Annual Report and Accounts 2013

Making plastic smarter





Symphony environmental technologies plc

Symphony Environmental Technologies plc, dedicated to finding technical solutions to the world's environmental and public health problems by making plastic smarter.

We care passionately about health and the environment. Over the years we have identified areas in which Symphony can make a difference, not just in our home country of Great Britain, but all around the world.

Since 2012 the Group has been broadening its horizons, looking at the wider health and environmental issues that could be solved through innovation. In the last year alone, we have launched new ranges of d_2p masterbatch that provide anti-fungal performance in plastic products. Our anti-bacterial d_2p is already on the market, and other variations and applications are in development. d_2p complements our world-leading, controlled-life masterbatch d_2w (which converts plastic at the end of its useful life into a biodegradable material).

Our quality-control and anti-counterfeiting d_2Detector device is proving its worth, and our d_2t masterbatch range of d_2t Tag and Trace technologies provide brand owners with the reassurance that their products can be identified as genuine.

www.symphonyenvironmental.com/corporate

BUSINESS REVIEW

CORPORATE GOVERNANCE

FINANCIAL STATEMENTS

Highlights 2013

FOR MORE ON OUR GLOBAL NETWORK
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FOR MORE ON OUR MARKET & STRATEGY
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FOR MORE ON OUR PRODUCTS
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The Group has two operating divisions, the Plastics Division (Symphony Environmental Limited or "SEL"), and the Recycling Technologies Division (Symphony Recycling Technologies Limited or "SRT"). SEL focuses on "making plastic smarter" technologies, and continued to advance sales revenue so far solely through the d$_2$w brand. SRT is, and has always been, an R&D division for tyre recycling technologies and systems, and has not yet reached the stage of becoming revenue generative.

SEL HIGHLIGHTS

- Revenues increased 46% to £7.19 million (2012: £4.94 million)
- Gross profit increased 65% to £3.55 million (2012: £2.15 million)
- EBITDA profit of £0.22 million (2012: loss £1.75 million)

GROUP HIGHLIGHTS AFTER NON-RECURRING COSTS

- Revenues increased 46% to £7.19 million (2012: £4.94 million)
- Gross profit increased 65% to £3.55 million (2012: £2.15 million)
- SRT commercialisation strategy and one-off impairment of £0.49 million (2012: £nil)
- Operating loss reduced by 67% to £0.73 million (2012: loss £2.18 million)
- Loss after tax reduced by 68% to £0.71 million (2012: loss £2.22 million)
- Basic loss per share reduced by 68% to 0.55p (2012: loss per share 1.74p)
- Agreement with Janssens Pharmaceutica (a subsidiary of Johnson & Johnson)
- Directors increase shareholding to 19.5% (2012: 14.2%)

GROUP HIGHLIGHTS BEFORE NON-RECURRING COSTS

- Plastics division EBITDA profit of £0.22 million (2012: loss £1.75 million)
- Group EBITDA loss of £0.01 million (2012: 2.02 million)
- Operating loss £0.16 million (2012: loss £2.18 million)
- Basic loss per share of 0.11p (2012: loss per share 1.74p)

POST YEAR-END EVENTS

- Trading has started well
- New contract win
- Legislation enforcement process accelerating
- Commencement of commercialisation process for SRT

Revenues £million

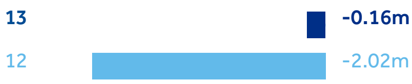
↑ 46%

Gross profit £million

↑ 65%

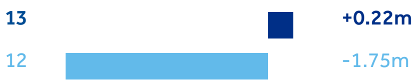
Operating loss (before non-recurring items) £million

↓ 93%



Plastics division EBITDA £million

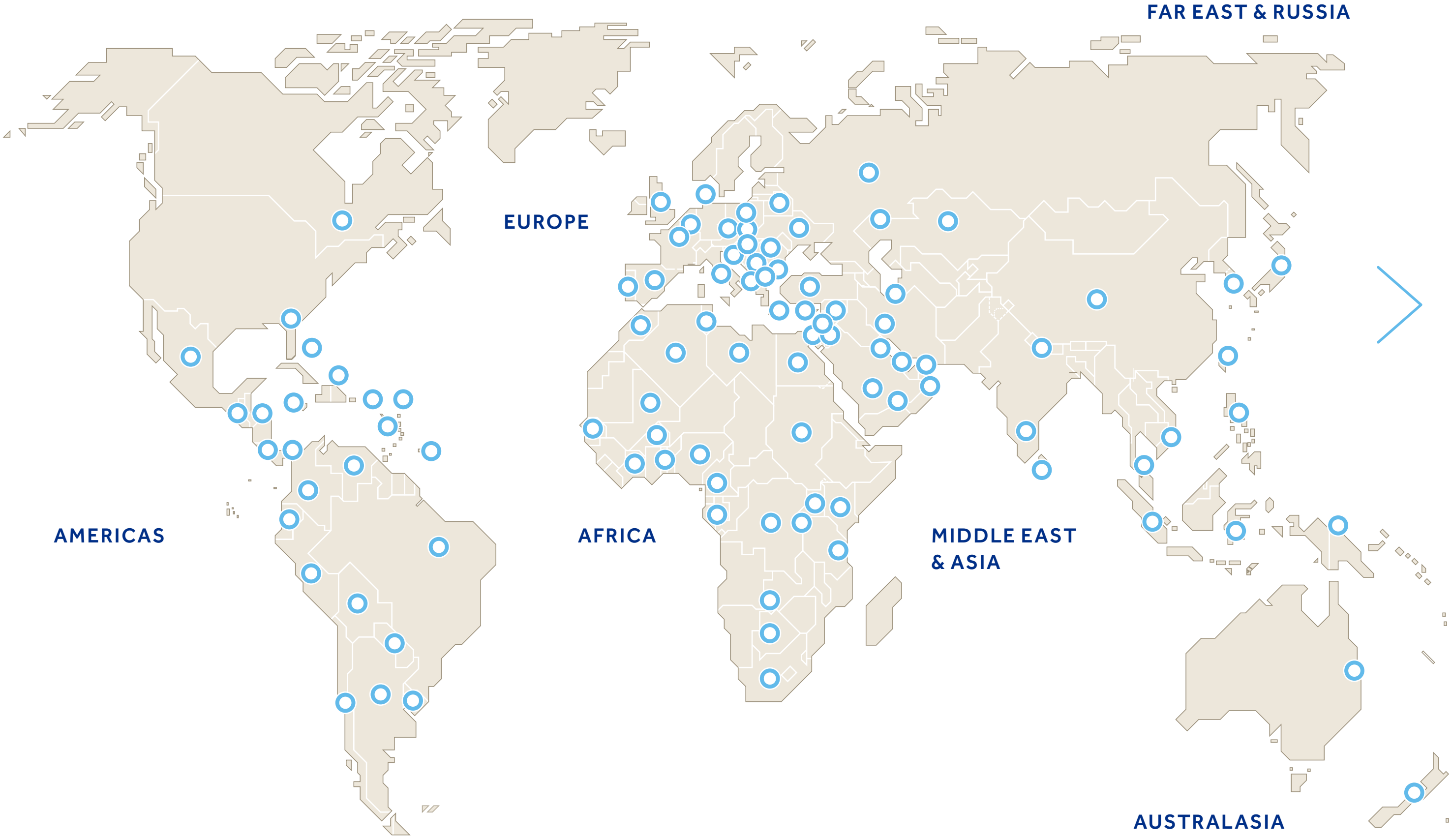
Turnaround from £1.75 million loss to £0.22 million profit



Symphony at a glance

Our global network

Symphony is an international company, reaching every corner of the globe. We have a growing number of distributors and sub-distributors giving us a presence in more than 90 countries worldwide.



People + service

We aim to provide value, efficiency, quality and fulfilment to our customers and staff, with a focus on striving for excellence and ensuring that we deliver on our promise. As a professional organisation we value our people, who are our greatest asset. Our strengths come from attracting the right people and from providing support for our customers around the world based on experience and technical excellence. We know how to make the products, and equally important we know how to use them in their industrial applications. Our marketing and technical teams are available at short notice in most time zones. As the only listed public company in the oxo-biodegradable field, we pride ourselves on the service we provide, which is a major factor in purchasing decisions by our customers.

Oxo-biodegradable Plastics Assoc. ® www.biodeg.org

Symphony is proud to be a founder-member of the Oxo-biodegradable Plastics Association, which exists to explain and promote oxo-biodegradable plastics technology.

Our products

Overview

d$_2$w is a masterbatch system which, when included at the manufacturing stage, turns ordinary plastic at the end of its useful life into a material with a different molecular structure. At that stage it is no longer a plastic and has become a material which is inherently biodegradable in the open environment in the same way as a leaf.

www.symphonyenvironmental.com/degradable/d2w-controlledlife-plastic/what-is-d2w/

SEE PAGES 12–13

Overview

d$_2$p is a masterbatch system that provides anti-microbial performance. The active ingredients in **d$_2$p** have been successfully tested against over 50 common organisms and dangerous bacteria, such as MRSA, E.coli, Salmonella, Listeria, Pseudomonas, and Aspergillus Niger. Symphony currently has two types of **d$_2$p** masterbatch: **d$_2$pAB** is anti-bacterial and **d$_2$pAF** is anti-fungal.

www.symphonyenvironmental.com/files/uploaded/environmental/d2p%20ab.pdf

www.symphonyenvironmental.com/files/uploaded/environmental/d2p%20af.pdf

SEE PAGES 14 – 15

d$_2$t is a suite of technologies that provide anti-counterfeiting performance. Tag and trace technologies offer the ability to determine the content of your plastic packaging and other plastic products through a unique tracer or a sophisticated forensic tagging system. **d$_2$t** complements Symphony's portable **d$_2$Detector** device.

