27 September 2012

SYMPHONY ENVIRONMENTAL TECHNOLOGIES PLC

Interim Results

Symphony Environmental Technologies plc ("Symphony", the "Company"), the specialist in advanced plastics technologies including controlled life, anti-microbial and anti-counterfeiting products, and recycling technologies (the "Group"), is pleased to announce its interim financial statements for the six month period ended 30 June 2012.

Highlights

Financial

- Revenues £2.12 million (2011 H1: £3.89 million)
- Gross profits £1.17 million (2011 H1: £2.18 million)
- Gross profit margin 55% (2011 H1: 56%)
- Operating loss £0.68 million (2011 H1: profit £0.28 million)
- Loss before tax £0.69 million (2011 H1: profit £0.21 million)
- Basic loss per share 0.51 pence (2011 H1: earnings per share of 0.17 pence)
- Cash generated in operations £0.08 million (2011 H1: £0.38 million)

Operating developments

- Distribution Agreements completed for parts of Africa, China and the Philippines
- Number of distributors increased to 70 (2011 H1: 67)
- Significant investment in diversification - d2p (anti-bacterial & anti-fungal), d2t (anti-counterfeiting) and tyre recycling technologies
- Subsidiary name changed to Symphony Recycling Technologies Limited ("SRT")

Post period-end

- SRT launches the "T-Rec" flat-pack tyre machine
- Symphony has signed four new Distribution Agreements

Commenting on the results Nirj Deva, Chairman of Symphony, said:

"I am pleased to report that the Group continues to make good commercial progress. Although revenues, as expected, were lower in the first half, business opportunities continued to strengthen in some of our major markets, and several product development projects accelerated towards maturity. We continued to generate cash from operations. Symphony is now a worldwide business which is not exposed to any significant extent to the economic downturn in the UK and Europe.

With a high level of debtors at the end of last year, the Group changed its operating policies with many of its overseas territories in order to reduce exposure. The effect has been a substantial reduction in debtors since the end of year, albeit receivables were still high at the end of June as the effect of this policy change will complete during the second half of this year. This also had the effect of reduced invoicing and reported revenues during the first half of the year.

Notwithstanding this, the underlying sales activity in several of our markets is reported to be materially higher than the reported revenue for the period. A number of our distributors have indicated substantial growth expectations after important changes to legislation.

In all three main technologies, d2w, d2p and d2t, we are pleased to report significant development success, and we expect that further developments will be made during the second half of the year. Through this improvement and diversification process, we have continued to invest substantially in the Group's R&D infrastructure.

During the period Symphony Energy Ltd changed its name to Symphony Recycling Technologies Ltd in order to better reflect its business profile. In a separate development from RuPERT, SRT has since the period-end launched “T-Rec”. This technology is a highly efficient portable device that can convert a scrap tyre into three flat components within 60 seconds. This is an important and significant step forward toward SRT’s commercial success. The RuPERT project itself has been granted an extension until 31 December 2012 and we are working on commercial aspects of this project.

Our product-diversification strategy and development of major markets means that our opportunities continue to gain momentum. The Group is highly geared operationally, and although periodic reductions in volumes can have a material impact on profitability, the positive impact will also be material when these opportunities come to fruition.”

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NOTES TO EDITORS:

About Symphony Environmental Technologies plc

SYMPHONY ENVIRONMENTAL TECHNOLOGIES PLC is a specialist in controlled-life plastic technology and products - a system that works by a process called oxo-biodegradation. The technology is branded d2w® and appears as a droplet logo on many thousands of tonnes of plastic packaging and other plastic products around the world.

Symphony’s d2w® technology turns plastic at the end of its service-life into a material with a completely different molecular structure. At that stage it is no longer a plastic and can be bioassimilated in the open environment in the same way as a leaf. For a video of d2w® plastic degrading see http://degradable.net/play-videos/4

Symphony has a diverse and growing customer-base and has established itself successfully as an international business with 74 distributors around the world. Products made with d2w® plastic technology can now be found in 96 countries and in many different product applications.

Symphony is a member of The British Plastics Federation (BPF), the Oxo-biodegradable Plastics Association (www.biodeg.org), and the Society for the Chemical Industry (UK). Symphony is also a member of the European Organisation for Packaging & the Environment (Europen), and the Pacific Basin Environmental Council, Symphony actively participates in the Committee work of the British Standards Institute (BSI), the American Standards Organisation (ASTM), the European Standards Organisation (CEN), and the International Standards Organisation (ISO).

