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SYMPHONY ENVIRONMENTAL TECHNOLOGIES PLC

PRELIMINARY RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2006

Symphony Environmental Technologies Plc ("Symphony" or "the Company"), the degradable plastics and waste-to-energy Group, today announces its preliminary results for the year ended 31 December 2006.

HIGHLIGHTS

- Turnover down 54% to £4.20m (2005: £9.11m)
- Gross profit margin increased to 20% (2005: 19%)
- Gross profit down 53% to £0.84m (2005: £1.77m)
- Administrative expenses (excluding exceptional) down 13% to £2.21m (2005: £2.55m)
- Operating loss (after exceptional costs) up 87% to £2.34m (2005: £1.25m)
- Loss per share up 59% to 3.62 pence from 2.28 pence
- Name changed to "Symphony Environmental Technologies Plc" reflecting the fact that Symphony is no longer just a plastics company

Michael Laurier, Chief Executive said:
"This was a challenging year for Symphony but also a year of significant change as the business moves toward higher margin licensing sales from the high volume product sales. The management structure has now changed to give more control to the core management team and significant progress has been made by the core business and also by our new pyrolysis technologies.

We have been encouraged by the progress we have made so far in 2007 and we look forward to the future with confidence."

For further information, please contact:

Symphony **Tel: 020 8207 5900**
Michael Laurier, CEO
Ian Bristow, FD

Citigate Dewe Rogerson **Tel: 020 7638 9571**
Freida Moore
Ged Brumby

Further information on the Symphony Group can be found at www.symphonyplastics.com and www.degradable.net.

CHAIRMAN'S REPORT

Symphony has been going through difficult and changing times. The market for oxo-biodegradable technologies since we entered this field has not been easy, and potential customers have been subjected to a determined campaign against oxo-biodegradable by the hydro-biodegradable (starch-based) industry. However, we can now see that the market is beginning to realise the benefits of oxo-biodegradable and the limitations of hydro-biodegradable, and this is being reflected in enquiries and sales of additives.

In addition, Symphony is no longer just a plastics company. Symphony Energy Resources has commenced the expansion of Symphony into a waste-to-energy Group as well. This division of the business is still in its infancy, but it has won two UK government grants, and is working with Imperial College and others to produce commercially viable machines to convert waste tyres and plastics efficiently into valuable products.

This technology answers two of the most important questions I hear when I meet Government Ministers and officials in many parts of the world – "What do we do with waste tyres and plastics? And how do we reduce dependence on imported oil?" Legislation in the EU and elsewhere is demanding reductions in waste going to landfill and is promoting recycling. I believe that the potential for this business could be even greater than for oxo-biodegradable plastic.

Since 3 April 2007 the Board has taken decisive action to improve operating performance by reducing overheads, to re-deploy resources where they can be more effective, and to drive higher-margin sales forward. We are already seeing the benefit of this revised strategy and look forward to a more positive future for the Company

Nirj Deva DL, FRSA, MEP
Chairman

CHIEF EXECUTIVE'S REVIEW

Operating performance in 2006 was very disappointing, ending with continued losses. There were a number of setbacks in the Caribbean region. An exceptional write off of £830,000 was made in respect to our previous distributor following a restructuring. In addition, order take up in the region following the restructure was not at the levels anticipated.

Most of these setbacks have now been overcome. The Board has changed the management team removing the posts of COO and Group MD from the management structure, and a competent manager now heads each operating department. Overheads have been cut, and margins are improving.

On the oxo-biodegradable plastics side of the business, the Group's change in strategic direction continued throughout 2006, with a move away from selling high-volume/low margin commodity products in mature markets towards markets for such products where we have identified more profitable opportunities. In addition Symphony has been licensing higher margin/lower volume d2w® additive technology instead of plastic products. Significant progress has been made with international sales, and d2w® is now sold and/or represented in more than 50 countries.

FINANCIAL REVIEW

Total group sales decreased by 54% to £4.20m, group gross profits decreased by 53% from £1.77m to £0.84m. Sales of additives, however, grew 100% in 2006. The fall in total sales was due to the change in strategic direction away from non-degradable sales and sales in high volume commodity products.

Non-exceptional administrative expenses decreased by 13% to £2.21m in 2006, from £2.55 in 2005. The change in direction has started to have a positive impact on costs, primarily staff costs where the move away from high volume commodity products has allowed the group to operate effectively with fewer support staff.

The operating loss in 2006 increased to £2.34m from £1.25m in 2005. This included exceptional costs of £830,000 relating to writing off the debt owed by our distributor in the Caribbean. (2005: exceptional costs of £0.19m related to legal cost provisions).

