.4	1,046.6	-	1,046.6
Cost of sales		(365.5)	-	(365.5)	(359.5)	-	(359.5)	(703.0)	-	(703.0)
Gross profit		199.1	-	199.1	177.9	-	177.9	343.6	-	343.6
Operating costs		(58.3)	(0.1)	(58.4)	(45.6)	(0.2)	(45.8)	(95.2)	(6.0)	(101.2)
Operating profit	2	140.8	(0.1)	140.7	132.3	(0.2)	132.1	248.4	(6.0)	242.4
Financial costs	3	(5.6)	-	(5.6)	(7.3)	-	(7.3)	(13.8)	-	(13.8)
Financial income	3	0.5	-	0.5	0.3	-	0.3	0.8	-	0.8
Profit before tax		135.7	(0.1)	135.6	125.3	(0.2)	125.1	235.4	(6.0)	229.4
Tax		(38.3)	-	(38.3)	(37.8)	-	(37.8)	(65.8)	1.6	(64.2)
Profit after tax for the year		97.4	(0.1)	97.3	87.5	(0.2)	87.3	169.6	(4.4)	165.2
Attributable to:										
Non-controlling interests				0.1			(0.1)			(0.1)
Owners of the parent				97.2			87.4			165.3
				97.3			87.3			165.2

¹ Adjustments = exceptional items, acquisition costs and amortisation of intangible assets arising on acquisition and the tax thereon

	Pence per share Adjusted	Pence per share Total	Pence per Share Adjusted	Pence per Share Total	Pence per Share Adjusted	Pence per Share Total
Earnings per 10p share						
Basic	71.8	71.7	64.6	64.5	125.2	121.9
Diluted	71.3	71.3	64.1	63.9	124.4	121.2
Ordinary dividends						
Interim		31.0		29.5		29.5
Final						35.5

Group condensed interim statement of comprehensive income and expense

	Unaudited £m		Audited £m
	2015	2014	2014
	First half	First half	Full year
Profit for the period	97.3	87.3	165.2
Other comprehensive (expense)/income:			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurements of post-employment benefit obligations	(6.9)	(17.7)	(15.7)
Tax on items that will not be reclassified	0.9	2.8	6.0
	<u>(6.0)</u>	<u>(14.9)</u>	<u>(9.7)</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences	(13.3)	(5.8)	0.5
Other comprehensive expense for the period net of tax	(19.3)	(20.7)	(9.2)
	<u>78.0</u>	<u>66.6</u>	<u>156.0</u>
Total comprehensive income for the period	78.0	66.6	156.0
Attributable to:			
Non-controlling interests	0.1	(0.5)	(0.1)
Owners of the parent	77.9	67.1	156.1
	<u>78.0</u>	<u>66.6</u>	<u>156.0</u>
Arising from:			
Continuing operations	78.0	66.6	156.0
	<u>78.0</u>	<u>66.6</u>	<u>156.0</u>

Group condensed interim balance sheet

	Note	Unaudited £m At 30 June 2015	Audited £m At 31 December 2014
Assets			
<i>Non-current assets</i>			
Intangible assets		243.8	244.9
Property, plant and equipment	5	393.7	387.8
Investments		0.8	0.8
Deferred tax assets		42.4	44.9
		<hr/>	<hr/>
		680.7	678.4
		<hr/>	<hr/>
<i>Current assets</i>			
Inventories		209.7	201.0
Trade and other receivables		174.2	145.0
Cash and cash equivalents		46.3	47.6
		<hr/>	<hr/>
		430.2	393.6
		<hr/>	<hr/>
Liabilities			
<i>Current liabilities</i>			
Trade and other payables		(148.3)	(127.5)
Borrowings and other financial liabilities		(15.7)	(25.9)
Provisions		(6.4)	(8.1)
Current tax liabilities		(44.2)	(37.4)
		<hr/>	<hr/>
		(214.6)	(198.9)
		<hr/>	<hr/>
Net current assets		215.6	194.7
		<hr/>	<hr/>
<i>Non-current liabilities</i>			
Borrowings and other financial liabilities		(209.8)	(201.9)
Other payables		(1.3)	(1.9)
Retirement benefit liabilities		(114.4)	(126.7)
Provisions		(8.5)	(10.2)
Deferred tax liabilities		(41.7)	(43.4)
		<hr/>	<hr/>
		(375.7)	(384.1)
		<hr/>	<hr/>
Net assets		520.6	489.0
		<hr/>	<hr/>
Shareholders' equity		514.4	482.9
Non-controlling interests in equity		6.2	6.1
		<hr/>	<hr/>
Total equity		520.6	489.0
		<hr/>	<hr/>