SEE PAGE 16

The **d$_2$Detector** is a portable XRF (X-ray) device that allows customers, and the authorities in countries with relevant legislation, to determine in less than 60 seconds whether or not a plastic product contains **d$_2$w** or **d$_2$p** or **d$_2$t** additives as specified, and whether it contains any undesirable substances.

http://www.youtube.com/watch?v=jTIQRGZnrgg

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Chairman's statement

I am pleased to report a significant uplift in all areas of the SEL business with revenues increasing by 46% to £7.19 million (2012: £4.94 million) with an operating loss before non-recurring items of just £159,000.

This compares to an operating loss of £2.18 million in 2012. Our EBITDA loss before non-recurring items was £10,000 compared to an EBITDA loss of £2.02 million in 2012.

The SEL business performed well with an EBITDA profit of £0.22 million compared to a loss of £1.75 million in 2012. All of our major markets performed well compared to 2012, and more importantly, a number of very significant prospects continued to develop during the year.

In 2013 sales of our d_2w controlled-life plastic technology (which makes plastic oxo-biodegradable) grew by 46%. The main growth-drivers include legislation and Corporate Social Responsibility ("CSR"). We announced during the year that Pakistan had mandated the use of oxo-biodegradable technology for disposable plastic products. As seen elsewhere, sales have started slowly while grace periods are allowed and enforcement becomes effective. This has been seen in the UAE and parts of Africa where similar legislation is in place, and sales are now increasing.

Sales of d_2w were made to our Distributors in 51 territories during the year and many of these sell through to other territories within their distribution agreements. Most territories do not yet have a legal requirement to use oxo-bio and sales are driven by CSR. Brand owners and manufacturers do not want to see their plastic products lying on the beach or in the open environment decades from now. The number of signed agreements with distributors increased from 72 to 76 during the year.

For our d_2p anti-microbial product range, an exciting development during the year was the completion of a two year collaboration with Janssen Pharmaceutica (a subsidiary of Johnson & Johnson) and signature of an agreement with them, to bring an entirely new product to the market. d_2p is included in plastic at the manufacturing stage and gives it anti-microbial and anti-fungal properties. This development is significant for Symphony as it opens up major revenue possibilities where protection from bacteria and fungi is required.

During the year we reduced our cost base by improving operational efficiencies, and a one-off charge of £76,000 was incurred during this process. Excluding non-recurring items, our cost base reduced from £4.21 million in 2012 to £3.53 million in 2013.

As previously stated, the Board's strategy is to commercialise SRT. Having carefully considered the options, the initial steps will be to establish a separately funded entity with dedicated resources that is autonomous from the Group. As this will no longer form an integral part of the business, a full impairment charge of £494,000 has been made against all capitalised development costs in SRT. SRT has a novel process for efficiently recycling scrap tyres, and a patent has been applied for. The main drivers for this are legislation that requires more recycling, and prevents disposal of tyres in landfill or by burning in the open environment. The SRT process delivers high-value recycled raw materials which can be used again in quality manufacturing processes. Although the recycling business will no longer be an integral part of Symphony's business, the Group will retain an interest in the new entity as a minority shareholder and as IP Licensor, from which it is expected that the Group will benefit going forward.

Our business strategy has been consistently in line with the UK Government's policy of creating foreign exchange earnings through an export-driven economy. The Group has developed a growing number of licensed and independent Distributors to market and sell its products. The business is not reliant on any one market or event, and the downside risk is therefore limited, but the upside is potentially unlimited. Over the years the Management have successfully expanded Symphony's network, markets and products, and having laid these firm foundations we expect good levels of growth going forward.

I would like to thank the Board, the staff, and our Distributors for all their creative work in 2013, and we look forward to a very successful 2014.

Nirj Deva, DL, FRSA, MEP
Chairman

Investment case

Why Symphony?

High value revenue growth opportunity

- Multibillion dollar plastic market (approx 288 million tonnes growing at 3% per annum)
- Legislation – currently 16 countries (growing)
- CSR
- Healthcare – bacterial and fungal control
- Minimalisation of food waste – UK alone reports $18 billion in food waste
- Anti-conterfeiting technologies

Infrastructure

Symphony has an infrastructure in place for providing support to our global marketing and sales teams. Symphony currently has its Head Office at Borehamwood, near London, where we have a laboratory for scientific experiments, testing and developments. Symphony works with universities and specialised test centres around the world.

Our global network

Symphony is a global company with a presence in almost all parts of the world. We have developed and maintain successful distributors and sub-distributors worldwide, and we continue to grow our distribution network. We work with our network to build relationships in their countries with suppliers, manufacturers, end users, and the governmental and non-governmental sectors.

Market

With millions of tonnes of plastic used around the world, there is an urgent need to deal with the issues of disposal and pollution.

- Every year, approximately 288 million tonnes of plastic is produced globally
- Plastics can take many decades to break down
- A limited amount is recycled
- The oxo-bio bag performed 75% better than the conventional bag in the litter category in an LCA performed by Intertek
- Extensive tests by Roediger laboratories have concluded that plastic products made with oxo-biodegradable technology may be recycled without any significant detriment to the newly formed recycled product. (Report 21 May 2012)

288 million
tonnes of plastic is produced globally

7%
of plastic is recycled in the EU

Decades
for plastic to break down

Strategy

Our strategy is to deliver sustained revenue growth, improve and extend our product range and increase visibility and awareness of the Company and its achievements over the forthcoming year.

Markets

- We will continue to encourage legislation in favour of oxo-biodegradable plastic
- We will create value for end users and brand owners
- We will increase and defend our brand values
- We will strengthen our global distribution network

Progress

- Legislation in 16 countries
- Distribution agreements increased to 76
- Sales to 51 territories in 2013

Investment

- We will continue to invest in research and development
- We will extend our product range by introducing new d_2w, d_2p and d_2t products

Progress

- Over £500,000 investment in R&D during 2013
- Contract signed with Janssons Pharmaceutical (a division of Johnson & Johnson) for d_2pAF

Chief Executive's review

I am pleased to report that in the year under review we successfully achieved many important changes for the business, in several fundamental areas.

"THE TECHNICAL AND MARKETING TEAM WERE ACTIVE THROUGHOUT THE YEAR BY FOCUSING POLITICIANS' AND CONSUMERS' ATTENTION TO THE BENEFIT OF PLASTICS WITH d_2w INSIDE."

Our long-term business strategy is working, and the foundations established for a more rapid and stronger performance going forward.

The business has continued to diversify into synergistic products, technical services and applications. For d_2w our main revenue generating brand, a robust investment programme has been maintained which is helping to drive the business forward with expanding opportunities, markets and sales. Overall, product cost reduced and volumes increased.

Our d_2p and d_2t technologies are still in their infancy albeit some sales have resulted for d_2p. We have maintained our investment programme which is based on several J/V projects with prospective end user customers. SEL has absorbed the cost for creating new IP formulations as well for work with independent laboratories and universities. These two technologies are synergistic with d_2w as they can be supplied to the same customer base through the same distribution network, and therefore commercialisation is expected to be more rapid.

The results for 2013 show an improved financial performance, with increasing revenues, higher margins and a lower overhead cost base. In addition, the main business drivers continued to improve, such as legislation, distributor-performance and product expansion and improvement. A growing number of important opportunities, negotiations and product trials have commenced or continued in the period under review.

These opportunities extend across much of our global distribution network, and include the d_2p, d_2t and d_2w product ranges.

Investment continued into the tyre recycling division, and opportunities for the commercial development phase moved further forward.

Our business model has been about investing for the future, and aiming for more than ordinary performance.

Trading results

Total Group revenues were higher at £7.19 million (2012: £4.94 million), and Group gross profit margins increased from 44% to 49%. These factors resulted in a 65% increase in the contribution from gross profit from £2.15 million in 2012 to £3.55 million in 2013. Gross margins were increased due to efficiencies and cost reductions in the supply chain.

Sales to the Americas increased from £2.11 million in 2012 to £3.41 million in 2013 and represented 47% of 2013 revenues (2012: 43%). Sales to UK and Europe increased from £1.38 million in 2012 to £1.50 million in 2013 and represented 21% of 2013 revenues (2012: 28%). Sales to the Rest of the World increased from £1.45 million in 2012 to £2.29 million in 2013 and represented 32% of 2013 revenues (2012: 29%).

Overheads before non-recurring items decreased by 16% to £3.53 million (2012: £4.21 million) which included a net write-back of provisions against receivables of £0.05 million (2012: provision of £0.39 million). Total staff costs were marginally lower at £2.01 million (2012: £2.16 million).

In addition to these expenses, the Group incurred non-recurring costs of £570,000 (2012: £nil). Of these costs £76,000 relate to expenditure to obtain ongoing cost efficiencies. This included closing down one of its UK facilities with the operation being transferred to Head Office. As mentioned above, £494,000 is an impairment provision against capitalised development costs for SRT and is detailed later in my review.

Including the non-recurring items, the Group made an operating loss of £0.73 million in 2013 compared to an operating loss of £2.18 million in 2012. This resulted in loss before tax of £0.78 million in 2013 compared with a loss before tax of £2.20 million in 2012.

