



Interim Financial Statements 2008

Index to the interim financial statements

Highlights	1
Chairman's statement	1
Further information	2
Chief Executive's review	3 - 4
Condensed consolidated interim income statement	5
Condensed consolidated interim balance sheet	6
Condensed consolidated interim statement of changes in equity	7
Condensed consolidated interim cash flow statement	8
Notes to the interim financial statements	9 - 11

Symphony Environmental Technologies plc

Interim Financial Statements 2008

Symphony Environmental Technologies plc (“Symphony” or “Group”), the degradable plastics and waste-to-energy Group, announces its interim financial statements for the six months ended 30 June 2008.

Highlights

- Total revenue increased by 35.3% to £2.30 million (2007 H1: £1.70 million)
- **d₂w**[®] revenue increased by 67.5% to £2.11 million (2007 H1: £1.26 million)
- Gross profits increased by 122.7% to £0.98 million (2007 H1: £0.44 million)
- Gross profit margins increased to 42% (2007 H1: 26%)
- Administrative expenses decreased by 16.4% to £1.07 million (2007 H1: £1.28 million)
- Loss before tax decreased by 84.0% to £0.17 million (2007 H1: loss £1.06 million)
- Loss per share decreased by 88.0% to 0.16 pence (2007 H1: loss 1.34 pence)
- Award of £1.2million consortium grant for waste to energy project
- **d₂w**[®] launch with Tiger Brands in South Africa
- **d₂w**[®] launch in the United Arab Emirates
- Number of distributors increased to 38 (2007 H1: 7)

After period end

- **d₂w**[®] launch with the Bimbo Bakery Group in Latin America

Chairman’s Statement

“I am extremely pleased to present this set of figures which vindicates the strategic decisions we have taken over the past three years and especially since April 2007.

The investments made in our products, in the **d₂w**[®] brand and in the global distribution network are beginning to bear fruit. As Chairman, I am especially pleased that the executive team and staff have grown revenue while at the same time reducing costs leading to a 16 per cent growth in gross margins.

We believe nevertheless that we have only just begun, as the markets for our products are huge. The main application for our **d₂w**[®] product as represented by our sales to date is flexible polyethylene, yet there are many other applications, including semi-rigid and rigid products, and also polypropylene based products. We have a presence in over 50 countries and 76% of our **d₂w**[®] revenues have been from only eight of those countries. Thus the potential for the remaining countries to add significantly to our revenues is great.

Symphony Energy and its consortium partners’, “RμPERT” (Rubber Product Enhanced Recovery Technology) project starts later this month having been awarded a £1.2 million grant by the British Government, as announced to the market earlier this year. We aim to commercialise any resultant elements of this project at the earliest opportunity.

I look forward to the future with confidence.”

Nirj Deva – Chairman

Symphony Environmental Technologies plc
Interim Financial Statements 2008

Further information on the Symphony Environmental Technologies Group of companies:

SYMPHONY ENVIRONMENTAL TECHNOLOGIES PLC is a world leader in oxo-biodegradable eco-compatible plastic technology. The technology is recognised by the **d₂w**[®] droplet logo on many thousands of tonnes of plastic products.

Symphony has a diverse and growing customer base and has established itself successfully as an international business. Its **d₂w**[®] products can be found in more than 50 countries around the world and in many different product applications. Symphony is proud to be a member of the Oxo-biodegradable Plastics Association (www.biodeg.org).

Symphony is also developing innovative waste-to-energy technology and cost-effective processes to convert plastics, tyres and other waste-streams into valuable products.

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

Chief Executive's review

The results for this reported period show continued progress on the turnaround for the Group and proof that our revised business model is working. The market is ripening for our eco-compatible degradable plastic technology and we are well positioned with a good spread of customers in many markets to capitalise on this.

76% of our **d₂w**[®] revenue has been from just eight countries, located in the EU, Latin America and South Africa. Just under a quarter is from the rest of the world, including the Middle East, Far East and North America.

Trading results

Total revenue increased by 35.3% for the first six months of 2008 to £2.30 million compared to £1.70 million for the first six months of 2007. **d₂w**[®] revenue increased by 67.5% to £2.11 million (2007 H1: £1.26 million). Gross profit was £0.98 million compared to £0.44 million, an increase of 122.7%. Gross profit margins increased to 42% from 26%. The gross profit achieved for the first six months of 2008 was also 19% higher than the whole of 2007, which was £0.82 million. This was due to the success to date of our revised business model which has seen us shift our sales focus to selling higher value **d₂w**[®] additives and products.

