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**SYMPHONY PLASTIC TECHNOLOGIES PLC**

**INTERIM RESULTS**
**FOR THE SIX MONTHS ENDED 30 JUNE 2004**

Symphony Plastic Technologies plc ("Symphony" or "the Group"), the AIM listed environmentally responsible plastics company, is pleased to announce its interim results for the six months ended 30 June 2004.

**HIGHLIGHTS**

- Sales up 20% to £4.45m (2003: £3.71m)
- Gross profits up 101% to £1.05m (2003: £0.52m)
- Loss before tax of £0.08m (2003 loss of: £2.23m)
- Continued investment in product and market diversification

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

*"The first half of 2004 has seen a significant improvement in the performance of the business and I am delighted to be reporting a strong set of results. Active cost management and growing interest in our degradable, environmentally responsible products have doubled our gross profits for this period. With exceptional global increases in raw material prices for the second half of the year due to increased demand from China and inflated oil prices, we expect decreases in gross margins, however our aim is to invest in sales, marketing and product development, which will enable greater product and market diversification. We remain encouraged by the growth in our client base both in the UK and overseas."*

**For further information, please contact:**

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Attached: Chief Executive's review; Consolidated Profit and Loss Account; Consolidated Balance Sheet; Consolidated Cash Flow Statement; Notes to the Interim Accounts.

**Notes to Editors**

Symphony develops and supplies environmentally responsible plastic packaging products, which are distributed primarily to the retail, local authority and health related sectors. The Group's main technology, d2w™, allows plastic to degrade, leaving only water, a minimal amount of carbon dioxide and trace amounts of non-toxic biomass over a short time period. The current d2w™ product range now includes additives, carrier bags, refuse and waste sacks, mailing wrap, stretch film, aprons, dog waste sacks and packaging films.

Symphony has a strong blue-chip customer base in the UK and has successfully established itself as an international business after signing contracts with companies in Brazil, Canada & USA, New Zealand, South Africa, the Caribbean and the Middle East. Further information on Symphony can be found at www.degradable.net.

## CHIEF EXECUTIVE'S REVIEW

The first six months of 2004 saw a notable improvement in the financial results of the Group. As outlined previously, the Group has concentrated on strict cost control and improving operating margins, whilst continuing product and market diversification.

### Trading Results

Operating losses reduced significantly to £58,000 from £2.2m compared with the same period last year. All areas of the business have contributed to the results. Sales increased by 20%, gross profits by 101% and overhead costs decreased by 63%. Excluding the exceptional costs in 2003, gross profits increased by 56% and overhead costs decreased by 25%. Gross margin growth was primarily driven by reduced technology costs and an improved sales mix.

The loss per share decreased to 0.19 pence from 5.65 pence.

### EPI Case

The dispute has a court date set for November this year. The board remain of the view that the claim is wholly unmeritorious.

### Outlook & Current Trading

Post balance sheet close on 30 June, the Group raised a further £500,000 of equity and is in the process of increasing the UK and overseas sales functions, as well as investing further in R&D and marketing. It is our belief that we can continue to build and develop on our existing blue chip customer base both in the UK and overseas.

I am pleased to advise that our UK marketing company showed its commitment to Symphony by purchasing 240,000 new ordinary shares at 12.5p per share in the Group.

The global rise in raw material prices will impact upon our cost base for the second half of 2004, though we remain focused on active cost management and control. The second half of 2004 will also be a period of investment for the company by capitalising on the strong performance of the business achieved in the first half of the year, with the long term aim of building our client base and product portfolio.

Michael Laurier
*Chief Executive*

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the six months ended 30 June 2004

| | **Six months to 30 June 2004** | | Year ended 31 December 2003 | | **Six months to 30 June 2003** | |
|---|---|---|---|---|---|---|
| | **£'000** | **£'000** | £'000 | £'000 | **£'000** | **£'000** |
| Turnover | | **4,449** | | 7,628 | | **3,706** |
| Cost of sales - other | **(3,404)** | | (6,243) | | **(3,037)** | |
| Cost of sales - Exceptional item | **-** | | (196) | | **(150)** | |
| Cost of sales | | **(3,404)** | | (6,439) | | **(3,187)** |
| Gross profit | | **1,045** | | 1,189 | | **519** |
| Distribution costs | | **(139)** | | (281) | | **(139)** |
| Administrative expenses - other | **(964)** | | (2,325) | | **(1,283)** | |
| Administrative expenses - Exceptional item | **-** | | (1,501) | | **(1,320)** | |
| Administrative expenses | | **(964)** | | (3,826) | | **(2,603)** |
| **Operating loss** | | **(58)** | | (2,918) | | **(2,223)** |
| Net interest | | **(26)** | | (91) | | **(11)** |
| **Loss on ordinary activities before taxation** | | **(84)** | | (3,009) | | **(2,234)** |
| Tax on loss on ordinary activities | | - | | - | | **-** |
| **Loss for the financial year transferred from reserves** | | **(84)** | | (3,009) | | **(2,234)** |
| Basic and diluted earnings per share in pence | | **(0.19)p** | | (7.09)p | | **(5.65)p** |

There were no recognised gains or losses other than the loss for the period.