Symphony also supplies d2p technology that can be used in most types of plastic products to help reduce the risk of contamination by harmful bacteria and fungi. In addition Symphony has developed d2Detector, a portable device which analyses plastics and detects counterfeit products, together with tagging and tracer technology for further security.

Symphony is also developing innovative and cost-effective recycling technologies to convert scrap tyres and other waste-streams into valuable products.

Symphony is accredited to ISO9001 and ISO14001. Further information on the Symphony Group can be found at www.d2w.net.

Chief Executive's review

I am pleased to report that we have maintained our main customers, and markets. In the period we have also signed three new distribution agreements, one of which was for mainland China, with a high volume commitment. We have also gained, as users of d2w, several recognised "blue chip" companies, as credible solutions are increasingly required by them for environmental positioning.

These first half results are as expected as we modified our operating policy to reduce debtor exposure and stock held by our distribution network. This had the effect of reducing turnover for the period.

However, underlying business within several markets was reported to be materially higher than the Group's invoiced sales. In addition, substantial growth expectations going forward have been reported within our global sales network, some having seen good commercial success and others important changes to legislation, forcing a wider use of d2w type oxo-biodegradable technology.

Stock levels throughout the distribution network were low at the end of June as a result of the above changes, and the minimum reorder levels in several of our major markets have been reached since the period end. Sales activity is currently running at a much higher level than in the first half of the year.

We have continued to invest in our three main plastic technologies, d2w, d2p and d2t, and are pleased to report significant technical development successes. Investment also continues in SRT.

Trading results

Revenues for the period were £2.12 million (2011 H1: £3.89 million). As already indicated, the reduction in revenues is due to the change in policy limiting debtor exposure and reducing stocks at distributor level.

Gross profit was therefore £1.17 million compared with £2.18 million in 2011. Gross profit margins have held up well at 55% (2011 H1: 56%) notwithstanding price pressure in some of our markets. We continually seek ways to improve our product cost base, and have managed to keep gross margins at a relatively high level. Where gross profit margins may erode in the future, this will be due to increases in volumes and contribution to profitability should still increase.

Administrative expenses decreased to £1.77 million (2011 H1: £1.80 million), due to reductions in office costs and marketing expenditure.

The Group's operating loss for the period was £0.68 million (2011 H1: profit £0.28 million) and net loss before tax of £0.69 million (2011 H1: profit £0.21 million). This is primarily due to the reductions in turnover. The Group received an R&D tax credit of £34,000 during the period. The loss after tax was £0.66 million (2011 H1: profit £0.21 million).

The loss per share for the period was 0.51 pence (2011 H1: earnings per share 0.17 pence).

Balance sheet and cashflow

Cashflow from operations was positive throughout the period, generating £0.08 million. Debtors reduced by £1.15 million since the end of the year, but remained relatively high at the end of the period even after this significant reduction. The operational changes reducing our exposure will complete during the second half of 2012.

Group stock levels were increased during June, and as such trade payables were relatively high in relation to revenues for the period. Trade and other payables reduced by £0.36 million since the end of the year while stocks increased by £0.12 million. Since the year end there was a net repayment in invoice-discounting facilities of £0.21 million resulting in a net change in cash equivalents of £0.17 million.

The Group uses invoice-discounting facilities to assist with funding of invoices when required. In addition, some customers pay on a cash basis and others by letter of credit. The Group also has good credit facilities with its major suppliers. With gross margins at current levels and taking into account the working capital cycle and bank facilities mentioned, the Group has the ability to materially grow revenues.

Recycling technologies

We are pleased to announce the launch of the first phase of our recycling technologies business, “T-Rec”. This is a portable tyre cutting machine that can reduce a scrap tyre into three flat components within 60 seconds.

The UK Government has agreed to extend the RuPERT project to 31 December 2012. Progress has been encouraging and we continue to work towards commercialising aspects of this as soon as practicable.

A name change to Symphony Recycling Technologies Limited has been made, which we believe is more appropriate to the developing business.

Markets

The markets for d2w oxo-biodegradable plastic technologies are growing, and we believe Symphony's d2w technology is the market-leader, as the service and support element are considered essential for businesses that need or want to make the change to a more environmentally acceptable product. d2w customers get free product analytical services, product quality guarantees, and technical and marketing back-up that no other company provides.

With legislation and environmental consciousness being the key business drivers for d2w, we are finding that health and hygiene are the key drivers for our d2p anti-microbial technology.