Administrative expenses decreased by 16.4% to £1.07 million (2007 H1: £1.28 million). This was primarily due to a reduction in staff costs. The selling focus of the business is now performed through its distributors supported by Symphony's business development managers.

A grant of £40,000 was received by Symphony Energy Limited from the UK Government during the period under review, and the consortium behind this project, led by Symphony, has been awarded a further UK Government grant of £1.2 million, as already announced to the market this year. The grant will span three years and is designed to enable collaborative research and development in the area of High Value Manufacturing, for the consortium's Rubber Product Enhanced Recovery Technology project ("RuPERT"). The grant will support a substantial part of Symphony's external project costs (those borne by the consortium partners) relating to RuPERT but excludes Symphony's costs which are not expected to alter materially from current spend.

The loss per share decreased to 0.16 pence (2007 H1: loss per share of 1.34 pence).

Cashflow

The business has extended its reach through our distributor network to all major continents of the world and has had to adjust to trade terms and shipment times specific to each territory. As such, creditor days changed from 61 for 2007 to 40 for the first half of 2008. Debtor days have remained constant at 61 days. Accounts receivable have increased in line with the increase in revenues. These all account for £0.4 million of cash usage during the period.

We have managed the change in working capital requirements by using confidential invoice discounting.

The Group will be looking at other low cost options to replace the Headstart convertible loan which currently stands at £380,000. The Headstart facility is valid until 31 March 2009.

Markets and brand

The strategy of continually extending the product range through a growing network of distributors has allowed margins and revenue to grow at a much faster rate than at any time in the past. I am very pleased to say that plastic products using **d₂w**[®] additive technology can be found in every continent and as geographical diversity expands the brand strengthens. Symphony has started to benefit from its position as a world leader in oxo-biodegradable plastic technology and, as far as we know, Symphony is the only dedicated public quoted company in this field.

Symphony has a strong brand, sound marketing, growing distribution, excellent support services and has an environmentally responsible low cost solution towards the ever growing concerns towards plastic pollution.

Symphony Environmental Technologies plc
Interim Financial Statements 2008

Outlook

Trading performance is currently in line with management expectations and with the breakthrough in Latin America announced on 29 August 2008, we anticipate that the positive momentum will continue.

Many large global brands are adopting **d₂w[®]** but due to commercial sensitivity the terms of our arrangements with these brands will remain confidential. We are very pleased to note that a substantial amount of very valuable PR is being dedicated towards **d₂w[®]** eco-compatible degradable plastic technology by some of these large groups and this exposure is creating further positive interest.

The Group continues to focus some of its efforts into lobbying governments and to actively advise on issues and solutions towards introducing effective policies that can improve plastic pollution that is generally caused by litter. To date no active policies have been put in place to deal with plastic litter. The present focus appears to be against the use of traditional carrier bags which does not materially affect the Group. Symphony's business and markets extends well beyond Carrier Bags which is a relatively small part of a vastly larger global market in terms of overall volumes. We continue to advise retailers that it is wrong to ban the use of carrier bags as the alternative solutions are far worse in terms of value and environmental cost and we trust that our followers will also continue to be correctly informed.

We look forward to the coming months with growing confidence.

Michael Laurier
Chief Executive

Symphony Environmental Technologies plc
Interim Financial Statements 2008

Condensed consolidated interim income statement

	6 months to 30 June 2008 Unaudited £'000 £'000		6 months to 30 June 2007 Unaudited £'000 £'000		12 months to 31 December 2007 Audited £'000 £'000
Revenue		2,303		1,700	3,778
Cost of sales:					
- recurring	(1,328)		(1,257)		(2,644)
- non – recurring	-		-		(315)
Total cost of sales		(1,328)		(1,257)	(2,959)
Gross profit					
- recurring	975		443		1,134
- non-recurring	-		-		(315)
Total gross profit		975		443	819
Distribution costs		(54)		(184)	(68)
Administrative expenses:					
- recurring	(1,067)		(1,283)		(2,378)
- non – recurring	-		-		(250)
Total administrative expenses		(1,067)		(1,283)	(2,628)
Operating loss		(146)		(1,024)	(1,877)
Finance income		-		-	17
Finance costs		(21)		(36)	(88)
Loss for the period before tax		(167)		(1,060)	(1,948)
Tax credit		-		-	35
Loss for the period		(167)		(1,060)	(1,913)
Loss per share:					
Basic		(0.16)p		(1.34)p	(2.31)p
Diluted		(0.16)p		(1.34)p	(2.31)p

