



28 September 2016

SYMPHONY ENVIRONMENTAL TECHNOLOGIES PLC

("Symphony", "Group" or the "Company")

Interim Results First large order for d2p

Symphony Environmental Technologies Plc (AIM: SYM), global specialists in 'making plastic smarter', with d2w controlled-life, d2p anti-bacterial and d2t anti-counterfeiting technologies, today announces its interim financial statements for the six-month period ended 30 June 2016.

Highlights

- Revenues of £3.23 million (2015 H1: £3.42 million)
- Gross profits of £1.63 million (2015 H1: £1.76 million)
- Recurring expenses of £1.47 million (2015 H1: £1.81 million)
- Group operating profit on recurring items of £57,000 (2015 H1: loss £169,000)
- Profit before tax of £19,000 (2015 H1: loss of £181,000)
- Basic earnings per share of 0.04 pence (2015 H1: loss per share of 0.05 pence)

Post Period

- Business during quarter three continuing with similar performance to the first half

d2p Technology

- \$160,000 initial order received for a new d2p antimicrobial application
- New consumer product listing with a leading UK retailer for delivery in early 2017
- Finalising development of 10 consumer products to be sold through the distribution network
- Fire-retardant product successfully tested under USA flammability standard UL 94HB

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

I am very pleased to report a profit for the period under review. The operating profit on recurring items was £57,000, against a first half loss of £169,000 in 2015. This was principally achieved by the successful implementation of a cost-reduction plan which reduced ongoing expenses by £342,000 for the period. On an annualised basis, the recurring cost savings are approximately £750,000.

The reduced costs are now more appropriate to the current needs of the business and are targeted at completion of our d2p "designed to protect" range of products and masterbatches within the short-term. This has not taken away potential from our d2w controlled life technology, which continues to see positive studies undertaken and legislative and sales momentum in certain parts of the world.

We are encouraged by positive developments within the d2p anti-microbial range. An initial order and letter of credit for \$160,000 has been received for a new application. In addition, a d2p consumer finished product has been granted a listing by a major UK retailer for delivery in early 2017. We are also finalising the development of 10 more consumer products. A number of other projects are moving closer to the commercial phase. Whilst

we cannot guarantee that this will lead to significant orders, the Board are optimistic of the Group's outlook in the short term.

The weakening of Sterling since the "Brexit" referendum has so far been favourable to Symphony, but with over three months until the financial year end, it is too early to advise whether there will be an overall material effect on the annual results. The Board are confident, however, that the second half of this year will be at least similar to the first half.

I would like to thank Symphony's management, staff and distributors for their continued dedication and hard work. We look forward to the future with increased confidence.

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NOTES TO EDITORS:

About Symphony Environmental Technologies plc

Symphony has developed a range of additives, concentrates and master-batches marketed as d₂p, which can be incorporated in a wide variety of plastic and non-plastic products and applications, so as to give them protection against many different types of bacteria, fungi, algae, mould, insects and fire.

In addition, Symphony had already developed and continues to develop, controlled-life plastic technology which turns ordinary plastic at the end of its service-life into biodegradable materials. It is then no longer a plastic and can be bioassimilated in the open environment in the same way as a leaf. 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. In some countries oxo-biodegradable plastic is mandatory. For a video of d₂w® plastic degrading see <http://degradable.net/play-videos/4>.

Symphony has developed the d₂Detector®, a portable device which analyses plastics and detects counterfeit products. Symphony's d₂t tagging and tracer technology is also available for further security. See www.d2t.net

Symphony has a diverse and growing customer-base and has established itself as an international business with 74 distributors around the world. Products made with Symphony's plastic technologies are now available in 97 countries and in many different product applications. Symphony is certified to ISO9001 and ISO14001.

Symphony is a member of The Oxo-biodegradable Plastics Association (www.biodeg.org) (OPA), the Society for the Chemical Industry (UK), 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).

Further information on the Symphony Group can be found at www.symphonyenvironmental.com.

Chief Executive's review

The business has performed much better in the first half of 2016, both in terms of the bottom line result, and the acceleration of product developments, compared with 2015.