The Chinese distributors have reconfirmed their commitment to the agreement signed with Symphony on the 22 March 2012, and they have met their initial obligations by placing, and paying for the first order. Delays in meeting the first year’s obligations have however resulted in a 6 month adjustment of the projected order program.

The Latin American distributors are reporting stable activity as the economies continue to do well and environmental products are encouraged. Mexico City is one of several that has in recent months, passed legislation encouraging the use of degradable plastics.

The Middle Eastern distributors are reporting increases in activity and sales, with important new contract wins. The political unrest in some of these markets is restricting activity, but our distributors remain active and are achieving positive results. In September 2012 we appointed a very strong distribution company in Saudi Arabia.

The UK market has started to expand due to increasing resources dedicated to it. Our marketing focus has moved away from shopping bags and into other product areas that require a responsible environmental solution. For example, the d2w brand can be seen in most newsagents on the wrapping of leading newspapers and magazines, and the d2w logo can also be found in a leading mail-order brand.

The US distributor reports positive marketing activity levels, and has recently won new business with two high profile companies. The indications are for a much stronger sales performance going forward.

Outlook

The markets for d2w type products continue to expand around the world, and constant changes are made to meet demand and improve commercial performance. The right changes to legislation are important, and Symphony continues to invest serious time and effort into this.

In September, Symphony exhibited at the world’s most important bakery exhibition in Munich (“IBA 2012”), where there was strong interest in our products. Also, our Deputy Chairman was hosted by the British Ambassador in Moscow and the British Consul in St. Petersburg to make presentations of our technologies to Russian business leaders, journalists, and government officials. Again there was strong interest in our products.

We have successfully concluded an important development phase for a new d2w formulation which after satisfactory completion of product trials could open up a substantial new market.

We are completing product trials for d2p anti-microbial technologies with several companies in a multitude of applications in food and non-food areas. In addition to this, we have developed what we believe to be a unique formulation that will control the growth of fungi. Based on positive laboratory results, the Group has entered into major trials with four major food corporations. We saw serious interest in this at the IBA 2012 Bakery Exhibition.

The Group is developing two technologies which fall under the d2t brand. The d2t "tagging" technology has already completed partially successful commercial trials with a global retail brand.

As an operationally geared business with strong market and product visibility, we look forward with growing confidence.

Michael Laurier
Chief Executive

Condensed consolidated interim statement of comprehensive income

	6 months to 30 June 2012 Unaudited £'000	6 months to 30 June 2011 Unaudited £'000	12 months to 31 December 2011 Audited £'000
Revenue	**2,123**	**3,886**	**8,542**
Cost of sales	(954)	(1,706)	(3,956)
Gross profit	**1,169**	**2,180**	**4,586**
Distribution costs	(77)	(101)	(180)
Administrative expenses	(1,769)	(1,800)	(3,902)
Operating (loss)/profit	**(677)**	**279**	**504**
Finance costs	(12)	(74)	(88)
(Loss)/profit for the period before tax	**(689)**	**205**	**416**
Tax credit	34	-	104
(Loss)/profit for the period	**(655)**	**205**	**520**
Total comprehensive income for the period	**(655)**	**205**	**520**
Earnings per share:			
Basic	(0.51p)	0.17p	0.42p
Diluted	(0.46p)	0.15p	0.37p

All results are attributable to the owners of the parent.
There were no discontinuing operations for any of the above periods.

Condensed consolidated interim statement of financial position (balance sheet)

	At 30 June 2012 Unaudited £'000	At 30 June 2011 Unaudited £'000	At 31 December 2011 Audited £'000
Assets			
Non-current			
Property, plant and equipment	549	577	586
Intangible assets	1,006	799	1,002
Deferred income tax assets	1,277	1,180	1,277
Available for sale financial assets	15	15	15
	2,847	**2,571**	**2,880**
Current			
Inventories	522	356	399
Trade and other receivables	2,632	2,543	3,782
Cash and cash equivalents	215	890	291
	3,369	**3,789**	**4,472**
Total assets	**6,216**	**6,360**	**7,352**
Equity			
Equity attributable to owners of Symphony Environmental Technologies plc			
Share capital	1,278	1,278	1,278
Share premium account	1,646	1,646	1,646
Retained earnings	1,757	2,068	2,412
Total equity	**4,681**	**4,992**	**5,336**
Liabilities			
Non-current			
Interest bearing loans and borrowings	26	49	31
	26	**49**	**31**
Current			
Interest bearing loans and borrowings	402	233	518
Trade and other payables	1,107	1,086	1,467
	1,509	**1,319**	**1,985**
Total liabilities	**1,535**	**1,368**	**2,016**
Total equity and liabilities	**6,216**	**6,360**	**7,352**