Group condensed interim statement of changes in equity

	Share capital £m	Share premium account £m	Other reserves £m	Retained earnings £m	Non- controlling interests £m	Total £m
Audited						
At 1 January 2014	15.1	93.3	0.5	304.2	6.3	419.4
Profit/(loss) for the period attributable to equity shareholders	-	-	-	87.4	(0.1)	87.3
Other comprehensive expense	-	-	(5.4)	(14.9)	(0.4)	(20.7)
Transactions with owners:						
Dividends on equity shares	-	-	-	(48.1)	-	(48.1)
Share based payments	-	-	-	(0.1)	-	(0.1)
Total transactions with owners	-	-	-	(48.2)	-	(48.2)
Total equity at 30 June 2014	15.1	93.3	(4.9)	328.5	5.8	437.8
Unaudited						
At 1 January 2015	15.1	93.3	1.1	373.4	6.1	489.0
Profit for the period attributable to equity shareholders	-	-	-	97.2	0.1	97.3
Other comprehensive expense	-	-	(13.3)	(6.0)	-	(19.3)
Transactions with owners:						
Dividends on equity shares	-	-	-	(48.9)	-	(48.9)
Share based payments	-	-	-	2.5	-	2.5
Total transactions with owners	-	-	-	(46.4)	-	(46.4)
Total equity at 30 June 2015	15.1	93.3	(12.2)	418.2	6.2	520.6

Other reserves comprise the Capital Redemption Reserve of £0.9m (30 June 2014: £0.9m) and the Translation Reserve of £(13.1m) (30 June 2014: £(5.8m)).

Group condensed interim statement of cash flows

	Note	Unaudited £m		Audited £m
		2015 First half £m	2014 First half £m	2014 Full year £m
Cash flows from operating activities				
Continuing operations				
Operating profit		140.7	132.1	242.4
Adjustments for:				
Depreciation and amortisation		19.0	17.7	37.0
Changes in working capital		(23.2)	(26.6)	(12.3)
Pension fund contributions in excess of service cost		(19.4)	(22.0)	(30.2)
Share based payments		3.9	(3.7)	(4.1)
Movement on provisions		(1.8)	(0.3)	0.5
Cash generated from continuing operations		119.2	97.2	233.3
Interest paid		(3.7)	(4.9)	(9.4)
Tax paid		(29.0)	(25.3)	(49.3)
Net cash generated by operating activities		86.5	67.0	174.6
Cash flows from investing activities				
Acquisition of subsidiaries		-	(0.6)	(1.9)
Purchase of property, plant and equipment		(40.1)	(22.7)	(62.9)
Purchase of intangible assets		(0.5)	(1.5)	(1.9)
Proceeds from sale of property, plant and equipment		2.4	0.3	0.3
Cash paid against non-operating provisions		(1.5)	(0.4)	(1.4)
Interest received		0.5	0.3	0.8
Net cash absorbed by investing activities		(39.2)	(24.6)	(67.0)
Cash flows from financing activities				
New borrowings		51.5	174.4	186.5
Repayment of borrowings		(47.3)	(147.8)	(184.6)
Net transactions in own shares		-	-	1.1
Dividends paid to equity shareholders	4	(48.9)	(48.1)	(88.1)
Capital element of finance lease payments		-	-	(0.2)
Net cash absorbed by financing activities		(44.7)	(21.5)	(85.3)
Net movement in cash and cash equivalents				
Cash and cash equivalents brought forward		45.6	23.0	23.0
Exchange differences		(5.4)	0.3	0.3
Cash and cash equivalents carried forward		42.8	44.2	45.6
Cash and cash equivalents carried forward comprise:				
Cash at bank and in hand		46.3	48.9	47.6
Bank overdrafts		(3.5)	(4.7)	(2.0)
		42.8	44.2	45.6

A reconciliation of the cash flows above to the movements in net debt is shown in note 6.