Excluding the non-recurring items, the Group made an EBITDA loss of £10,000 (2012: loss £2.02 million) and an operating loss of £159,000 (2012: loss £2.18 million).

The Group reports a loss for the year of £0.71 million (2012: loss £2.22 million) with basic loss per share of 0.55 pence (2012: loss per share 1.74 pence).

The business invests in scientific and technical excellence, and I believe that Symphony is now not only the market-leader but also the technical leader of the industry. Development costs of £0.12 million were capitalised in 2013 (2012: £0.36 million), and the net book value of capitalised development costs at the end of the year amounted to £0.91 million. Further development expenditure of £0.38 million (2012: £0.32 million) was charged directly to profit and loss. Capitalised development costs represent 4% of expenses as detailed above. Within the total amount of £0.91 million capitalised to date, and less amortisation and impairment, are: £0.19 million relating to d_2w products which have been developed and are being sold; and the balance of £0.72 million, relating to further environmental plastic applications still in development and where we believe significant revenues will be generated in the foreseeable future. As stated earlier, £0.49 million of capitalised development costs relating to SRT was impaired.

The Group's primary selling currency is the US Dollar. The Group self-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 2013 the Group had a net balance of US Dollar assets totalling $0.56 million (2012: $0.32 million).

Segmental analysis

The Group operates two business divisions which are classified as segments in the financial report, being the Plastics Division (Symphony Environmental Limited or "SEL") and the Recycling Technologies division (Symphony Recycling Limited or "SRT").

SEL includes d_2w, d_2p, d_2t, and the d_2Detector, be they additives or finished products. SEL, which currently generates all the Group revenues, saw sales increase by 46% during the year with total revenues increasing to £7.19 million (2012: £4.94 million) due to growth in new and established markets. This, together with the rise in gross margins and the reduction in overheads, resulted in an EBITDA profit of £0.22 million in 2013 compared to a loss of £1.75 million in 2012. Within SEL no sales were made for d_2t, but there were small initial sales for d_2p.

SRT has no revenues to date and incurred expenditure of £0.81 million for the year, resulting in an EBITDA loss of the same amount (2012 expenditure and EBITDA loss: £0.27 million).

Chief Executive's review
continued

Cashflow
The Group consumed £0.81 million from operations (2012: cash generated £0.45 million). This was due to higher receivables at the 2013 year-end resulting from increased sales, and a reduction in payables. The Group has a £1 million trade finance facility with HSBC Bank plc of which £0.58 million was drawn down as at 31 December 2013 (£0.22 million as at 31 December 2012). The invoice-finance facility increased in line with receivables. In addition to these facilities, the Group borrowed a further £650,000 through unsecured loans.

The Group had cash in the bank of £130,000 at the year-end (2012: £336,000), plus trade receivables of £1.16 million (2012: £545,000) and continues to work comfortably within its facilities.

Symphony Recycling Technologies
As previously stated, the Board's strategy is to commercialise SRT. Having carefully considered the options, the initial steps will be to establish a newly incorporated company with a third-party into which the Group will inject the business of SRT through a licence agreement. The newly incorporated company will seek additional third-party financing and operate autonomously from the Group. As SRT will no longer form an integral part of the Group, a full impairment charge of £494,000 has been made which reflects the costs incurred to develop the recycling business to this stage. The Group will retain an interest as a minority shareholder in the new entity and as IP Licensor, from which it is expected that the Group will benefit going forward.

Outlook
In particular we have been notified of a new contract award through one of our distributors for d_2w from a major supermarket group. The volumes indicated, but not yet verified, are significant. The delivery programme starts from April, with full roll-out before the 2014 year-end. This follows more than two years of development work which demonstrates the length of time it can take to close a major sale opportunity.

In addition to the above, several other trials for d_2w are in their final phase, and further updates will be communicated to the market in due course.

Positive changes in legislation are driving momentum for d_2w in several markets, albeit timing and volumes are still unknown, but what is known is that our sales outlets continue to expand in number and volume.

Trials and negotiations for d_2p and d_2t are showing favourable results on several fronts and we have high expectations of seeing initial revenues commence over the next year. d_2t is a suite of tagging and tracing technologies which will assist brand-owners and governments to reduce counterfeiting of products.

We believe that 2014 will show a further strengthening of our operating performance, and we look forward to the year ahead with confidence.

Michael Laurier
Chief Executive

"THIS YEAR (2014) HAS STARTED WELL WITH SEVERAL IMPORTANT PRODUCT TRIALS PROGRESSING AND A NUMBER OF HIGH LEVEL NEGOTIATIONS FOR SALES OF ALL OF OUR THREE MAIN TECHNOLOGIES; d_2w, d_2p and d_2t."

Innovation and technology

Symphony has its own laboratories and test facilities in the UK where our technical teams test, develop, and continuously improve our products. We continue to invest in R&D as we strongly believe that it is essential to answer the world's health and environmental problems. Over the last year we have invested in new equipment and worked extensively with universities and scientific centres all over the world.

Our products

Plastic is lightweight, flexible, strong, durable, heat sealable, impervious to moisture, recyclable and reusable, but whether by intent or accident, some plastic will always find its way into the land environment and oceans, creating an eyesore and polluting the environment.

d_2w is Symphony's core product, being successful in global markets for over 15 years. It is a masterbatch which, when included at the manufacturing stage, **turns ordinary plastic at the end of its useful life, in the presence of oxygen, into a material with a different molecular structure. At the end of that process it is no longer a plastic and has become a material which will biodegrade in the open environment in the same way as a leaf.**

Recent developments

Over the years many governments have realised the potential of oxo-biodegradable plastic and its benefits for the environment. Every year we have positive outcomes, and more legislation comes into force to ban regular plastic and allow only oxo-biodegradable plastic to be used for shopping bags and other short-life plastic products.

The U.A.E. was the first country to legislate and they have announced that as from 1 January 2014 they have extended the range of plastic products that must be oxo-biodegradable. Symphony has ESMA approval for U.A.E. which is mandatory for all suppliers. Pakistan announced similar legislation as from 1 April 2013. Countries in the Balkans have recognised the benefits of oxo-biodegradable plastic, as have several countries in Africa. In 2012 Intertek published "A Life Cycle Assessment of Oxo-biodegrdable, Compostable and Conventional Bags", which showed that **the environmental credentials of d_2w plastics are ahead of bio-based and conventional plastics.**

Added value with Symphony's d_2w

- d_2w requires a 1% inclusion rate only
- d_2w works with virgin and recycled plastic
- d_2w is compatible with PE, PP and PS
- d_2w does not require any change to the manufacturing process
- d_2w plastic will not just fragment, it will then biodegrade
- d_2w plastic is non-toxic and safe for food contact
- d_2w plastic does not lose any of its strength or other properties during its useful life
- d_2w is tested by test methods prescribed by the following:
  - British Standard 8472
  - US Standard ASTM D6954
  - United Arab Emirates Standard 5009:2009
  - French Accord AFNOR T51-808
  - OECD 207 and 208

d_2w controlled-life technology
making plastic smarter

The Carbon Value

In the process of degradation, d_2w allows the transfer of valuable carbon material to the eco-system.

Studies have demonstrated that one of the benefits of d_2w oxo-biodegradable technology is that the carbon content of the plastic is ultimately shared with living organisms in the environment*.

Further studies have also shown that the carbon based organic materials developed as the result of the degradation mechanism are biodegradable and therefore absorbed by living organisms in the soil**.

This is not the case with conventional plastic that tends to capture the carbon for many decades or hydro-degradables that release the carbon immediately as CO_2.

* Biodegradation Tests of Oxo-degradable Polyolefins by Means of Single Microbial Species, University of Pisa, 2009

** Polymer Degradation and Stability 96 (2011) 919-928

The benefits of Plastic Packaging

- Lightweight
- Flexible
- Strong/durable
- Heat sealable
- Impervious to moisture
- Printable
- Recyclable
- Reusable

Responsible use of plastic

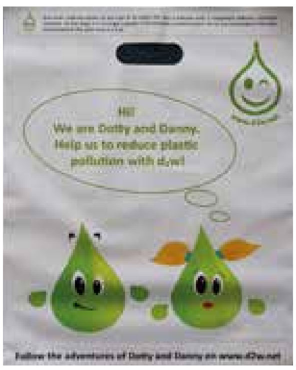
Our three R's

REDUCE: d_2w can help to reduce the burden of persistent plastic waste in the environment.

REUSE: d_2w products can be reused many times during their service-life.

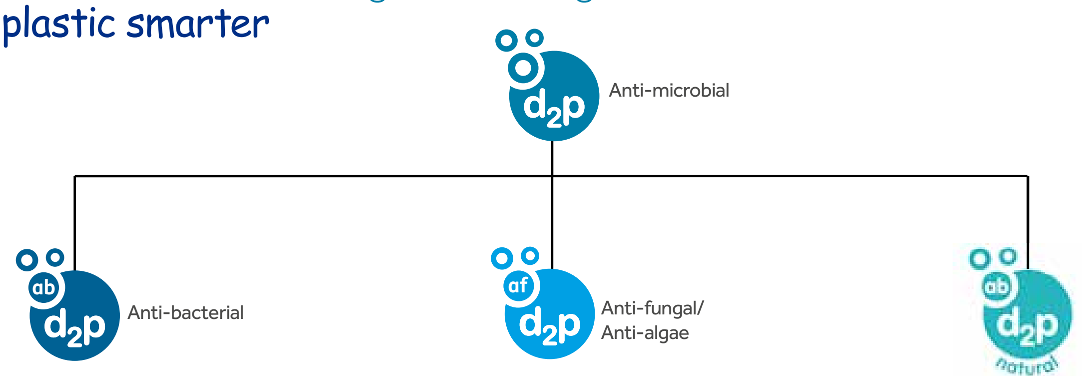
RECYCLE: d_2w products can be recycled and made from recycled polymers.