Condensed consolidated interim statement of changes in equity

Equity attributable to the owners of Symphony Environmental Technologies plc:

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
For the six months to 30 June 2012				
Balance at 1 January 2012	1,278	1,646	2,412	5,336
Total comprehensive income for the period	-	-	(655)	(655)
Balance at 30 June 2012	**1,278**	**1,646**	**1,757**	**4,681**
For the six months to 30 June 2011				
Balance at 1 January 2011	1,173	17	1,863	3,053
Issue of share capital	105	1,629	-	1,734
Transactions with owners	105	1,629	-	1,734
Total comprehensive income for the period	-	-	205	205
Balance at 30 June 2011	**1,278**	**1,646**	**2,068**	**4,992**
For the year to 31 December 2011				
Balance at 1 January 2011	1,173	17	1,863	3,053
Issue of share capital	105	1,629	-	1,734
Employee share based options	-	-	29	29
Transactions with owners	105	1,629	29	1,763
Total comprehensive income for the year	-	-	520	520
Balance at 31 December 2011	**1,278**	**1,646**	**2,412**	**5,336**

Condensed consolidated interim statement of cash flows

	6 months to 30 June 2012 £'000	6 months to 30 June 2011 £'000	12 months to 31 December 2011 £'000
Operating activities:			
Results for the period after tax	**(655)**	**205**	**520**
Depreciation	66	54	109
Amortisation	26	10	29
Loss on disposal	-	-	2
Share-based payments	-	-	29
Tax credit	(34)	-	(104)
Interest expense	12	74	90
Change in inventories	(123)	(75)	(118)
Change in trade and other receivables	1,150	385	(853)
Change in trade and other payables	(360)	(278)	102
Cash generated/(consumed) in operations	**82**	**375**	**(194)**
Tax received	34	-	7
Net cash generated/(consumed) in operations	**116**	**375**	**(187)**
Investing activities:			
Additions to property, plant and equipment	(29)	(169)	(280)
Proceeds from disposals of property, plant and equipment	-	-	44
Additions of intangible assets	(30)	(25)	(247)
Cash consumed in investing activities	**(59)**	**(194)**	**(483)**
Financing activities:			
Repayment of loans	-	(749)	(750)
Movement in working capital facility	(212)	(17)	327
New finance leases	-	-	4
Discharge of finance lease liability	(7)	(3)	(14)
Proceeds from share issue	-	1,734	1,734
Interest paid	(12)	(74)	(90)
Cash (consumed)/generated in financing activities	**(231)**	**891**	**1,211**
Net change in cash and cash equivalents	**(174)**	**1,072**	**541**
Cash and cash equivalents, beginning of period	180	(361)	(361)
Cash and cash equivalents, end of period	**6**	**711**	**180**

Bank overdraft of £209,000 (30 June 2011: £179,000) (31 December 2011: £111,000) is included in cash and cash equivalents.

Notes to the interim financial statements

1 Nature of operations and general information

Symphony Environmental Technologies plc (the “Company”) and subsidiaries’ (together the “Group”) principal activities include the development and supply of plastic additives and products, and the development of waste to value systems.

Symphony Environmental Technologies plc, a public limited company, is the Group’s parent company. It is incorporated and domiciled in England. The address of its registered office is 6 Elstree Gate, Elstree Way, Borehamwood, Hertfordshire, WD6 1JD, England. Symphony Environmental Technologies plc’s shares are listed on the AIM market of the London Stock Exchange, the PLUS market in London and as a level 2 American Depositary Receipt .

These condensed interim consolidated financial statements (“interim financial statements” or “interim report”) are for the six months ended 30 June 2012. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2011.

The financial information set out in this interim report does not constitute statutory accounts. The Group’s statutory financial statements for the year ended 31 December 2011 have been filed with the Registrar of Companies. The auditor’s report on those financial statements was unqualified and did not contain a statement under Section 498(2) or 498(3) of the Companies Act 2006. These interim condensed consolidated financial statements have not been audited.

These interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”, and are presented in Sterling (£), which is the functional currency of the parent company. They have been prepared under the historical cost convention. They have also been prepared on the basis of the recognition and measurement requirements of International Financial Reporting Standards that are adopted by the European Union, and the policies and measurements are consistent with those stated in the financial statements for the year ended 31 December 2011.

