14 March 2012

SYMPHONY ENVIRONMENTAL TECHNOLOGIES PLC

Preliminary Results for the year to 31 December 2011

Symphony Environmental Technologies plc ("Symphony", the "Company" or the "Group"), the specialist in advanced plastics technologies including controlled life and anti-microbial products, and waste-to-value systems, is pleased to announce its preliminary results for the year ended 31 December 2011.

Highlights

- Revenues increased to £8.54 million (2010: £8.48 million)
- Operating profit decreased to £0.50 million (2010: £1.13 million)
- Profit before tax decreased to £0.42 million (2010: £1.01 million)
- Profit after tax decreased to £0.52 million (2010: £1.19 million)
- Increased investment across key areas in sales, marketing and product development
- Basic earnings per share decreased to 0.42p (2010: 1.02p)
- Legislative changes in UAE and elsewhere in favour of oxo-biodegradable plastic technology
- **d_2w** additive volumes increased by 10%
- Achieved maiden sales and rental for d2Detector in five countries
- Increase in number of distributors from 61 to 67

Nirj Deva, Chairman of Symphony commented:-

"During 2011 we have strengthened the foundations for accelerated growth for both the short and longer term future of Symphony. While this meant an increase in fixed costs, the investment within Symphony and the expansion of the existing distribution network, together with the effects of legislation in late 2011 are starting to make a positive impact within our distribution network, and mean that we can be very confident of further growth in 2012 and beyond."

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Chairman's Statement

The results for the year to 31 December 2011 show increased revenues and further significant investment by the Group in key areas such as sales, marketing and product development.

d_2w additives, our main product line, grew by 10% in volume, but exchange rates and higher raw material costs saw gross margins reduce during the year.

Legislative change is gaining momentum and towards the end of the year the United Arab Emirates ("UAE") brought forward from January 2013 to January 2012 the application of laws which regulate plastic production and imports wholly in favour of oxo-biodegradable technology. As such, plastic bags not conforming to the approved specification are now prohibited from being made in or imported into the UAE. We believe this will increase the potential for other countries to follow suit.

During the year BSi published a British Standard (BS8472) for oxo-biodegradable products which is the first and only Standard in Europe for biodegradability of plastic litter in the environment. This differentiates oxo-biodegradable from other types of biodegradable products, and will allow a stronger position in respect of future marketing and legislative campaigns.

We have continued to make significant investment into Symphony Energy, and the RuPERT tyre recycling project. The project is expected to be completed during 2012.

During 2011 we strengthened the foundations for accelerated growth for both the short and longer term future of Symphony. While this meant an increase in fixed costs, the investment within Symphony and the expansion of the existing distribution network, together with the effects of legislation in late 2011 are starting to make a positive impact within our distribution network, and mean that we can be very confident of further growth in 2012 and beyond.

I would like to thank the Board, staff and distributors for all their efforts in 2011.

N Deva FRSA DL MEP
Chairman

Chief Executive's Review

I am pleased to report the Group made further material profits in 2011, after substantially increasing investment into sales, marketing and product development.

This year's financial performance reflects a consolidation of sales revenue with a lower profit performance. The main **d_2w** product range saw an increase in volume which was more than offset by a further planned reduction in the lower-margin finished goods. Maiden sales and rentals for the **d2Detector** occurred in the second half of the year.

Investment into the key growth areas of the business was increased as stronger market indicators presented more interest and opportunities. In particular we have broadened the product range, increased R&D, and expanded the marketing and sales activities.

I am also very pleased we attained ISO14001 accreditation for Environmental Management which complements our ISO9001 status, and adds further strength to the business and its products, and at the same time places us much further ahead of many other companies in our field.

Positive legislative changes in favour of oxo-biodegradable products continued to gain momentum. In particular, in the UAE it is now a legal requirement for most disposable plastics to be made with **d_2w** type oxo-biodegradable products. There has also been positive legislation elsewhere and the combination of **d_2w** with the **d2Detector** device allows effective enforcement of these new legislative changes.

The number of distributors increased again from 61 to 67 resulting in further market potential for our products. The **d_2w** market continues to grow in strength which is now being augmented with **d_2p** products and the **d2Detector** device.