All results are attributable to the parent equity holders

Symphony Environmental Technologies plc
Interim Financial Statements 2008

Condensed consolidated interim balance sheet

	At 30 June 2008 Unaudited £'000	At 30 June 2007 Unaudited £'000	At 31 December 2007 Audited £'000
Assets			
Non-current			
Property, plant and equipment	207	205	201
Available for sale financial assets	15	531	15
Intangible assets	198	123	177
	420	859	393
Current			
Inventories	207	347	233
Trade and other receivables	1,056	883	761
Cash and cash equivalents	7	51	407
	1,270	1,281	1,401
Total assets	1,690	2,140	1,794
Equity			
<i>Equity attributable to shareholders of Symphony Environmental Technologies plc</i>			
Share capital	1,052	839	1,018
Share premium account	13,071	12,392	13,048
Other reserves	822	822	822
Retained earnings	(14,930)	(13,945)	(14,763)
Total equity	15	108	125
Liabilities			
Non-current			
Other payables	-	460	-
Interest bearing loans and borrowings	29	44	31
	29	504	31
Current			
Interest bearing loans and borrowings	1,036	520	781
Trade and other payables	610	1,008	857
	1,646	1,528	1,638
Total liabilities	1,675	2,032	1,669
Total equity and liabilities	1,690	2,140	1,794

Symphony Environmental Technologies plc
Interim Financial Statements 2008

Condensed consolidated interim 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 six months to 30 June 2008					
Balance at 1 January 2008	1,018	13,048	822	(14,763)	125
Net result for the period	-	-	-	(167)	(167)
Shares issued	34	23	-	-	57
Balance at 30 June 2008	1,052	13,071	822	(14,930)	15
For the six months to 30 June 2007					
Balance at 1 January 2007	697	11,392	822	(12,885)	26
Net result for the period	-	-	-	(1,060)	(1,060)
Shares issued	142	1,000	-	-	1,142
Balance at 30 June 2007	839	12,392	822	(13,945)	108
For the year to 31 December 2007					
Balance at 1 January 2007	697	11,392	822	(12,885)	26
Net result for the year	-	-	-	(1,913)	(1,913)
Share based payments	-	-	-	35	35
Shares issued	321	1,656	-	-	1,977
Balance at 31 December 2007	1,018	13,048	822	(14,763)	125

Symphony Environmental Technologies plc
Interim Financial Statements 2008

Condensed consolidated interim cash flow statement

	6 months to 30 June 2008 £'000	6 months to 30 June 2007 £'000	12 months to 31 December 2007 £'000
Operating activities			
Results for the period after tax	(167)	(1,060)	(1,913)
Equity settled share-based payment charge	-	-	35
Net non-cash movement in available-for-sale financial asset and connected deferred income	-	-	34
Interest expense	21	36	88
Interest income	-	-	(17)
Depreciation	16	18	34
Amortisation	5	5	12
Loss on disposal	-	3	3
Change in inventories	26	198	312
Change in trade and other receivables	(295)	14	136
Change in trade and other payables	(247)	(121)	(17)
	(641)	(907)	(1,293)
Investing activities			
Additions to property, plant and equipment	(22)	17	(30)
Proceeds from disposals of property, plant and equipment	-	12	13
Additions of intangible assets	(21)	(58)	(119)
Interest received	-	-	1
	(43)	(29)	(135)
Financing activities			
Proceeds from loans	-	-	188
Repayment of loans	(88)	(20)	(14)
Discharge of finance lease liability	(8)	(14)	(31)
Proceeds from share issue	57	1,142	1,808
Interest paid	(26)	(36)	(20)
	(65)	1,072	1,931
Net change in cash and cash equivalents	(749)	136	503
Cash and cash equivalents, beginning of period	407	(96)	(96)
Cash and cash equivalents, end of period	(342)	40	407

Notes to the interim financial statements

1 Nature of operations and general information

Symphony Environmental Technologies plc and subsidiaries' ('the Group') principal activities include the development and supply of degradable plastic additives and products, and the development of waste to energy 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 Elstree House, Elstree Way, Borehamwood, Hertfordshire, WD6 1LE, England. Symphony Environmental Technologies plc's shares are listed on the AIM market of the London Stock Exchange, the PLUS market in London and on the "pink sheets" of the United States over-the-counter market.