With the costs more targeted to shorter term d2p developments we have now successfully completed the commercial development process for two projects. Firstly, a new order, confirmed by letter of credit, has been received for \$160,000 for the commercial supply of a new d2p antimicrobial product. In addition, a major UK retail store has listed a newly developed d2p consumer product for supply into a large number of stores in early 2017.

We also expect to shortly complete the development of a further 10 retail products for sale throughout our global distribution network.

Further developments continue with a range of products including antimicrobial, antibacterial, flame retardant, ethylene and odour adsorbers and insecticides. This d2p product range will become available as masterbatches or additives for the plastic manufacturing industry, and also as consumer finished products mainly for retailers.

d2w oxo-biodegradable technology continues to see positive studies and endorsements. Two of the most recent include a Mexican university seminar in April 2016 confirming that oxo-biodegradable additives promoted the biodegradation of ordinary plastic, and that there were no toxic effects, as well as a prominent European test house confirming that recyclate made from d2w oxo-biodegradable plastic can safely be used in the manufacture of thick cross-section plastic products intended for long term outdoor use as well as of plastic film products. We are also seeing further legislative momentum in new territories and hope to advise further on this in due course.

The USA has been one of our smallest markets representing less than 2% of our business. We have therefore restructured the business from a distributor model to a direct sales approach. This is being supported by dedicated resources both in the USA and UK. The distribution agreement with the US distributor was therefore terminated.

Trading results

The top line results for the first half of the year were similar to 2015, with revenues of £3.23 million (2015 H1: £3.42 million) and with gross profits of £1.63 million (2015 H1: £1.76 million). The gross profit margin was 50.4 per cent (2015 H1: 51.6 per cent).

Recurring administration costs decreased by 19 per cent to £1.47 million during the period (2015 H1: £1.81 million). The decrease is due to the successful implementation of the cost reduction policy following a strategic review earlier in the year. There was £28,000 of exceptional expenditure relating to re-organisation costs.

The Group's operating profit for the period after non-recurring costs was £29,000 (2015 H1: loss of £169,000) and net profit before tax was £19,000 (2015 H1: loss of £181,000). The Group has received an R&D tax credit of £45,000 relating to the full year 2015 (2015 H1 relating to 2014: £110,000). The resulting profit after tax was £64,000 (2015 H1: loss £71,000).

Earnings per share for the period were 0.04 pence (2015 H1: loss per share of 0.05 pence).

Balance sheet and cash-flow

Cash of £0.28 million was consumed by operations during the period (2015 H1: £0.38 million) mainly due to an increase in receivables, which fluctuate depending on sales-mix and production allocations. This was mainly funded by an increase in the invoice-discounting facility.

The Group has an invoice-discounting facility of £1 million to assist in funding outstanding receivables when required, and has no other debt. The Group also has good credit facilities with its major suppliers. Accordingly, the Board believes that the Group has sufficient working capital to support further growth of the business.

Segmental

Plastics sales, which generate revenues from plastic additives, masterbatches and finished products, recorded an EBITDA profit of £0.33 million for the first half of 2016 (2015 H1 £0.22 million).

Plastics research and development costs, which include all new product development and research expenditure on d2w and d2p, amounted to £0.25 million (2015 H1 £0.31 million).

Outlook

I am pleased with the progress that we are making this year, especially with our tighter cost base, and product developments.

The majority of the group's sales are derived from the established d2w controlled-life plastic range of additives and finished products. Although d2w sales have not materially increased for some time, we are working to improve this situation as legislative and sales momentum increases in several of our overseas markets.

In respect of our d2p product range, as with any new product range, we cannot predict with any degree of certainty the timing or volume of sales in the short term. However, given the pipeline of opportunities and discussions to date, the Board are increasingly confident of further commercial developments going forward.