Symphony Energy is progressing with its work on tyre recycling developments and we continue with this significant investment program as there are a number of products that could come to commercial fruition.

Trading results

Total Group revenues were higher at £8.54 million (2010: £8.48 million). Group gross profit margins reduced from 57% to 54%. These factors resulted in a 5% decrease in the contribution from gross profit from £4.83 million in 2010 to £4.59 million in 2011. Gross margins decreased due to exchange rates and higher raw material costs.

Expenses before non-recurring items increased by 14% to £3.90 million from £3.41 million in 2010. This was primarily due to increases in R&D and marketing. Amongst the many R&D activities undertaken, the Group set up a new development facility in Telford UK to complement the work being carried out in Great Yarmouth and Borehamwood. This facility started operations in January 2012. Dedicated marketing activities took place in the USA and mainland Europe. Total staff costs were marginally lower at £2.02 million (2010: £2.08 million) and Directors' emoluments reduced to £0.89 million from £0.99 million in 2010.

The Group made an operating profit of £0.50 million compared with £1.13 million in 2010, resulting in the Group's profit before tax of £0.42 million compared with a profit before tax of £1.01 million in 2010.

Development costs of £0.24 million were capitalised in 2011 (2010: £0.32 million). The net book value of capitalised development costs at the end of the year amounted to £0.98 million. Further development expenditure of £0.34 million (2010: £0.21 million) was charged directly to the income statement. Capitalised development costs represent 6% of expenses as detailed above. Within the total amount of £0.98 million capitalised to date are: £0.37 million relating to Symphony Energy; £0.27 million relating to **d_2w** products which have been developed and are being sold; and the balance of £0.34 million, relating to further environmental plastic applications still in development, and where we believe significant revenues will be generated in the foreseeable future.

As a result of the continued strong performance and in consideration of future performance, a further deferred tax credit of £0.10 million has been recognised in 2011 resulting in a carried forward recognised tax asset at the end of the year of £1.28 million.

The Group reports a profit for the year of £0.52 million with basic earnings per share of 0.42 pence (2010: 1.02 pence).

The Group's primary selling currency is the US Dollar. The Group hedges where possible by purchasing in US Dollars and has banking facilities in place in order to secure rates going forward. As at 31 December 2011 the Group had a net balance of US Dollar assets totalling $5.14 million (2010: $3.21 million).

Segmental analysis

The Group operates two divisions which are classified as segments in the financial report, being the Plastics division and the Waste-to-Value division.

The Plastics division includes all revenues associated with **d_2w**, **d_2p** and **d2Detector,** be they additives or finished products. The Plastics division saw **d_2w** additive volumes increase by 10% during the year with **d_2w** revenues stable at £8.41 million (2010: £8.41 million). Finished product revenues fell as planned to £0.37 million in 2011 from £0.88 million in 2010. Additive revenues increased to £8.05 million in 2011 from £7.58 million in 2010.

The Plastics EBITDA for 2011 was £0.86 million from £1.47 million in 2010.

The Waste-to-Value division saw continued expenditure of £0.22 million for the year resulting in an EBITDA loss of the same amount (2010 expenditure and EBITDA loss: £0.22 million).

Cashflow

The Group consumed £0.19 million from operations (2010: generated £0.53 million). As with the previous year, trade was weighted strongly to the fourth quarter of 2011 which resulted in a high trade receivables balance as at 31 December 2011 leading to high cash utilisation at that point in time. The Group has a £1 million trade finance facility with HSBC Bank plc which is used to manage Group working capital.

In addition to development costs detailed above, £0.24 million was invested in plant and equipment, primarily in setting up a development centre in Telford, UK, together with other laboratory equipment and facilities. A total of £0.28 million was spent on property, plant and equipment in 2011 (2010: £0.39 million).

£1.73 million (net) was raised during the year by way of a placing. Loans totalling £0.75 million were repaid in full during the year.

Symphony Energy (Waste-to-Value)

The RuPERT tyre recycling project was extended during the year and is set for completion during 2012. The Group continues to invest in and is actively pursuing commercial outlets for elements within the project.