Notes to the Interim Announcement

1. a. General information

The Company is a public limited company (Plc) incorporated and domiciled in the UK. The address of its registered office is Cowick Hall, Snaith, Goole, East Yorkshire DN14 9AA. The Company is listed on the London Stock Exchange. This consolidated interim report was approved for issue on 21 July 2015. The financial information included in this interim financial report for the six months ended 30 June 2015 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006 and is unaudited. The comparative information for the six months ended 30 June 2014 is also unaudited. The comparative figures for the year ended 31 December 2014 have been extracted from the Group's financial statements, as filed with the Registrar of Companies, on which the auditors gave an unqualified opinion, did not contain an emphasis of matter paragraph and did not make a statement under section 498 of the Companies Act 2006. These Group condensed interim financial statements have been reviewed, not audited.

b. Basis of preparation

This consolidated interim financial report for the six months ended 30 June 2015 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and IAS 34 'Interim Financial Reporting' (as adopted by the EU). The report should be read in conjunction with the Group's financial statements for the year ended 31 December 2014, available on the Group's website (www.croda.com), which were prepared in accordance with IFRSs as adopted by the EU.

Adoption of Financial Reporting Standard (FRS) 101 – Reduced Disclosure Framework

Following the publication of FRS 100 'Application of Financial Reporting Requirements' by the Financial Reporting Council, Croda International Plc is required to change its accounting framework for its entity financial statements, which is currently UK GAAP, for its financial year commencing 1 January 2015. The Group is required to make a choice between two alternative sets of accounting standards: FRS 101, which allows UK companies to use the recognition and measurement requirements of IFRS, but with reduced disclosures; or FRS 102, which represents new UK GAAP, based on IFRS for small and medium-sized enterprises (SMEs), amended for UK-specific circumstances. The Board considers that it is in the best interests of the Group for the Company to adopt FRS 101 'Reduced Disclosure Framework' since this will enable the streamlining and simplification of reporting procedures. No material disclosures in the current UK GAAP financial statements would be omitted on adoption of FRS 101. In accordance with the provisions set out in FRS 101.5, a shareholder or shareholders holding in aggregate 5% or more of the total issued shares in the Company may object to the use of the disclosure exemptions, in writing, to the Company Secretary at the registered office no later than 31 August 2015.

Going concern basis

After making enquiries, and having reassessed the principal risks, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the interim financial information.

c. Accounting policies

The accounting policies adopted in preparing this report are consistent with those used in the Group's financial statements for the year ended 31 December 2014 as described in those statements.

There are no new standards, amendments to existing standards or interpretations issued but not effective for the financial year beginning 1 January 2015 that have been early adopted, nor are any expected to have a material impact on the Group when they do become effective.

Tax policy

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

Other matters

For details on the principal risks and uncertainties facing the Group refer to note 9. For information on related party transactions during the period refer to note 10.

2. Segmental information

With effect from May 2014, in order to catalyse faster sales growth and sharpen innovation further the Group's business was reshaped. From this date four global market sectors, Personal Care, Life Sciences which incorporates our Health Care and Crop Care business areas, Performance Technologies and Industrial Chemicals were created. The new structure combined sales, marketing and research by sector into dedicated global teams. These are the segments for which summary management information is presented to the Group's Executive Committee, which is deemed to be the Group's Chief Operating Decision Maker.

There is no material trade between segments. Segmental results include items directly attributable to a specific segment as well as those that can be allocated on a reasonable basis. Segment assets consist primarily of property, plant and equipment, goodwill, inventories and trade and other receivables.

Adjustments in the Group Income Statement of £0.1m include £Nil (31 December 2014: £5.5m) of costs associated with the reorganisation of the Group during the year (redundancy costs, office closure and asset write off costs). Also included are acquisition costs and amortisation of intangible assets arising on acquisition of £0.1m (31 December 2014: £0.5m) and the tax thereon of £Nil (31 December 2014: £1.6m). The adjustments relate to our segments as follows: Personal Care £Nil (31 December 2014: £2.0m), Life Sciences £Nil (31 December 2014: £1.1m), Performance Technologies £0.1m (31 December 2014: £2.2m) and Industrial Chemicals £Nil (31 December 2014: £0.7m).