Michael Laurier
Chief Executive

Condensed consolidated interim statement of comprehensive income

	6 months to 30 June 2016 Unaudited £'000	6 months to 30 June 2015 Unaudited £'000	12 months to 31 December 2015 Audited £'000
Revenue	3,228	3,420	6,365
Cost of sales	(1,600)	(1,656)	(3,437)
Gross profit	1,628	1,764	2,928
Distribution costs	(104)	(124)	(221)
Administrative expenses:			
- recurring	(1,467)	(1,809)	(3,679)
- non-recurring	(28)	-	(1,313)
Administrative expenses	(1,495)	(1,809)	(4,992)
Operating profit/(loss):			
- recurring	57	(169)	(972)
- non-recurring	(28)	-	(1,313)
Operating profit/(loss)	29	(169)	(2,285)
Finance costs	(10)	(12)	(16)
Profit/(loss) for the period before tax	19	(181)	(2,301)
Tax credit	45	110	(1,031)
Profit/(loss) for the period	64	(71)	(3,332)
Total comprehensive income for the period	64	(71)	(3,332)
Earnings/(loss) per share:			
Basic	0.04p	(0.05p)	(2.26p)
Diluted	0.04p	(0.05p)	(2.26p)

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 2016 Unaudited £'000	At 30 June 2015 Unaudited £'000	At 31 December 2015 Audited £'000
Assets			
Non-current			
Property, plant and equipment	334	378	397
Intangible assets	65	1,183	73
Deferred income tax assets	-	1,142	-
	399	2,703	470
Current			
Inventories	388	686	477
Trade and other receivables	1,296	1,535	852
Cash at bank and in hand	45	353	122
	1,729	2,574	1,451
Total assets	2,128	5,277	1,921
Equity			
<i>Equity attributable to owners of Symphony Environmental Technologies plc</i>			
Share capital	1,499	1,499	1,499
Share premium account	3,533	3,533	3,533
Retained earnings	(4,075)	(878)	(4,139)
Total equity	957	4,154	893
Liabilities			
Non-current			
Interest bearing loans and borrowings	4	8	6
	4	8	6
Current			
Interest bearing loans and borrowings	388	500	170
Trade and other payables	779	615	852
	1,167	1,115	1,022
Total liabilities	1,171	1,123	1,028
Total equity and liabilities	2,128	5,277	1,921

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 2016				
Balance at 1 January 2016	1,499	3,533	(4,139)	893
Total comprehensive income for the period	-	-	64	64
Balance at 30 June 2016	1,499	3,533	(4,075)	957
For the six months to 30 June 2015				
Balance at 1 January 2015	1,446	3,077	(807)	3,716
Issue of share capital	53	456	-	509
Transactions with owners	53	456	-	509
Total comprehensive income for the period	-	-	(71)	(71)
Balance at 30 June 2015	1,499	3,533	(878)	4,154
For the year to 31 December 2015				
Balance at 1 January 2015	1,446	3,077	(807)	3,716
Issue of share capital	53	456	-	509
Transactions with owners	53	456	-	509
Total comprehensive income for the year	-	-	(3,332)	(3,332)
Balance at 31 December 2015	1,499	3,533	(4,139)	893

Condensed consolidated interim statement of cash flows

	6 months to 30 June 2016 Unaudited £'000	6 months to 30 June 2015 Unaudited £'000	12 months to 31 December 2015 Audited £'000
Operating activities:			
Results for the period after tax	64	(71)	(3,332)
Depreciation	44	44	101
Amortisation	8	15	29
Impairment of intangible assets	-	-	1,279
Loss on disposal	18	14	14
Tax credit	(45)	(110)	(111)
Impairment of deferred tax asset	-	-	1,142
Interest expense	10	12	16
Change in inventories	89	(110)	99
Change in trade and other receivables	(444)	(147)	584
Change in trade and other payables	(73)	(138)	99
Cash consumed in operations	(329)	(491)	(80)
Tax received	45	110	111
Net cash consumed in operations	(284)	(381)	31
Investing activities:			
Additions to property, plant and equipment	(4)	(64)	(141)
Proceeds from disposals of property, plant and equipment	5	-	-
Additions of intangible assets	-	(29)	(212)
Cash generated/(consumed) in investing activities	1	(93)	(353)
Financing activities:			
Repayment of loans	-	(650)	(650)
Movement in working capital facility	201	287	15
New finance leases	-	12	12
Discharge of finance lease liability	(2)	(3)	(5)
Proceeds from share issue	-	509	509
Interest paid	(10)	(12)	(16)
Cash generated/(consumed) in financing activities	189	143	(135)
Net change in cash and cash equivalents	(94)	(331)	(457)
Cash and cash equivalents, beginning of period	117	585	585
Exchange gain/(loss)	-	37	(11)
Cash and cash equivalents, end of period	23	291	117