FOR GENERAL INFORMATION ABOUT OXO-BIODEGRADABLE PLASTICS, SEE WWW.BIODEG.ORG.



Our products
continued

d$_2$p anti-bacterial and anti-fungal technologies
making plastic smarter



d$_2$p anti-bacterial

The threat of infection has increased as we live in denser urban populations. d$_2$p is an anti-bacterial formulation that has been successfully tested against over 50 common organisms including dangerous bacteria such as MRSA, E.coli, Salmonella, Listeria, Pseudomonas and Aspergillus Niger. We have developed a d$_2$p anti-bacterial system that provides an extra layer of protection against transmission of infection through contact with everyday plastic items. Designed as a masterbatch to be added at the manufacturing stage, the inorganic nature, small particle size, and high temperature tolerance of the active ingredient makes it ideal for use in a wide range of polymer processes.

d$_2$p anti-fungal

d$_2$p anti-fungal is a unique formulation for plastic products, designed to prevent fungal contamination whilst preserving the aesthetic and functional properties of the products. The anti-fungal ingredient is used globally in a variety of applications. It acts to prevent growth of fungi, bacteria and algae that can cause discolouration, staining and odours, and which are a danger to human health. Produced as a masterbatch to be added at the manufacturing stage, it provides excellent resistance to fungi, bacteria and algae.

d$_2$p natural

d$_2$p natural is a unique direct food-contact, broad spectrum antibacterial active ingredient with action against both Gram-positive and Gram-negative bacteria as demonstrated in testing at independent laboratories using common industry standards as JIS Z 2801:2000 and ISO 22196 against E.coli and S.aureus. It is based on natural oil extracts from plants, dried and powderised. Symphony has developed suitable masterbatch applications for polyolefins, styrenics, polyamides, PVC, polycarbonate and polyesters.

Added value with Symphony's d$_2$pAB

- Tried and tested silver-based technology
- Fights healthcare and food industry infections
- Tested to ISO 22196 and JIS Z 2801 to demonstrate its anti-bacterial efficacy
- Helps prevent staining, discolouration and odour development
- Addition rate of 1–2%
- Compatible with most plastics

Added value with Symphony's d$_2$pAF

- Increase the shelf-life of fresh food
- Reduce requirements for food preservatives
- Inhibit mould growth on food and non-food applications
- Addition rate of 1–2%
- Compatible with most plastics
- Tested by international methods such as ISO 16869:2008, ISO 22196:2011, prEN WD_algae, ASTM G21, ISO 846

Added value with Symphony's d$_2$pAB natural

- New, plant-based technology. Uses a proprietary, all natural active ingredient composition, with direct food contact compliance as per FDA-(USA) and EFSA-(EU). The active ingredients are listed in the GRAS LIST - FDA and in the POSITIVE LIST - EU REGULATION 10/2011
- Fights healthcare and food industry infections

d$_2$p is supplied subject to regulatory approval in the country where it is intended to be used.

Agreement with Janssen Pharmaceutica (a division of Johnson & Johnson)

After two years of collaboration, Symphony and Janssens have developed a new system for giving plastic products anti-fungal and other anti-microbial properties.

JANSSEN PMP
PRESERVATION AND MATERIAL PROTECTION
a division of Janssen Pharmaceutica NV

SANAFOR

About d$_2$p anti-fungal

d$_2$pAF is easily added at the manufacturing stage, and normally at 1–2%.

d$_2$pAF provides anti-fungal, anti-bacterial, anti-mould, anti-mildew and anti-algae protection providing a broad spectrum of total anti-microbial performance.

d$_2$pAF can help to improve product marketing message.

d$_2$p anti-fungal: Food applications

d$_2$pAF is a unique additive for PLASTIC packaging applications (PE, PP, PS, PVC, PET, PA, etc.) and it has been designed to improve performance of the plastic product by potentially:

- increasing the shelf-life of fresh food
- reducing the requirement for food preservatives
- inhibiting mould growth in both food and non food applications

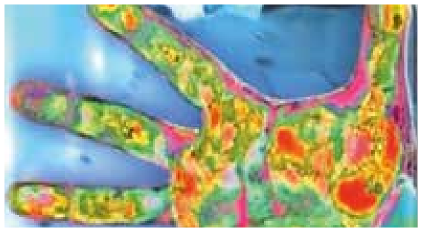
d$_2$pAF can be used for a variety of direct and indirect food-contact applications such as:

- Cutting/chopping boards
- Food-processing conveyor belts
- Flexible food packaging
- Food Containers
- Fridges
- Kitchen worktop coating
- Kitchen utensils
- Table cloths
- Water coolers

d$_2$p anti-fungal: Non-food applications

d$_2$pAF can be used for a variety of non-food applications including:

- Agriculture (greenhouse film, irrigation pipes etc)
- Clothing and accessories (wet suits, watches, shoes, lab coats, face masks, etc)
- Credit/debit cards
- Electronic (keyboards, mouse mats, cell phone cases, calculators, remote controls, touch screen devices, etc)
- Home (roofing, wall cladding and decking, tubing, piping, bed pans, etc)
- Pet food packaging
- Refuse sacks and long-life carrier bags
- Sanitary (toilet seats, shower heads, shower curtains, hand dryers, toothbrush handles, shavers, portable toilets, etc)
- Sports (ski boots, bowling shoes, insoles, mats, floats, knee pads)
- Transportation (car interiors, tube, train, plane)



Our products
continued

Added value with Symphony's d_2t

Symphony's Tag and Trace technologies give you the ability to accurately determine whether plastic packaging and products are genuine – which gives you and your customers peace of mind.

d_2t anti-counterfeiting systems making plastic smarter

d_2t masterbatches provide a unique trace that is added at the manufacturing stage of products and there is a sophisticated forensic tagging system for high-value products.

$d_2$trace
- $d_2$trace is a masterbatch tracer technology system which provides plastic with a unique identity
- Added at a rate of only 1% at the manufacturing stage, $d_2$trace is compatible with the vast majority of plastics
- No change is required to the manufacturing process
- The tracer can be easily read using Symphony's portable d_2Detector

$d_2$tag
- No changes to manufacturing equipment required – integrate directly into SOP
- Minimal change to manufacturing SOP
- Made of 100% silicon dioxide (silica), which is FDA affirmed as GRAS (generally recognised as safe)
- Each product, manufacturing plant, or lot/batch can be separately coded with a unique ID
- Field readability allows inspectors to confirm provenance of product without sending to lab
- Cost effective to implement

Added value with Symphony's d_2D

The d_2Detector uses XRF technology and is perfectly designed to work with Symphony's d_2w, d_2p and d_2t technologies. The device can be easily transported and used almost anywhere.

d_2Detector

In an increasingly competitive market, quality-control is of vital importance. The portable d_2Detector is an invaluable tool for analysing the chemical composition of plastics, for quality control and anti-counterfeiting.

Fast detection
- Designed to detect specified masterbatches
- Detects in less than 60 seconds

Brand protection
- Quality control and brand protection are essential for any modern business
- d_2Detector is the world's first portable device that can be used to verify that plastic products are authentic and not inferior copies

Corporate social responsibility

For Symphony, as an environmental technology company, sustainable development is an important matter. This means that we combine long-term economic objectives with social responsibility and environmental protection.

Dealing with chemicals and masterbatches we are often questioned on how we meet the CSR challenge. We have established our potential risks, and the challenge is in a continuous communication with our stakeholders.

At Symphony we believe that our long-term future and profitability depend on our environmental, technical and social performance. Excellence in operational performance generates financial returns, while being a responsible global citizen earns the continued support of our customers, shareholders, communities and staff.

We have established goals that the company and its people are trying to achieve daily. We understand that in today's world it is difficult to be a responsible individual, and even more difficult to implement change towards a better future. It is essential to establish best practices, support individual ambitions, and strengthen the relationships with our communities around the world.

Symphony is accredited to the environmental standard ISO 14001, and to ISO 9001 for Quality Management. We made a commitment to low-energy lighting, and equipping our offices and laboratories with environmentally-friendly supplies. We promote paperless administration and work on the best practice document-management systems.

We are committed to recycling of materials following the "reduce, reuse and recycle" principles. In addition, we have engaged most of our businesses in finding solutions for the world's environmental problems, making us a responsible citizen of the world.

We provide a nurturing business environment which offers our employees and distributors the ability to continuously develop their competences. We believe that education is essential, no matter the age, and we work on educational development of our people and the people of the world.

Partnering for change

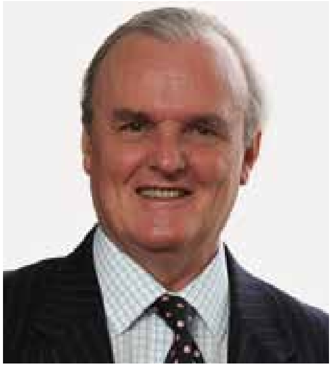
Symphony is proud to be a leader in advanced technologies that add to a sustainable future. We are open and we always welcome collaboration with our suppliers, customers, communities, governments and civil society. We build relations with academic institutions, governments, NGOs and industry associations.