Current Trading and Outlook

In commercial terms, 2011 was our most successful year as more countries legislated in favour of oxo-biodegradable technology, such as **d_2w**. The business has built strong relationships and created synergies around the world, giving Symphony access to new and upgraded technologies as they come online. Since the year end we have been seeing increased activity within the distribution network, especially where legislation is the driving force.

Having developed an extensive and far reaching distribution network, which now covers more than 90 countries worldwide the main function for the Group continues to be the expansion of products and support services as well as to enhance the **d_2w** and **d_2p** brands.

We are pleased with the positive progress made, and are optimistic for a substantial increase in our future growth prospects.

Michael Laurier
Chief Executive

Consolidated statement of comprehensive income
for the year ended 31 December 2011

	Note	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Revenue			**8,542**		8,482
Cost of sales			**(3,956)**		(3,650)
Gross profit			**4,586**		4,832
Distribution costs			**(180)**		(174)
Administrative expenses – recurring		**(3,902)**		(3,411)	
Administrative expenses – non-recurring		**-**		(119)	
Administrative expenses			**(3,902)**		(3,530)
Operating profit – recurring		**504**		1,247	
Operating loss – non-recurring		**-**		(119)	
Operating profit			**504**		1,128
Finance income			**2**		-
Finance costs			**(90)**		(123)
Profit for the year before tax			**416**		1,005
Tax credit			**104**		187
Profit for the year			**520**		1,192
Total comprehensive income for the year			**520**		1,192
Basic earnings per share	3		**0.42p**		1.02p
Diluted earnings per share	3		**0.37p**		0.90p

All results are attributable to the parent Company equity holders. There were no discontinued operations for either of the above periods.

Consolidated statement of financial position (balance sheet)
as at 31 December 2011

Company number 3676824

	2011 **£'000**	2010 £'000
Assets		
Non-current		
Property, plant and equipment	**586**	462
Intangible assets	**1,002**	784
Deferred income tax asset	**1,277**	1,180
Available-for-sale financial assets	**15**	15
	2,880	2,441
Current		
Inventories	**399**	281
Trade and other receivables	**3,782**	2,928
Cash and cash equivalents	**291**	85
	4,472	3,294
Total assets	**7,352**	5,735
Equity		
Equity attributable to shareholders of Symphony Environmental Technologies plc		
Ordinary shares	**1,278**	1,173
Share premium	**1,646**	17
Retained earnings	**2,412**	1,863
Total equity	**5,336**	3,053
Liabilities		
Non-current		
Interest bearing loans and borrowings	**31**	142
	31	142
Current		
Interest bearing loans and borrowings	**518**	1,176
Trade and other payables	**1,467**	1,364
	1,985	2,540
Total liabilities	**2,016**	2,682
Total equity and liabilities	**7,352**	5,735

Consolidated statement of changes in equity
Equity attributable to the equity holders of Symphony Environmental Technologies plc:

	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
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
Share-based payments	-	-	-	29	29
Transactions with owners	105	1,629	-	29	1,763
Profit and total comprehensive income for the year	-	-	-	520	520
Balance at 31 December 2011	**1,278**	**1,646**	-	**2,412**	**5,336**
For the year to 31 December 2010					
Balance at 1 January 2010	1,165	13,253	822	(13,447)	1,793
Issue of share capital	8	25	-	-	33
Capital reduction	-	(13,261)	(822)	14,083	-
Share-based options	-	-	-	35	35
Transactions with owners	8	(13,236)	(822)	14,118	68
Profit and total comprehensive income for the year	-	-	-	1,192	1,192
Balance at 31 December 2010	**1,173**	**17**	-	**1,863**	**3,053**

Consolidated cash flow statement
for the year ended 31 December 2011

	Note	2011 £'000	2010 £'000
Operating activities			
Net cash (used)/from operations	4	**(194)**	527
Tax received		**7**	-
Net cash (used)/from operating activities		**(187)**	527
Investing activities			
Additions to property, plant and equipment		**(280)**	(389)
Proceeds from disposals of property, plant and equipment		**44**	16
Additions to intangible assets		**(247)**	(325)
Net cash used in investing activities		**(483)**	(698)
Financing activities			
Proceeds from loans		**-**	270
Repayment of loans		**(750)**	(70)
Movement in working capital facility		**327**	(259)
New finance leases		**4**	47
Discharge of finance lease liability		**(14)**	(20)
Proceeds from share issue		**1,734**	33
Interest paid		**(90)**	(123)
Net cash used in financial activities		**1,211**	(122)
Net change in cash and cash equivalents		**541**	(293)
Cash and cash equivalents, beginning of year		**(361)**	(68)
Cash and cash equivalents, end of year		**180**	(361)