	2015 First half £m	2014 First half £m restated	2014 Full year £m
Revenue			
Personal Care	197.1	188.7	369.1
Life Sciences	118.8	103.1	204.5
Performance Technologies	185.7	182.3	355.2
Industrial Chemicals	63.0	63.3	117.8
	564.6	537.4	1,046.6
Adjusted operating profit			
Personal Care	64.4	62.6	117.3
Life Sciences	40.5	32.6	64.7
Performance Technologies	31.6	34.4	63.8
Industrial Chemicals	4.3	2.7	2.6
	140.8	132.3	248.4
Exceptional items, acquisition costs and amortisation of intangible assets arising on acquisition	(0.1)	(0.2)	(6.0)
Total Group operating profit	140.7	132.1	242.4

3. Net financial costs

	2015 First half £m	2014 First half £m	2014 Full Year £m
Financial costs			
Bank interest payable	(3.7)	(4.9)	(9.4)
Net interest on retirement benefit liabilities	(1.9)	(2.4)	(4.4)
	(5.6)	(7.3)	(13.8)
Financial income			
Bank interest receivable and similar income	0.5	0.3	0.8
Net financial costs	(5.1)	(7.0)	(13.0)

4. Dividends paid

	Pence per share	2015 First half £m	2014 First half £m	2014 Full year £m
Ordinary				
2013 Final – paid May 2014	35.50	-	48.0	48.0
2014 Interim – paid September 2014	29.50	-	-	40.0
2014 Final – paid May 2015	36.00	48.8	-	-
		48.8	48.0	88.0
Preference (paid June and December)		0.1	0.1	0.1
		48.9	48.1	88.1

An interim dividend in respect of 2015 of 31p per share, amounting to a total dividend of £42.1m, was declared by the Directors at their meeting on 20 July 2015. This interim report does not reflect the 2015 interim dividend payable. The dividend will be paid on 29 September 2015 to shareholders registered on 28 August 2015.

5. Property, plant and equipment

	2015 First half £m	2014 First half £m	2014 Full year £m
Opening net book amount	387.8	362.6	362.6
Exchange differences	(13.8)	(8.0)	(2.0)
Additions	40.1	22.7	62.9
Acquisitions	-	-	-
Disposals and write offs	(2.5)	(0.8)	(0.9)
Depreciation charge for period	(17.9)	(16.7)	(34.8)
Closing net book amount	393.7	359.8	387.8

At 30 June 2015 the Group had contracted capital expenditure commitments of £36.5m (2014: £21.6m).

6. Reconciliation to net debt

	2015 First half £m	2014 First half £m	2014 Full year £m
Net movement in cash and cash equivalents	2.6	20.9	22.3
Movement in debt and lease financing	(4.2)	(26.6)	(1.7)
Change in net debt from cash flows	(1.6)	(5.7)	20.6
New finance lease contracts	-	-	(0.2)
Exchange differences	2.6	5.9	1.6
Net debt brought forward	1.0 (180.2)	0.2 (202.2)	22.0 (202.2)
Net debt carried forward	(179.2)	(202.0)	(180.2)

7. Accounting estimates and judgements

The Group's critical accounting policies under IFRS have been established by management with the approval of the Audit Committee. The application of these policies requires estimates and assumptions to be made concerning the future and judgements to be made on the applicability of policies to particular situations. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Under IFRS an estimate or judgement may be considered critical if it involves matters that are highly uncertain or where different estimation methods could reasonably have been used, or if changes in the estimate that would have a material impact on the Group's results are likely to occur from period to period. Critical judgement has been required when preparing the Group's accounts as follows:

Provisions

Provisions are made where a constructive or legal obligation has arisen from a past event, can be quantified and where the timing of the transfer of economic benefits relating to the provisions cannot be ascertained with any degree of certainty.

At 30 June 2015, the Group has an environmental provision of £11.6m (31 December 2014: £13.2m) in respect of soil and potential ground water contamination on a number of sites, both currently in use and previously occupied, in Europe and the Americas.

In relation to the environmental provision, the Directors consider that the balance will be utilised within 20 years. Provisions for remediation costs are made when there is a present obligation, it is probable that expenditures for remediation work will be required and the cost can be estimated within a reasonable range of possible outcomes. The costs are based on currently available facts and prior experience. Environmental liabilities are recorded at the estimated amount at which the liability could be settled at the balance sheet date. Remediation of environmental damage typically takes a long time to complete due to the substantial amount of planning and regulatory approvals normally required before remediation activities can begin. In addition, increases in or releases of environmental provisions may be necessary whenever new developments occur or additional information becomes available. Consequently, environmental provisions can change significantly. The level of environmental provision is based on management's best estimate of the most likely outcome for each individual exposure.