Research and development tax credits totalling £37,334 were received during 2006 and these are included in tax on loss on ordinary activities in the profit and loss account. Development costs of £64,000 (2005: £nil) were capitalised during the year. These costs relate to continued work carried out in developing new and improved formulations of our d2w® range of additives.

The loss per share increased to 3.62 pence from 2.28 pence.

Approximately £630,000 was raised in the year under review through a share placing, and a further £254,000 net, by a convertible loan. Net cash outflow from operating activities was £0.35m (2005: cash outflow £1.55m).

CURRENT TRADING AND OUTLOOK

Encouragingly sales of Symphony's d2w® additives doubled during the year, with many new markets opening up. In South America, for example, legislation is changing in favour of oxo-biodegradable plastic.

We are seeing a lot more exposure in global television and the press with recent coverage of d2w® on television in Brazil, Argentina, and Portugal, and a front page article in Tunisia.

The UK has, perhaps surprisingly, been one of our more difficult markets. However, Symphony's oxo-biodegradable products are back in the Co-op, and other major UK retailers are beginning to realise the benefits of oxo-biodegradable and have started to demand oxo-biodegradable products. Their suppliers around the world are now contacting us and some are already buying d2w®.

The market is also beginning to realise the limitations of starch-based plastics, in particular their high cost and the fact that they emit methane, which is a potent greenhouse gas. In addition, polylactose acid (PLA) based products are not compatible with most recycling schemes and concern is growing that making fuels and plastics from crops is driving up food prices and destroying rain forests.

In Portugal the country's largest retail group, Sonae, has adopted d2w® in all their carrier bags for their Continente, Mondelo and Mondelo Bonjour supermarket chains, which are estimated to account for more than 500 million bags per year. This is significant not in terms of absolute value, but for the breakthrough which it represents. This builds on the current portfolio which includes Marriott and Royal Caribbean Cruise Lines, and leading UK supermarkets are now using d2w® finished products or our additive technology. The world's largest supermarket, Wal-Mart, is now using d2w® in its Argentinian stores after a major media-launch. In France and Belgium, products made with d2w® are being sold throughout Europe by Retif; the B-to-B leader in specialised distribution of retail equipment and supplies.

Further improvements are being made to the growing range of d2w® additives, which could open new product applications. Stretch film using d2w® additive is being supplied on a regular basis to New Zealand. Trials of agricultural mulching film and protective sleeves are ongoing.

The group's strategy into 2007 primarily incorporates the sale of high margin additive products which enable a lower cost base and significantly improved working capital cycle. After review of the current performance of the Group, the new strategy has shown a marked improvement in gross profit margins. Since April 2007 significant cost reductions have also been made in areas without causing detriment to developing business going forward.

The balance sheet was also strengthened in February 2007 with a placing which netted the group £1,100,000 after associated costs.

MANAGEMENT CHANGES

Matthew Turner joined the main Board on 29 August 2006 and left the Company on 27 April 2007.

We were pleased to report that Michael F. Stephens rejoined the main Board on 13 November 2006 as Technical Director.

Keith Frener left the main Board on 25 September 2006 and now focuses on the oxo-biodegradable side of the business mainly in the UK, as a Director of Symphony Environmental Limited.

On 3 April 2007 the Chairman appointed Mr. Michael Stephen, an experienced Barrister and former Member of Parliament, (no relation to the Technical Director) to make recommendations for the improvement of operating procedures and corporate governance within the Company. These recommendations have been endorsed by the Board and are being implemented.

STANDARDS

One of the problems experienced by oxo-biodegradable plastic has been European Standard EN 13432, which unfairly discriminates against oxo-biodegradable technology. Matters are now moving in the right direction, as the British Standards Institute is working on a new standard, which is capable of testing oxo-biodegradable. The French BNPP is also working on a draft standard for oxo-biodegradable plastic in agricultural applications.

WASTE-TO-ENERGY
(Symphony Energy Resources Limited ("SER"))

THERMAL PYROLYSIS

Following Cabinet approval in Sri Lanka we are now preparing the way to draw up formal contracts. It must be stressed that no contract is yet in place, but is currently estimated that the programme will commence in the final quarter of 2007 for installation and commissioning of a plant to convert waste plastics to oil and gas in the second half of 2008.

MICROWAVE PYROLYSIS

SER successfully competed at a national level with 57 other companies for a DTI grant of £50,000 towards a feasibility study into microwave pyrolysis of waste tyres, to convert them into useful products. The second stage of this grant award scheme takes place in the autumn and we could secure a further substantial grant toward the design and construction of a commercial scale microwave pyrolysis plant.