## CONSOLIDATED BALANCE SHEET

As at 30 June 2004

| | **30 June 2004** | 31 December 2003 | **30 June 2003** |
|---|---|---|---|
| | **£'000** | £'000 | **£'000** |
| **Fixed assets** | | | |
| Intangible assets | **9** | 1 | **2** |
| Tangible assets | **196** | 209 | **207** |
| Investments | **16** | 16 | **16** |
| | **221** | 226 | **225** |
| **Current assets** | | | |
| Stock | **518** | 593 | **641** |
| Debtors | **2,594** | 2,111 | **2,305** |
| Cash at bank and in hand | **226** | 170 | **479** |
| | **3,338** | 2,874 | **3,425** |
| **Creditors: amounts falling due within one year** | **(2,368)** | (1,828) | **(1,613)** |
| **Net current assets** | **970** | 1,046 | **1,812** |
| **Total assets less current liabilities** | **1,191** | 1,272 | **2,037** |
| **Creditors: amounts falling due after more than one year** | **(28)** | (25) | **(15)** |
| | **1,163** | 1,247 | **2,022** |
| **Capital and reserves** | | | |
| Called up share capital | **453** | 453 | **453** |
| Share premium account | **8,593** | 8,593 | **8,593** |
| Other reserves | **823** | 823 | **823** |
| Profit and loss account | **(8,706)** | (8,622) | **(7,847)** |
| | **1,163** | 1,247 | **2,022** |

## CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2004

| | **Six months to 30 June 2004** | Year ended 31 December 2003 | **Six months to 30 June 2003** |
|---|---|---|---|
| | **£'000** | £'000 | **£'000** |
| **Net cash outflow from operating activities (see below)** | **(216)** | (1,435) | **(1,086)** |
| **Returns on investments and servicing of finance** | | | |
| Interest received | **-** | 4 | **3** |
| Interest paid | **(24)** | (91) | **(11)** |
| Finance lease interest paid | **(2)** | (4) | **(3)** |
| **Net cash outflow from returns on investments and servicing of finance** | **(26)** | (91) | **(11)** |
| **Capital expenditure and financial investment** | | | |
| Purchase of tangible fixed assets | **(3)** | (57) | **(42)** |
| Purchase of intangible fixed assets | **(8)** | - | **-** |
| Receipts from sale of fixed assets | **4** | 18 | **-** |
| **Net cash outflow from capital expenditure and financial investment** | **(7)** | (39) | **(42)** |
| **Financing** | | | |
| Issues of shares | **-** | 1,808 | **1,808** |
| Capital element of finance lease rentals | **(11)** | (58) | **(15)** |
| **Net cash (outflow)/inflow from financing** | **(11)** | 1,750 | **1,793** |
| **(Decrease)/increase in cash** | **(260)** | 185 | **654** |

**Net cash outflow from operating activities**

| | **£'000** | £'000 | **£'000** |
|---|---|---|---|
| Operating loss | **(58)** | (2,918) | **(2,223)** |
| Depreciation and amortisation | **22** | 1,446 | **1,421** |
| Loss on disposal of fixed assets | **6** | 15 | **-** |
| Decrease/(increase) in stocks | **75** | 146 | **97** |
| (Increase)/decrease in debtors | **(444)** | (871) | **(1,031)** |
| Increase/(decrease) in creditors | **183** | 748 | **650** |
| Net cash outflow from operating activities | **(216)** | (1,434) | **(1,086)** |

## NOTES TO THE INTERIM ACCOUNTS

### 1. BASIS OF PREPARATION

The interim financial statements have been prepared on the basis of the accounting policies set out on pages 8 and 9 of the 2003 Annual Report, and are unaudited. The comparative figures for the year ended 31 December 2003 have been extracted from the group's latest published accounts which contain an unqualified audit report and which have been filed with the Registrar of Companies.

### 2. LOSS PER SHARE

The calculation of basic loss per share is based on a loss for the period divided by the weighted average number of shares in issue during the period of 45,282,880 (2003 FY 42,421,388; 2003 H1: 39,512,467).