7. Accounting estimates and judgements (continued)

The Group has also considered the impact of discounting on its provisions and has concluded that, as a consequence of the significant utilisation expected in a relatively short timescale, the impact is not material.

Goodwill and fair value of assets acquired

The Group tests annually whether goodwill has suffered any impairment and the carrying value of goodwill in the Group balance sheet has been supported by detailed value-in-use calculations relating to the recoverable amounts of the underlying cash generating units. These calculations require the use of estimates and judgements, such as those around future trading and cash flows, however as recoverable amounts significantly exceed carrying values including goodwill, there is no impairment within a wide range of assumptions.

Retirement benefit liabilities

The Group's principal retirement benefit schemes are of the defined benefit type. Recognition of the liabilities under these schemes and the valuation of assets held to fund these liabilities require a number of significant assumptions to be made, relating to levels of scheme membership, key financial market indicators such as inflation and expectations on future salary growth. These assumptions are made by the Group in conjunction with the schemes' actuaries and the Directors are of the view that any estimation should be prudent and in line with consensus opinion. The discount rate applied to the Group's UK scheme is based on Towers Watson's Rate: link model. Total Group retirement benefit liabilities have reduced by £12.3m in the first half of 2015 to £114.4m. This movement is made up of £19.4m of contributions in excess of service cost and a currency translation gain of £1.7m, offset by £1.9m of net financial costs and £6.9m due to changes in actuarial assumptions and the market value of assets.

Taxation

The Group is subject to corporate income taxes in numerous jurisdictions. Significant judgement is often required in determining the worldwide expense and liability for such taxes. There are many transactions and calculations where the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for tax issues based on estimates of whether additional taxes will be due, based on its best interpretation of the relevant tax laws and rules. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

8. Contingent liabilities

The Company has guaranteed loan capital and bank overdrafts of subsidiary undertakings amounting to £79.1m (31 December 2014: £79.2m).

The Group is subject to various claims which arise in the course of business. These contingent liabilities are reviewed on a regular basis and where possible an estimate is made of the potential financial impact on the Group.

The Group is also involved in certain legal and environmental actions and proceedings. Whilst the Group cannot predict the outcome of any current or future actions or proceedings with any certainty, it currently believes the likelihood of any material liabilities to be low, and that the liabilities, if any, will not have a material adverse effect on its consolidated income, financial position or cash flows. The Group also considers it has insurance in place in relation to any significant contingent liabilities.

9. Principal risks and uncertainties

Financial risk factors

The Group's activities expose it to a variety of financial risks; currency risk, interest-rate risk, liquidity risk, and credit risk. The Group's overall risk management strategy is approved by the Board and implemented and reviewed by the Risk Management Committee. Detailed financial risk management is then delegated to the Group Finance department which has a specific policy manual that sets out guidelines to manage financial risk. Regular reports are received from all operating companies to enable prompt identification of financial risks so that appropriate action may be taken. In the management definition of capital the Group includes ordinary and preference share capital and net debt. The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's financial statements for the year ended 31 December 2014. There have been no changes in the Group's risk management processes or policies since the year end.

Financial instruments

The Group accounts for financial instruments in accordance with IFRS 13. This standard requires disclosure of fair value measurements by level of the following hierarchy;

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

All of the Group's financial instruments are classed as level 3.

Fair values

For financial instruments with a remaining life of greater than one year, fair values are based on cash flows discounted at prevailing interest rates. Accordingly, the fair value of cash deposits and short term borrowings approximates to the book value due to the short maturity of these instruments. The same applies to trade and other receivables and payables. Where there are no readily available market values to determine fair values, cash flows relating to the various instruments have been discounted at prevailing interest and exchange rates to give an estimate of fair value.

The Group does not typically utilise complex financial instruments and accordingly the only element of Group borrowings where fair value differs from book value is the \$100m fixed rate ten year bond that was issued in 2010. At 30 June 2015 the fair value of the loan note was £68.1m (31 December 2014: £67.7m) compared to a book value of £63.6m (31 December 2014: £64.2m).

10. Related party transactions

The Group has not entered into any related party transactions in the first six months of the year, except for Directors' and key management compensation.

11. Business combinations

On 3 April 2014, the Group acquired AM Coatings BV. This acquisition brings a novel non-leaching antimicrobial technology for coating and adhesive applications.

On 1 August 2014, the Group acquired JD Horizons Limited, a UK based business specialising in flow assurance technology.

There have been no revisions to the provisional fair value assessments of these acquisitions.