"WE HAVE ESTABLISHED CSR GOALS THAT THE COMPANY AND ITS PEOPLE ARE STRIVING TO ACHIEVE DAILY."

Board of Directors

Nirj Deva, DL, FRSA, MEP
Non-Executive Chairman

Mr. Deva has been a Member of the European Parliament since 1999 and is Vice-chairman of the Parliament's International Development Committee. He is also Chairman of the EU-China Friendship Group. From 1992–97 he was a member of the UK Parliament. He has held a number of senior political appointments and has advised the boards of a number of public companies including International Leisure Group, Air Europe Plc, Tricentrol Oil Co Plc, EDS, Television South West, Thomas Howell Group, John Laing Plc, Aitken Spence, and Rothmans International Plc.



Michael Stephen, LL.M
Deputy Chairman

Michael Stephen is Commercial Director and Deputy Chairman of the Plc, and Chairman of its subsidiary companies. He qualified as a Solicitor with Distinction in Company Law. He was called to the Bar, and practised from chambers in London for many years, dealing with civil cases in the High Court and Court of Appeal. He was a member of the UK Parliament 1992–97 and was a member of the Environment Select Committee of the House of Commons. He served in Government as Parliamentary Private Secretary at the Ministry of Agriculture. He held a Harkness Fellowship in law at Stanford and Harvard Universities in the USA, and was Deputy Legal Adviser to the British Ambassador to the United Nations.

Michael Laurier
Chief Executive Officer

Michael is the Chief Executive of the Company. Michael's career began with his long established family packaging business, Brentwood Sack and Bag Co Limited. He took over responsibility for sales and production in the mid-1970s and changed the emphasis of the company's business from jute products to polythene packaging, introducing the then innovative high density and medium density polythene bags into the UK market in 1975. He was appointed Managing Director of Brentapac UK Plc, which formerly owned the Tuffy trademark, in 1985, with continuing responsibility for national and international sales. He co-founded Symphony Plastics in 1995.

Ian Bristow, FCCA
Finance Director and Company Secretary
Ian was in private practice for seven years, qualifying as a certified accountant in 1992. In 1994, he joined Brentapac UK Plc until it was sold in 1994. He went on to co-found Symphony Plastics in 1995.

Michael F Stephens
Technical Director
Michael began his career with Excelsior Plastics Limited, a division of Unigate, progressing over a period of ten years to sales director. Leaving in 1981, he worked for Sempol Products, Autobar Group and ACP Plastics (a subsidiary of S P Metal Group), all manufacturers of packaging films. In 1988, Michael founded Skymark Packaging International Limited, serving the snack food, bakery, mail wrap, paper disposable markets, which he left in November 1997 to join Symphony.

Michael is a member of the British Standards Institute packaging committee and a member of the European Standards Committees for degradable agricultural and packaging films.

Nicolas Clavel
Non-Executive Director
Nicolas Clavel started his career in international banking in the mid-seventies and his area of expertise has been structured trade finance and equity investments with a particular focus on Emerging Markets. He is Chief Investment Officer of Scipion Capital Ltd., (the Investment Manager of Scipion African Opportunities Fund SPC) and is personally CF 1, 3, 11 and CF 30 approved by the UK Financial Services Authority. Nicolas is Swiss, and is based in London and Geneva. He is fluent in English, French, Italian and German.

Strategic Report

Principal activities and business review

The primary business activities of the Group are the development and supply of environmental plastic products to a global market, and the development of waste to value projects. The Group also supplies other flexible polythene and related products.

A review of the business is given in the Chairman's Statement on page 4 together with the Chief Executive's Review on pages 8 to 10. Future developments are summarised in the Outlook section of the Chief Executive's Review on page 10.

Key performance indicators

The Directors have monitored the progress of the overall Group strategy by reference to certain financial and non-financial key performance indicators.

Key performance indicator	2013	2012	Method of calculation
Sales d_2w (£'000)	**7,190**	4,938	Sales revenue solely of d_2w additives and products.
Gross profit margin (%)	**49%**	44%	The ratio of gross profit to sales.
Number of distributors	**76**	72	The number of distribution agreements signed.

These are discussed within the Chairman's Statement and the Trading Results section of the Chief Executive's Review.

Principal risks and uncertainties

The Directors have identified and continually monitor the principal risks and uncertainties of the Group. These may change over time as new risks emerge and others cease to be of concern. The principal risks of the Group are detailed below.

Foreign exchange risk

The Group sells products in many countries and so generates revenues in US Dollars and Euros. Foreign exchange rates fluctuate and, as such, assets created in foreign currencies are liable to constant revaluations into their Sterling equivalent. The Group mitigates this risk by purchasing, where practicable, in currencies to match revenues. The Group also has exchange facilities with its bank to use as and when appropriate.

Competition risk

The Group faces competition from suppliers of similar products which could affect revenues and/or gross margins. The Group mitigates this risk by employing a large number of distributors globally who can concentrate on any competition issues within their market, and also by differentiating the Group's products by branding and marketing activities.

Raw material pricing and availability

The Group uses commodity and speciality materials in the make-up of its products. There is a risk of price volatility and material availability. The Group mitigates this risk by using more than one supplier of its products and continually researching separate supply alternatives for the materials used.

BY ORDER OF THE BOARD

I Bristow
Company Secretary
24 March 2014

Directors' Report

The Directors present their report and the audited financial statements of the Group for the year ended 31 December 2013.

Results and dividends

The trading results for the year and the Group's financial position at the end of the year are shown in the attached financial statements.

The loss for the year after taxation amounted to £707,000 (2012: loss £2,224,000).

The Directors have not recommended a dividend.

Research and development

The Group is involved in the research and development of environmental plastic products, and waste to value systems.

The Directors and their interests

The Directors who served during the year and their interests in the shares of the Company are shown in the Remuneration Report.

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, the Directors' Report, and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs). The parent Company's own financial statements continue to be prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs or UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Report
continued

Going concern
Management have prepared a cash flow forecast for the ensuing twelve months from the approval of the financial statements where a forecast increase in sales will lead to increased cash through the use of the invoice discounting facility. Operating results for the start of 2014 have been in line with these forecasts. The Group has continued to make significant investment into new product development and anticipates sales growth from the launch of some of these products in the forthcoming year. Having reviewed the cash flow forecasts and the available headroom within existing facilities the Directors believe that the Group has sufficient cash resources to meet debt obligations as they fall due. For these reasons, the Directors are of the opinion that it is appropriate to continue to adopt the going concern basis in preparing these financial statements.

Corporate governance
The Group is committed to developing and adhering to high standards of corporate governance. As an AIM listed company, Symphony Environmental Technologies plc is not required to and does not apply the UK Corporate Governance Code as issued by the UK's Listing Authority, however, it seeks to follow the principles of good governance as far as management believes it is practical for a Group of its size, nature and circumstances.

Financial risk management policies

The Group's financial risk management policies are detailed in note 3 to the financial statements.

Auditor

A resolution to appoint Grant Thornton UK LLP as auditor for the ensuing year will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD

I Bristow
Company Secretary
24 March 2014

Remuneration Report

Directors' emoluments

	Basic salary or fees £'000	Benefits £'000	Pension £'000	**2013 Total Emoluments £'000**	2012 Total Emoluments £'000
N Deva	42	–	–	**42**	51
M Laurier	200	9	50	**259**	254
I Bristow	155	5	15	**175**	174
M Stephen	171	10	–	**181**	181
M F Stephens	171	12	–	**183**	180
N Clavel	31	–	–	**31**	34
	770	36	65	**871**	874

The Directors' pensions, where applicable, are administered by those Directors.

The Company has taken out insurance for its officers against liabilities in relation to the Company under Section 233 of the Companies Act 2006.

Directors' interests

The Directors in office at the end of the year, together with their beneficial interests in the shares of the Company, were as follows:

Ordinary Shares of £0.01 each	**At 31 December 2013**	At 1 January 2013
N Deva	**313,925**	313,925
M Laurier	**22,052,317**	15,360,600
I Bristow	**1,063,925**	1,063,925
M Stephen	**782,998**	615,998
M F Stephens	**311,294**	311,294
N Clavel	**500,000**	500,000

Share options

The following Directors have share options or agreements for share options:

	Number of share options	Exercise price (pence per share)	Exercisable from	Exercisable to
N Deva	1,500,000	4.500	26 November 2008	26 November 2018
N Deva	250,000	9.875	18 December 2010	18 December 2019
M Laurier	1,851,500	4.500	26 November 2008	26 November 2018
M Laurier	350,000	9.125	31 March 2010	30 March 2020
I Bristow	3,000,000	4.500	26 November 2008	26 November 2018
I Bristow	280,000	9.125	31 March 2010	30 March 2020
M Stephen	1,200,000	6.250	28 April 2007	28 April 2017
M Stephen	2,000,000	4.500	26 November 2008	26 November 2018
M Stephen	210,000	9.125	31 March 2010	30 March 2020
M F Stephens	210,000	9.125	31 March 2010	30 March 2020
N Clavel	500,000	4.500	16 October 2009	16 October 2018
N Clavel	250,000	9.875	18 December 2010	18 December 2019

The above share options are HM Revenue and Customs unapproved. See note 18 to the financial statements for the terms of the above options.