These interim condensed consolidated financial statements are for the six months ended 30 June 2008. 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 2007.

The financial information set out in this interim report does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. The Group's statutory financial statements for the year ended 31 December 2007 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 237(2) or (3) of the Companies Act 1985. These interim condensed consolidated financial statements have not been audited.

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", and are presented in Sterling (£), which is the functional currency of the parent company. 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 2007. There have been no accounting policy changes since 31 December 2007.

The Company's auditor, Grant Thornton UK LLP, has reviewed (not audited) these interim condensed consolidated financial statements and confirms that nothing has come to its attention that causes it to believe that these interim condensed consolidated financial statements are not prepared in all material aspects in accordance with International Accounting Standard 34.

Symphony Environmental Technologies plc
Interim Financial Statements 2008

2 Segment analysis

The Group operates three main business segments, supply of degradable products, supply of non-degradable products and development of waste to energy systems.

Business segments	Degradable d₂w[®] £'000	Non- degradable £'000	Waste to energy £'000	Group £'000
6 months to 30 June 2008				
Revenue	2,105	158	40	2,303
Apportioned costs	(2,044)	(326)	(100)	(2,470)
Result for the period before tax	61	(168)	(60)	(167)
Taxation	-	-	-	-
Loss for the period	61	(168)	(60)	(167)

Business segments	Degradable d₂w[®] £'000	Non- degradable £'000	Waste to energy £'000	Group £'000
6 months to 30 June 2007				
Revenue	1,260	440	-	1,700
Apportioned costs	(2,000)	(660)	(100)	(2,760)
Result for the period before tax	(740)	(220)	(100)	(1,060)
Taxation	-	-	-	-
Loss for the period	(740)	(220)	(100)	(1,060)

Business segments	Degradable d₂w[®] £'000	Non- degradable £'000	Waste to energy £'000	Group £'000
12 months to 31 December 2007				
Revenue	3,008	770	-	3,778
Share based payments	(6)	(29)	-	(35)
Apportioned costs	(3,746)	(1,745)	(200)	(5,691)
Result for the year before tax	(744)	(1,004)	(200)	(1,948)
Taxation	35	-	-	35
Loss for the year	(709)	(1,004)	(200)	(1,913)
Non-recurring items in above	315	250	-	565
Loss for the year before non-recurring items	(394)	(754)	(200)	(1,348)

Revenues stated are from external customers.

Symphony Environmental Technologies plc
Interim Financial Statements 2008

3 Shares issued

On 22 April 2008 the Company issued 3,446,037 ordinary 1p shares at 1.66p per share in respect of part conversion of a convertible loan. Shares issued for the period under review may be summarised as follows:

	6 months to 30 June 2008	6 months to 30 June 2007	Year to 31 December 2007
Shares issued and fully paid			
- beginning of period	101,772,999	69,679,547	69,679,547
- issued during the period	3,446,037	14,205,000	32,093,452
Total equity shares issued and fully paid at end of period	105,219,036	83,884,547	101,772,999

The shares issued yielded £57,290 and reduced the capital element of the convertible loan by £50,000. The balance of £7,290 repaid accrued interest on the capital element of the convertible loan repaid. In total equity was increased by £57,290.

4 Loss per share and dividends

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

The calculation of diluted loss per share is based on the basic loss per share, adjusted to allow for the issue of shares on the assumed conversion of all dilutive options and warrants.

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

Basic and diluted	6 months to 30 June 2008	6 months to 30 June 2007	Year to 31 December 2007
Loss attributable to equity holders of the company	£167,000	£1,060,000	£1,913,000
Weighted average number of ordinary shares in issue	103,079,464	79,207,144	82,648,585
Basic loss per share	0.16 pence	1.34pence	2.31 pence
Dilutive effect of weighted average options and warrants	6,700,000	4,750,588	5,858,192
Total of weighted average shares together with dilutive effect of weighted options and warrants	109,779,464	83,957,732	88,506,777
Diluted loss per share (*)	0.16 pence	1.34 pence	2.31 pence

No dividends were paid for the year ended 31 December 2007.

*** The effect of the options and warrants are anti-dilutive**

5 Availability of Interim Report

Paper copies of the interim statement will be sent to shareholders upon request. Otherwise, shareholders will be able to download a copy of the Interim Report from the Group's website www.symphonyplastics.com. Further copies of the Interim Report will be available from the Company Secretary, Ian Bristow, at Elstree House, Elstree Way, Borehamwood, Herts WD6 1LE.