The reconciliation to the cash and cash equivalents as reported in the statement of financial position is as follows:

	2011 £'000	2010 £'000
Loans and receivables:		
Cash at bank and in hand	**291**	85
Financial liabilities measured at amortised cost:		
Bank overdraft	**(111)**	(446)
Cash and cash equivalents, end of year	**180**	(361)

Notes to the Preliminary Statement

1 Basis of preparation

This preliminary statement has been prepared on the basis of accounting policies consistent with the audited financial statements for the year ended 31 December 2011.

The financial information set out in this report does not constitute the Company's statutory accounts for the years ended 31 December 2011 or 2010 but is derived from the 2011 accounts. Statutory accounts for 2010 have been delivered to the Registrar of Companies and those for 2011 will be delivered in due course. The auditor has reported on those accounts; its report was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report and (iii) did not contain a statement under section 498(2) or section 498(3) of the Companies Act 2006.

2 Segmental information

Management currently identifies the group's two service lines as operating segments. The activities undertaken by the plastics segment includes the sale of degradable products. The non-degradable products were disclosed in previous years as a separate segment, this year non-degradable is included with plastics as it is now part of the same operation. The waste to value segment includes all activities involved in the development of waste to value systems.

The segmental results for the year ended 31 December 2011 are as follows:

Business segments	**Plastics**	**Waste to value**	**Group**
Twelve 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**

The segmental results for the year ended 31 December 2010 are as follows:

Business segments	**Plastics**	**Waste to value**	**Group**
Twelve months to 31 December 2010	**£'000**	**£'000**	**£'000**
Segment revenues	8,482	-	8,482
Share-based payments	(35)	-	(35)
Apportioned costs	(6,977)	(218)	(7,195)
EBITDA	**1,470**	**(218)**	**1,252**
Depreciation and amortisation	(124)	-	(124)
Interest	(123)	-	(123)
Taxation	187	-	187
Profit/(loss) for the year	**1,410**	**(218)**	**1,192**

Revenues stated are from external customers.
There were no inter-segment revenues for the above periods.
Two segments have been amalgamated since last year.

3 Earnings per share and dividends

The calculation of basic earnings per share is based on the profit 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 all dilutive options and warrants.

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

Basic and diluted	**2011**	2010
Profit attributable to equity holders of the Company	**£520,000**	£1,192,000
Weighted average number of ordinary shares in issue	123,853,985	116,799,645
Basic earnings per share	**0.42 pence**	1.02 pence
Dilutive effect of weighted average options and warrants	15,441,979	15,036,097
Total of weighted average shares together with dilutive effect of weighted options and warrants	139,295,964	131,835,742
Diluted earnings per share	**0.37 pence**	0.90 pence

No dividends were paid for the year ended 31 December 2011 (2010: £nil).

4 Cash (used)/from from operations

	2011 £'000	2010 £'000
Profit after tax	**520**	1,192
Adjustments for:		
Depreciation	**109**	96
Amortisation	**29**	28
Loss on disposal	**2**	32
Share-based payments	**29**	35
Tax credit	**(104)**	(187)
Interest expense	**90**	123
Changes in working capital:		
Inventories	**(118)**	(69)
Trade and other receivables	**(853)**	(1,331)
Trade and other payables	**102**	608
Cash (used)/from operations	**(194)**	527

5 Availability of report and accounts

The Company will advise when copies of the Annual Report and Accounts will be sent to shareholders and be available from the Company's website www.d2w.net

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.

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 67 distributors around the world. Products made with d2w® plastic technology can now be found in more than 90 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 anti-microbial technology that can be used in most types of plastic products to help protect against infection, and has developed d2Detector, a handheld device which analyses plastics and detects counterfeit products.

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

Further information on the Symphony Group can be found at www.d2w.net.