Independent Auditor's Report

to the members of Symphony Environmental Technologies plc

We have audited the financial statements of Symphony Environmental Technologies plc for the year ended 31 December 2013 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated cash flow statement, the parent Company balance sheet and the related notes. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 21, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2013 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 2 to the Group financial statements, the Group, in addition to complying with its legal obligation to apply IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the Group financial statements comply with IFRSs as issued by the IASB.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Simon Jones
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Central Milton Keynes
24 March 2014

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2013

	Note	2013 £'000	2013 £'000	2012 £'000	2012 £'000
Revenue	5		**7,190**		4,938
Cost of sales			**(3,644)**		(2,785)
Gross profit			**3,546**		2,153
Distribution costs			**(179)**		(125)
Administrative expenses – recurring	6	**(3,526)**		(4,211)	
Administrative expenses – non-recurring	6	**(570)**		–	
Administrative expenses	6		**(4,096)**		(4,211)
Operating loss – recurring		**(159)**		(2,183)	
Operating loss – non-recurring		**(570)**		–	
Operating loss	6		**(729)**		(2,183)
Finance income	8		**5**		6
Finance costs	8		**(54)**		(20)
Loss for the year before tax			**(778)**		(2,197)
Taxation	9		**71**		(27)
Loss for the year			**(707)**		(2,224)
Total comprehensive income for the year			**(707)**		(2,224)
Basic loss per share	10		**(0.55)p**		(1.74)p
Diluted loss per share	10		**(0.55)p**		(1.74)p

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

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Financial Position

as at 31 December 2013

Company number 3676824

	Note	2013 £'000	2012 £'000
Assets			
Non-current			
Property, plant and equipment	11	**394**	499
Intangible assets	12	**937**	1,334
Deferred income tax asset	9a	**1,142**	1,216
		2,473	3,049
Current			
Inventories	15	**528**	637
Trade and other receivables	16	**1,366**	806
Cash and cash equivalents	17	**130**	336
		2,024	1,779
Total assets		**4,497**	4,828
Equity			
Equity attributable to shareholders of Symphony Environmental Technologies plc			
Ordinary shares	18	**1,281**	1,280
Share premium	18	**1,650**	1,648
Retained earnings	18	**(502)**	205
Total equity		**2,429**	3,133
Liabilities			
Non-current			
Interest bearing loans and borrowings	20	**3**	20
		3	20
Current			
Interest bearing loans and borrowings	20	**1,339**	509
Trade and other payables	19	**726**	1,166
		2,065	1,675
Total liabilities		**2,068**	1,695
Total equity and liabilities		**4,497**	4,828

These financial statements were approved by the Board of Directors on 24 March 2014 and authorised for issue on 24 March 2014. They were signed on its behalf by:

I Bristow FCCA
Finance Director

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2013

Equity attributable to the equity holders of Symphony Environmental Technologies plc:

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
For the year to 31 December 2013				
Balance at 1 January 2013	1,280	1,648	205	3,133
Issue of share capital	1	2	–	3
Transactions with owners	1	2	–	3
Loss and total comprehensive income for the year	–	–	(707)	(707)
Balance at 31 December 2013	**1,281**	**1,650**	**(502)**	**2,429**
For the year to 31 December 2012				
Balance at 1 January 2012	1,278	1,646	2,412	5,336
Issue of share capital	2	2	–	4
Share-based options	–	–	17	17
Transactions with owners	2	2	17	21
Loss and total comprehensive income for the year	–	–	(2,224)	(2,224)
Balance at 31 December 2012	1,280	1,648	205	3,133

The accompanying notes form an integral part of these financial statements.

Consolidated Cash Flow Statement

for the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Operating activities			
Net cash (used)/generated from operations	21	**(955)**	414
Tax received		**145**	34
Net cash (used)/generated from operating activities		**(810)**	448
Investing activities			
Additions to property, plant and equipment		**(21)**	(59)
Proceeds from disposals of property, plant and equipment		**7**	14
Additions to intangible assets		**(126)**	(361)
Net cash used in investing activities		**(140)**	(406)
Financing activities			
New loans		**650**	–
Movement in working capital facility		**359**	(163)
Discharge of finance lease liability		**(18)**	(25)
Proceeds from share issue		**3**	4
Interest paid		**(54)**	(20)
Net cash generated/(used) in financial activities		**940**	(204)
Net change in cash and cash equivalents		**(10)**	(162)
Cash and cash equivalents, beginning of year		**57**	180
Exchange (loss)/gain		**(18)**	39
Cash and cash equivalents, end of year		**29**	57

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

		2013 £'000	2012 £'000
Loans and receivables:			
Cash at bank and in hand	17	**130**	336
Financial liabilities measured at amortised cost:			
Bank overdraft	20	**(101)**	(279)
Cash and cash equivalents, end of year		**29**	57

The accompanying notes form an integral part of these financial statements.

Notes to the Annual Report and Accounts

1 General information

Symphony Environmental Technologies plc ("the Company") and subsidiaries (together "the Group") develop and supply environmental plastic additives and products, and develop waste to value systems.

The Company, a public limited company, is the Group's ultimate parent company. It is incorporated and domiciled in England (Company number 3676824). 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 ADR in New York.

2 Summary of significant accounting policies

These consolidated financial statements have been prepared in accordance with the requirements of International Financial Reporting Standards (IFRS) as adopted by the European Union and also as issued by the International Accounting Standards Board (IASB).

The accounting policies have remained unchanged from the previous year.

Going concern

Management have prepared a cash flow forecast for the ensuing twelve months from the approval of the financial statements where a forecast increase in sales will lead to increased cash through the use of the invoice discounting facility. Operating results for the start of 2014 have been in line with these forecasts. The Group has continued to make significant investment into new product development and anticipates sales growth from the launch of some of these products in the forthcoming year. Having reviewed the cash flow forecasts and the available headroom within existing facilities the Directors believe that the Group has sufficient cash resources to meet debt obligations as they fall due. For these reasons, the Directors are of the opinion that it is appropriate to continue to adopt the going concern basis in preparing these financial statements.

Business combinations completed prior to date of transition to IFRS

The Group has not restated business combinations which took place prior to the date of transition to IFRS.

Accordingly, the classification of the combination remains unchanged from that used under UK GAAP. The assets and liabilities are recognised at date of transition, and are measured using their United Kingdom Generally Accepted Accounting Practice (GAAP) carrying amount.

Business combinations exemption

The Group financial statements consolidate the financial statements of the Company and all subsidiary undertakings.

The acquisition of Symphony Environmental Limited (formerly Symphony Plastics Limited) on 9 December 1999 was accounted for under merger accounting under UK GAAP and has been treated in this manner under IFRS as the business combination exemption has been adopted in these Annual Report and Accounts. The merger accounting method requires assets and liabilities to not be adjusted to fair value and the results of the subsidiary to be included as if it had always been part of the Group. Therefore, the results of the Group include both the results pre and post-acquisition.

Segment reporting

In identifying its operating segments, management generally follows the Group's service lines which represent the main products and associated items provided by the Group.

There are currently two service lines, "Plastics" and "Recycling Technologies (Recycling Tech)". The Plastics service line includes all activities in relation to the sale of plastic products and their associated items. This includes the sale of plastic degradable additives, finished goods, non-degradable products and d_2Detectors. The Recycling Technologies segment includes all activities involved in the development of tyre and rubber recycling systems.

Each of the operating segments is managed separately as each of these service lines requires different technologies and other resources as well as marketing approaches. All inter-segments transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under IFRS 8 are the same as those used in its financial statements. Corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

Segment information is presented in accordance with IFRS 8 for all periods presented. IFRS 8 only requires disclosure of segment information.

Revenue

Degradable and non-degradable goods, and associated products (plastics segment)

Revenue is stated at the fair value of the consideration receivable and excludes VAT and trade discounts.

Notes to the Annual Report and Accounts
continued

2 Summary of significant accounting policies continued

The Group's revenue is from sale of goods and revenue from the sale of goods is recognised when all of the following conditions have been satisfied:

a) ownership of the significant risks and rewards has been transferred to the buyer. This may be based upon shipment or delivery depending upon specific contractual terms, whereby the Group relies on INCOTERMs (a series of pre-defined commercial terms published by the International Chamber of Commerce) to assess this;
b) the amount of revenue can be measured effectively whereby the Group sells goods after receipt of confirmed orders;
c) it is probable that the economic benefits associated with the transaction will flow to the entity; and
d) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Non-recurring items
Expenditure is classified as non-recurring where the cost is considered to be material, one-off, and will not continue in future.

Intangible assets
Research and development costs
Expenditure on research (or the research phase of an internal project) is recognised as an expense in the period in which it is incurred.

Development costs incurred on specific projects are capitalised when all the following conditions are satisfied:

- completion of the intangible asset is technically feasible so that it will be available for use or sale;
- the Group intends to complete the intangible asset and use or sell it;
- the Group has the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits;
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

Development costs not meeting the criteria for capitalisation are expensed as incurred.

The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management. The nature of the Group's activities in the field of development work renders some internally generated intangible assets unable to meet the above criteria at present.

Amortisation commences upon completion of the asset and is shown within administrative expenses and is included at the following rate:

d_2w and other additives	– 15 years straight line.

Careful judgement by the Directors is applied when deciding whether the recognition requirements for development costs have been met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems at the time of recognition. Judgements are based on the information available at each balance sheet date.

Trademarks
Trademarks represent the cost of registration and are carried at cost less amortisation.

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Trademarks	– 10 years straight line.

Property, plant and equipment
Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant and machinery	– 20% reducing balance.
Fixtures and fittings	– 25% reducing balance.
Fixtures and fittings Elstree Gate	– 10% straight line.
Motor vehicles	– 20% reducing balance.
Office equipment	– 25% straight line.