These interim financial statements were approved by the board on 26 September 2012.

2 Significant accounting policies

These interim financial statements have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year ended 31 December 2011. There have been no changes in the period.

3 Seasonal fluctuations

The Group operates in many countries and in many different markets. There are therefore no formal or considered seasonal fluctuations affecting the operations of the Group. Historically, trade has weighted more in the second half the year compared to the first. In 2011, H2 revenues were £4.66 million, compared to £3.89 million in H1 2011, an increase of 20%. In 2010, H2 revenues were £4.58 million, compared to £3.91 million in H1 2010, an increase of 17%.

4 Segmental analysis

The chief operating decision maker of the Group is the Board of Directors and they review the business in two main segments, the development and supply of plastic products including d2w, d2p and d2t, and the development of recycling technologies.

Business segments	**Plastics**	**Recycling tech.**	**Group**
6 months to 30 June 2012	**£'000**	**£'000**	**£'000**
Segment revenues	2,123	-	2,123
Apportioned costs	(2,588)	(120)	(2,708)
EBITDA	**(465)**	**(120)**	**(585)**
Depreciation and amortisation	(92)	-	(92)
Interest	(12)	-	(12)
Taxation	34	-	34
Loss for the period	**(535)**	**(120)**	**(655)**

Business segments	**Plastics**	**Recycling tech.**	**Group**
6 months to 30 June 2011	**£'000**	**£'000**	**£'000**
Segment revenues	3,886	-	3,886
Apportioned costs	(3,432)	(111)	(3,543)
EBITDA	**454**	**(111)**	**343**
Depreciation and amortisation	(64)	-	(64)
Interest	(74)	-	(74)
Taxation	-	-	-
Profit/(loss) for the period	**316**	**(111)**	**205**

Business segments	**Plastics**	**Recycling tech.**	**Group**
12 months to 31 December 2011	**£'000**	**£'000**	**£'000**
Segment revenues	8,542	-	8,542
Share based payments	(29)	-	(29)
Apportioned costs	(7,649)	(222)	(7,871)
EBITDA	**864**	**(222)**	**642**
Depreciation and amortisation	(138)	-	(138)
Interest	(88)	-	(88)
Taxation	104	-	104
Profit/(loss) for the year	**742**	**(222)**	**520**

Revenues stated are from external customers.

There were no inter-segment revenues for the above periods.
There has been no change to the basis of segmentation since the last annual financial statements.
There has been no change in total assets other than in the ordinary course of business.

5 Shares issued

There were no shares issued during the period under review. Shares issued over previous periods may be summarised as follows:

Shares issued and fully paid	6 months to 30 June 2012	6 months to 30 June 2011	Year to 31 December 2011
- beginning of period	127,843,577	117,284,577	117,284,577
- issued during the period	-	10,559,000	10,559,000
Total equity shares issued and fully paid at end of period	**127,843,577**	**127,843,577**	**127,843,577**

6 Earnings per share and dividends

The calculation of earnings per share is based on the result attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year.

The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares on the assumed conversion of dilutive options and warrants which were exercisable during the period.

Reconciliations of the results and weighted average numbers of shares used in the calculations are set out below:

Basic and diluted	6 months to 30 June 2012	6 months to 30 June 2011	Year to 31 December 2011
(Loss)/profit attributable to owners of the company	**(£655,000)**	**£205,000**	**£520,000**
Weighted average number of ordinary shares in issue	127,843,577	120,317,988	123,853,985
Basic (loss)/earnings per share	**(0.51 pence)**	**0.17 pence**	**0.42 pence**
Dilutive effect of weighted average options and warrants	15,996,500	14,651,749	15,441,979
Total of weighted average shares together with dilutive effect of weighted options and warrants	143,840,077	134,969,737	139,295,964
Diluted (loss)/earnings per share	**(0.46 pence)**	**0.15 pence**	**0.37 pence**

No dividends were paid for the year ended 31 December 2011.

7 Availability of Interim Financial Statements

Paper copies of the Interim Financial Statements will be sent to shareholders upon request. Shareholders will be able to download a copy of the Interim Financial Statements from the Group's website www.d2w.net. Further copies of the Interim Financial Statements will be available from the Company's Registered Office at 6 Elstree Gate, Elstree Way, Borehamwood, Hertfordshire WD6 1JD.