Bank overdraft of £22,000 (30 June 2015: £62,000) (31 December 2015: £5,000) 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. The Company’s shares are listed on the AIM market of the London Stock Exchange and as a level 1 American Depositary Receipt.

These condensed interim consolidated financial statements (“interim financial statements” or “interim report”) are for the six months ended 30 June 2016. 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 2015.

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 2015 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 2015.

These interim financial statements were approved by the board on 27 September 2016.

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 2015. 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.

4 Segmental analysis

The chief operating decision maker of the Group is the Board of Directors and they currently review the business in two main segments, the supply of plastic additives, masterbatches and finished-products and the development of these products. The Group does not currently invest in the development of waste-to-value technologies.

Business segments	Plastics Sales £'000	Plastics R&D £'000	Recycling tech. £'000	Group £'000
6 months to 30 June 2016				
Segment revenues	3,228	-	-	3,228
Apportioned costs	(2,897)	(250)	-	(3,147)
EBITDA	331	(250)	-	81
Depreciation and amortisation	(44)	(8)	-	(52)
Interest	(10)	-	-	(10)
Taxation	-	45	-	45
Profit/(loss) for the period	277	(213)	-	64
6 months to 30 June 2015				
Segment revenues	3,420	-	-	3,420
Apportioned costs	(3,202)	(313)	(15)	(3,530)
EBITDA	218	(313)	(15)	(110)
Depreciation and amortisation	(50)	(9)	-	(59)
Interest	(12)	-	-	(12)
Taxation	-	110	-	110
Profit/(loss) for the period	156	(212)	(15)	(71)
12 months to 31 December 2015				
Segment revenues	6,365	-	-	6,365
Apportioned costs	(6,715)	(521)	(5)	(7,241)
EBITDA	(350)	(521)	(5)	(876)
Depreciation and amortisation	(86)	(44)	-	(130)
Impairment of intangible assets	-	(1,234)	(45)	(1,279)
Interest	(16)	-	-	(16)
Taxation	(1,142)	111	-	(1,031)
Loss for the year	(1,594)	(1,688)	(50)	(3,332)

Revenues stated are from external customers with no inter-segment revenues for the above periods.

There has been no change in total assets other than in the ordinary course of business.

5 Shares issued

Shares issued are summarised as follows:

	6 months to 30 June 2016	6 months to 30 June 2015	Year to 31 December 2015
Shares issued and fully paid			
- beginning of period	149,939,377	144,569,377	144,569,377
- issued during the period	-	5,370,000	5,370,000
Total equity shares issued and fully paid at end of period	149,939,377	149,939,377	149,939,377

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 2016	6 months to 30 June 2015	Year to 31 December 2015
Profit/(loss) attributable to owners of the Company	£64,000	£(71,000)	£(3,332,000)
Weighted average number of ordinary shares in issue	149,939,377	130,595,678	147,616,172
Basic earnings/(loss) per share	0.04 pence	(0.05) pence	(2.26) pence
Dilutive effect of weighted average options and warrants (*)	24,456,500	-	-
Total of weighted average shares together with dilutive effect of weighted options and warrants	174,395,877	130,595,678	147,616,172
Diluted earnings/(loss) per share	0.04 pence	(0.05) pence	(2.26) pence

No dividends were paid for the year ended 31 December 2015.

(*) The effect of options and warrants for both periods ending 31 December 2015 and 30 June 2015 are anti-dilutive.

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.