The residual value and useful economic lives are reconsidered annually.

Impairment testing of intangible assets and property, plant and equipment
For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Those intangible assets not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Inventories
Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost is determined on the basis of purchase value on a first-in first-out basis.

Leased assets
In accordance with International Accounting Standard (IAS) 17, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is recognised at the time of inception of the lease at the fair value of the leased asset or, if lower, the present value of the minimum lease payments plus incidental payments, if any, to be borne by the lessee. A corresponding amount is recognised as a finance leasing liability. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to profit or loss over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to profit or loss on a straight line basis over the lease term. Lease incentives are spread over the term of the lease.

Pension costs
The Group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Group. The pension costs charged against profits are the contributions payable to the scheme in respect of the accounting period.

Taxation
Current tax is the tax currently payable based on taxable profit for the year.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. Tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in profit or loss, except where they either relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity, or where they relate to items charged or credited in other comprehensive income the deferred tax change is recognised in other comprehensive income.

Foreign currencies
Monetary assets and liabilities in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into Sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating result.

Financial assets
Financial assets are divided into the following categories: loans and receivables, and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which they were acquired.

All financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are initially recognised at fair value plus transaction costs.

The Group currently has the following financial assets:

Trade receivables
Trade receivables are categorised as loans and receivables. Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in profit or loss.

Provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate.

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2 Summary of significant accounting policies continued

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Group's available-for-sale financial assets are the equity investments in Bin Hilal LLC, American Plastic Technologies LLC and Oxobioplast Inc.

The equity investments in Bin Hilal LLC, American Plastic Technologies LLC and Oxobioplast Inc. are measured at cost less any impairment charges, as their fair values cannot currently be estimated reliably. Impairment charges are recognised in profit or loss.

An assessment for impairment is undertaken at least at each balance sheet date.

A financial asset is derecognised only where the contractual rights to the cash flows from the asset expire or the financial asset is transferred and that transfer qualifies for derecognition. A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the Group retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for derecognition if the Group transfers substantially all the risks and rewards of ownership of the asset, or if the Group neither retains nor transfers substantially all the risks and rewards of ownership but does transfer control of that asset.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Finance lease receivables

Goods sold under finance leases are recognised as a sale on date of the finance lease agreement or if later, when substantially all the risks and rewards of ownership of the asset have passed to the lessee. The capital element of future lessee obligations is included in assets in the statement of financial position.

The interest elements of the rental obligations are credited to profit and loss over the periods of the leases and represent a constant proportion of the balance of capital repayments outstanding.

Rentals receivable under operating leases are credited to profit and loss on a straight line basis over the lease term.

Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument.

The Group's financial liabilities include trade payables, other payables, bank overdraft, bank loans and other loans. These are classified as financial liabilities measured at amortised cost.

Financial liabilities measured at amortised cost are initially recognised at fair values net of direct issue costs.

Finance charges are charged to profit and loss, where applicable, on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent they are not settled in the period in which they arose.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

Equity settled share-based payments

All share-based payment arrangements granted after 7 November 2002 that had not vested prior to 1 January 2007 are recognised in the financial statements.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of the instrument granted are determined using the Black-Scholes model. This fair value is appraised at the grant date. The fair value is charged to profit and loss between the date of issue and the date the share options vest with a corresponding credit taken to equity.

Equity

Equity comprises the following:
- "Share capital" represents the nominal value of equity shares;
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue; and
- "Retained earnings" represents non distributed reserves.

Standards and interpretations in issue but not yet effective
At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements.

IFRS 9 Financial Instruments (effective from 1 January 2015)
The IASB aims to replace IAS 39 *Financial Instruments: Recognition and Measurement* in its entirety with the replacement standard to be effective for annual periods beginning 1 January 2015. IFRS 9 is the first part of Phase 1 of this project. The main phases are:
Phase 1: Classification and Measurement.
Phase 2: Impairment methodology.
Phase 3: Hedge accounting.

In addition, a separate project is dealing with derecognition. Management have yet to assess the impact that this amendment is likely to have on the financial statements of the Group. However, they do not expect to implement the amendments until all chapters of the IAS 39 replacement have been published and they can comprehensively assess the impact of all changes.

IAS 32 Financial Instruments and Presentation
Amendments to IAS 32 are effective for accounting period commencing 1 January 2014. This adds application guidance to address inconsistencies in applying IAS 32's criteria for offsetting financial assets and financial liabilities in the following two areas (1) the meaning of "currently has a legally enforceable right of set-off" and (2) that some gross settlement systems may be considered equivalent to net settlement.

The Group's management have yet to assess the impact of these new standards.

3 Financial risk management
The main risks arising from the Group's financial instruments are liquidity risk, interest rate risk, currency risk and credit risk. The Directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

The Group's financial assets and liabilities are summarised as follows:

	2013 £'000	2012 £'000
Financial assets:		
Loans and receivables	**1,206**	602
	1,206	602
Financial liabilities:		
Financial liabilities measured at amortised cost	**1,818**	1,349
	1,818	1,349

Liquidity risk
The Group seeks to manage financial risk to ensure financial liquidity is available to meet foreseeable needs and to invest cash assets safely and profitability. Short-term flexibility is achieved through trade finance arrangements and overdrafts.

Having reviewed the maturity of financial liabilities and the forecast cash flows for the forthcoming twelve month period, the Directors believe that sufficient cash will be generated from trading operations to meet debt obligations as they fall due.

The maturity of financial liabilities as at 31 December 2013 is summarised as follows:

Gross cash flows:	Trade payables and accruals £'000	Finance leases £'000	Loans £'000	Bank £'000	Total £'000
Zero to sixty days	650	3	579	101	1,333
Sixty-one days to three months	–	–	–	–	–
Four months to six months	–	3	–	–	3
Seven months to one year	–	5	650	–	655
One year to three years	–	3	–	–	3
	650	14	1,229	101	1,994

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3 Financial risk management continued

The maturity of financial liabilities as at 31 December 2012 is summarised as follows:

Gross cash flows:	Trade payables and accruals £'000	Finance leases £'000	Loans £'000	Bank £'000	Total £'000
Zero to sixty days	1,016	3	219	279	1,517
Sixty-one days to three months	–	–	–	–	–
Four months to six months	–	4	–	–	4
Seven months to one year	–	7	–	–	7
One year to three years	–	21	–	–	21
	1,016	35	219	279	1,549

Interest rate risk

The Group seeks to reduce its exposure to interest rate risk where possible, but this is offset by the availability of trade finance arrangements which are transaction specific to meet liquidity needs and so have variable interest rate terms.

Sensitivities have been looked at in the range of an absolute rate increase of 5% or a decrease of 1% which enable an objective calculation to be made depending on any interest rate changes in the future. Any rate changes would be outside the control of the Company.

The Group's exposure to interest rate risk as at 31 December 2013 is summarised as follows:

	Fixed £'000	Variable £'000	Zero £'000	Total £'000
Cash and cash equivalents	–	130	–	130
Trade receivables	–	–	1,162	1,162
VAT	–	–	83	83
Other debtors	25	–	19	44
	25	130	1,264	1,419
Trade payables	–	–	(488)	(488)
Other payables	–	–	(76)	(76)
Bank overdraft	–	(101)	–	(101)
Lease purchase	(12)	–	–	(12)
Other loans	(650)	(579)	–	(1,229)
	(637)	(550)	700	(487)
Sensitivity: increase in interest rates of 5%	–	(28)	–	(28)
Sensitivity: decrease in interest rates of 1%	–	6	–	6

The Group's exposure to interest rate risk as at 31 December 2012 is summarised as follows:

	Fixed £'000	Variable £'000	Zero £'000	Total £'000
Cash and cash equivalents	–	336	–	336
Trade receivables	–	–	545	545
VAT	–	–	92	92
Other debtors	42	–	14	56
	42	336	651	1,029
Trade payables	–	–	(851)	(851)
Other payables	–	–	(150)	(150)
Bank overdraft	–	(279)	–	(279)
Lease purchase	(31)	–	–	(31)
Other loans	–	(219)	–	(219)
	11	(162)	(350)	(501)
Sensitivity: increase in interest rates of 5%	–	(10)	–	(10)
Sensitivity: decrease in interest rates of 1%	–	2	–	2

Sensitivity shows the effect on equity profit and loss.

Currency risk

The Group operates in overseas markets and is subject to currency exposure on transactions undertaken during the year. The Group hedges the transactions where possible by buying goods and selling them in the same currency. The Group also has bank facilities available for hedging purposes.

A summary of foreign currency financial assets and liabilities as stated in the statement of financial position together with a sensitivity analysis showing the effect of a 10% change in rate with Sterling is shown below:

	Currency	**Sterling 2013 £'000**	**Currency balance 2013 '000**	Sterling 2012 £'000	Currency balance 2012 '000
Financial assets	Euro	**276**	**€331**	143	€176
Financial liabilities	Euro	**(249)**	**€(298)**	(140)	€(172)
Net balance	Euro	**27**	**€33**	3	€4
Effect of 10% Sterling increase		**(3)**		–	
Effect of 10% Sterling decrease		**3**		–	
Financial assets	USD	**1,014**	**$1,681**	735	$1,191
Financial liabilities	USD	**(677)**	**$(1,122)**	(538)	$(874)
Net balance	USD	**337**	**$559**	197	$317
Effect of 10% Sterling increase		**(34)**		(20)	
Effect of 10% Sterling decrease		**34**		20	

Sensitivity shows the effect on equity and profit and loss. A 10% change is shown to enable an objective calculation to be made on exchange rates which may be assumed for the future.