Following our success in the first grant award, we again competed nationally in a separate award scheme for a research studentship grant to study microwave processing of waste plastic. In May this year we were one of only three companies out of over 100 who were successful, and we were awarded £62,000 in studentship grants.

Microwave pyrolysis of scrap tyres has been the subject of an intense academic study programme, and we have now received the report from the lead university conducting the study. Further academic work is ongoing to quantify and qualify the end products of microwave pyrolysis of tyres.

CONCLUSION

During the past twelve months Symphony has been transformed from a commodity plastics company into an environmental technologies Group, delivering solutions to some of the world's most pressing environmental problems.

Major changes have taken place, and the Company is now in a much better position to face the future. We are investing in R&D for both oxo-biodegradable applications and for waste-to-energy. We are expanding our network of distributors, we are improving efficiency, and we are evaluating other technologies where synergies exist.

As indicated earlier, of the 192 countries in the world Symphony is now in more than 50 and d2w® continues to progress. Though 2006 was a tough year for Symphony we have been encouraged by the progress we have made so far in 2007 and we look forward to the future with confidence.

Michael Laurier
Chief Executive Officer

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2006

	Year ended 31 December 2006		Year ended 31 December 2005	
	£'000	**£'000**	£'000	£'000
Turnover		**4,200**		9,109
Cost of sales		**(3,362)**		(7,342)
Gross profit		**838**		1,767
Distribution costs		**(143)**		(272)
Administrative expenses - other	**(2,207)**		(2,552)	
Administrative expenses - exceptional item	**(830)**		(191)	
Administrative expenses		**(3,037)**		(2,743)
Operating loss		**(2,342)**		(1,248)
Net interest		**(37)**		(166)
Loss on ordinary activities before taxation		**(2,379)**		(1,414)
Tax on loss on ordinary activities		**37**		40
Loss for the financial year		**(2,342)**		(1,374)
Basic and diluted loss per share in pence		**(3.62)p**		(2.28)p

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

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2006

	2006 £'000	2005 £'000
Fixed assets		
Intangible assets	**70**	18
Tangible assets	**222**	247
Investments	**531**	16
	823	281
Current assets		
Stocks	**545**	304
Debtors	**897**	2,773
Cash at bank and in hand	**215**	1
	1,657	3,078
Creditors: amounts falling due within one year	**(1,945)**	(1,607)
Net current (liabilities)/assets	**(288)**	1,471
Total assets less current liabilities	**535**	1,752
Creditors: amounts falling due after more than one year	**(509)**	(89)
	26	1,663
Capital and reserves		
Called up share capital	**697**	634
Share premium account	**11,392**	10,824
Other reserves	**822**	822
Profit and loss account	**(12,885)**	(10,617)
Shareholders' funds	**26**	1,663

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2006

	2006 £'000	2005 £'000
Net cash outflow from operating activities	**(355)**	(1,546)
Returns on investments and servicing of finance		
Interest received	**-**	2
Interest paid	**(29)**	(157)
Interest element of finance leases and hire purchase	**(8)**	(11)
Net cash outflow from returns on investments and servicing of finance	**(37)**	(166)
Taxation	**37**	40
Capital expenditure and financial investment		
Payments to acquire intangible fixed assets	**(64)**	(6)
Payments to acquire tangible fixed assets	**(12)**	(26)
Receipts from sale of fixed assets	**7**	44
Net cash outflow from capital expenditure and financial investment	**(69)**	12
Cash outflow before financing	**(424)**	(1,660)
Financing		
Issue of equity share capital	**63**	121
Share premium on issue of equity share capital	**567**	1,718
Share issue expenses	**-**	(10)
Proceeds from convertible loan	**254**	-
Capital element of finance leases and hire purchase	**(34)**	(61)
Net cash inflow from financing	**850**	1,768
Increase/(decrease) in cash	**426**	(108)

NOTES TO THE PRELIMINARY STATEMENT

Preliminary Results for year ended 31 December 2006

1 BASIS OF PREPARATION

The preliminary announcement has been prepared on the basis of accounting policies consistent with the audited financial statements for the year ended 31 December 2006.

2 LOSS PER SHARE

The calculation of basic loss per share is based on a loss for the year of £2,342,000 (2005: £1,374,000) divided by the weighted average number of shares in issue during the year of 64,743,108 (2005: 60,327,090).

3 PUBLICATION OF NON-STATUTORY ACCOUNTS

The financial information set out in this preliminary announcement does not constitute statutory accounts as defined in section 240 of the Companies Act 1985.

The balance sheet at 31 December 2006 and the profit and loss account for the year then ended have been extracted from the Group's financial statements upon which the auditors' opinion is unqualified.

The 2005 financial statements have been filed with the Registrar of Companies, but the 2006 financial statements are not yet filed.