Credit risk

The Group's exposure to credit risk is limited to the carrying value of financial assets at the balance sheet date, summarised as follows:

	2013 £'000	2012 £'000
Loans and receivables:		
Trade receivables	**1,162**	545
Finance lease receivables	**25**	42
Cash and cash equivalents	**130**	336
	1,317	923

The credit risk associated with the cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from trade receivables. The seven largest customer balances at the end of the year make up 68% (2012: 77%) of the above trade receivables.

In order to manage credit risk the Directors set limits for customers based on a combination of payment history, third-party credit references and use of credit insurance. These limits are reviewed regularly.

The maturity of overdue debts is set out in note 16. During the period debts totalling £15,000 (2012: £88,000) were written off.

Capital requirements

Interest bearing loans and borrowings are monitored regularly to ensure the Group has sufficient liquidity and its exposure to interest rate risk is mitigated. Management consider the capital of the Group comprises the share capital and interest bearing loans and borrowings as detailed in note 25. The Company satisfies the Companies Act 2006 requirement to hold £50,000 issued and authorised share capital. The rule that 25% must be paid up is also satisfied, by reference to note 18.

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4 Critical accounting estimates and judgements
Estimates and judgements are evaluated continually and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those actions.

In preparing these accounts the following areas were considered to involve significant judgements and estimates:

Capitalisation of development costs
Judgements and estimates relating to the capitalisation of development costs are detailed in note 2.

Recoverability of capitalised development cost
Judgements and estimates relating to capitalised development costs are detailed in note 12.

Share option judgements
Judgements and estimates relating to share-based payment charges are detailed in note 18.

Going concern
Judgements and estimates relating to going concern are detailed in note 2.

Bad debts
Provisions for bad debts are shown in note 16. Bad debt provisions are made when there is objective evidence of impairment. Where there is no provision then it is due to adequate credit insurance being in place, or cash has been received since the end of the year, or adequate information exists to support the recoverability of the debt.

Recognition of deferred tax assets
Judgements and estimates relating to a deferred tax asset are detailed in note 9a.

5 Segmental information
Management currently identifies the Group's two service lines as operating segments as further described in note 2. These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results including one-off items such as employee settlement costs.

The segmental results for the year ended 31 December 2013 are as follows:

Operating segments **Twelve months to 31 December 2013**	**Plastics** **£'000**	**Recycling Tech.** **£'000**	**Group** **£'000**
Segment revenues	**7,190**	**–**	**7,190**
Apportioned costs	**(6,966)**	**(805)**	**(7,771)**
EBITDA	**224**	**(805)**	**(581)**
Depreciation and amortisation	**(148)**	**–**	**(148)**
Interest	**(49)**	**–**	**(49)**
Taxation	**71**	**–**	**71**
Profit/(loss) for the year	**98**	**(805)**	**(707)**

The segmental results for the year ended 31 December 2012 are as follows:

Operating segments Twelve months to 31 December 2012	Plastics £'000	Recycling Tech. £'000	Group £'000
Segment revenues	4,938	–	4,938
Share-based payments	(17)	–	(17)
Apportioned costs	(6,671)	(272)	(6,943)
EBITDA	(1,750)	(272)	(2,022)
Depreciation and amortisation	(161)	–	(161)
Interest	(14)	–	(14)
Taxation	(27)	–	(27)
Loss for the year	(1,952)	(272)	(2,224)

Revenues stated are from external customers.

There were no inter-segment revenues for the above periods.

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

Segmental assets primarily consist of property, plant and equipment, intangible assets, inventories, trade and other receivables and cash and cash equivalents. Unallocated assets comprise available-for-sale financial assets.

Segmental liabilities comprise operating liabilities.

The segment assets and liabilities at 31 December 2013 and capital expenditure for the year then ended are as follows:

£'000	Plastics	Recycling Tech.	Unallocated	Group
Assets	**4,497**	**–**	**–**	**4,497**
Liabilities	**(2,068)**	**–**	**–**	**(2,068)**
Capital expenditure	**134**	**15**	**–**	**149**
Depreciation and amortisation	**148**	**–**	**–**	**148**

The segment assets and liabilities at 31 December 2012 and capital expenditure for the year then ended are as follows:

£'000	Plastics	Recycling Tech.	Unallocated	Group
Assets	4,348	480	–	4,828
Liabilities	(1,685)	(10)	–	(1,695)
Capital expenditure	311	109	–	420
Depreciation and amortisation	161	–	–	161

Geographical areas

The Group's revenues from external customers and its non-current assets (assets other than financial instruments) are divided into the following geographical areas:

Geographical areas	2013 £'000 Revenue	2013 £'000 Non-current assets	2012 £'000 Revenue	2012 £'000 Non-current assets
UK	**337**	**1,825**	380	1,833
Europe	**1,161**	**–**	996	–
Americas	**3,406**	**–**	2,109	–
Other	**2,286**	**–**	1,453	–
Total	**7,190**	**1,825**	4,938	1,833

Major customers

Within plastics, two customers accounted for greater than 10% of total Group revenues for 2013 (2012: two customers). One customer accounted for £1,108,000, or 15%, the other customer £750,000 or 10% (one customer accounted for £888,000, or 18%, the other customer £623,000 or 13% of total Group revenues for 2012).

6 Operating loss

The operating loss is stated after charging:

	2013 £'000	2012 £'000
Depreciation	**119**	132
Amortisation	**29**	29
Loss on disposal of property, plant and equipment	**1**	–
Impairment of intangible asset	**494**	–
Research and development expenditure not capitalised	**383**	320
Operating lease rentals:		
Land and buildings	**107**	118
Plant and equipment	**6**	6
Fees payable to the Company's auditor for the audit of the financial statements	**11**	11
Fees payable to the Company's auditor for other services:		
Audit of the financial statements of the Company's subsidiaries pursuant to legislation	**26**	26
Interim review	**1**	1
Other services relating to taxation	**7**	7
Net foreign exchange (gain)/loss	**(5)**	72

Non-recurring items within administrative expenses compromise of £76,000 of costs incurred in the transfer of operations from one of the Group's UK facilities to the Head Office, and an impairment charge of £494,000, details of which are given in note 12.

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7 Employee benefit expense

	2013 £'000	2012 £'000
Wages and salaries	**1,732**	1,867
Social security costs	**203**	234
Other pension costs	**76**	55
	2,011	2,156

Average number of people employed:

	2013	2012
Testing and technical	**7**	7
Selling	**8**	8
Administration	**8**	9
Management	**6**	6
Marketing	**1**	2
Total average headcount	**30**	32

Remuneration in respect of the Directors was as follows:

	2013 £'000	2012 £'000
Emoluments	**806**	845
Pension contributions	**65**	29
	871	874

Key management remuneration:

	2013 £'000	2012 £'000
Short-term employee benefits	**806**	845
Post-employment benefits	**65**	29
	871	874

The Directors are considered to be the key management personnel of the Group. Further details on Directors' remuneration and share options are set out in the Remuneration Report.

8 Finance income and costs

	2013 £'000	2012 £'000
Interest income:		
Finance lease interest	**5**	6
Total finance income	**5**	6
Interest expense:		
Bank borrowings	**5**	4
Other interest	**46**	11
Finance charges	**3**	5
Total finance costs	**54**	20
Net finance costs	**49**	14

9 Taxation

	2013 £'000	2012 £'000
Net deferred tax (see note 9a)	**(74)**	(61)
R&D tax credit	**145**	34
Total income tax credit/(charge)	**71**	(27)

No tax arises on the loss for the year.

The tax assessed for the year is different from the standard rate of corporation tax in the UK of 23% (2012: 24%). The change in the rate of standard corporation tax is due to the rates being changed by UK Government legislation. The differences in tax assessed against the standard rate of corporation tax are explained as follows:

	2013 £'000	2012 £'000
Loss for the year before tax	**(778)**	(2,197)
Tax calculated by rate of tax on the result	**(179)**	(527)
Effective rate for year at 23.25% (3m @ 24% and 9m @ 23%)	**(2)**	(10)
Expenses not deductible for tax purposes	**123**	11
Depreciation in excess of capital allowances	**11**	6
R & D tax relief	**(8)**	–
Tax losses carried forward	**(55)**	520
Movement in deferred income tax asset (see note 9a)	**(74)**	(61)
R&D tax credit	**145**	34
Total income tax credit/(charge)	**71**	(27)

9a Deferred income tax asset

	2013 £'000	2012 £'000
Deferred income tax asset brought forward	**1,216**	1,277
Change in tax rate	**(171)**	(102)
Recognised in the year	**97**	41
Deferred income tax asset carried forward	**1,142**	1,216

The deferred tax asset relates to tax losses. There are tax losses of approximately £12,900,000 (2012: £12,900,000).

Of these tax losses, a negative deferred tax adjustment of £74,000 has been recognised in this year's accounts (2012: negative £61,000) resulting in a total asset recognised of £1,142,000 (2012: £1,216,000). There is a total potential tax asset of £2,580,000 using a rate of 20%, being the corporation tax rate UK Parliament has currently set.

The recognition of the deferred tax asset is based on sensitising management forecasts to estimate the future taxable profits against which the losses will be relieved. Judgements have been made in respect to continuation of profitability going forward based upon current sales leads and market receptiveness to anticipated product launches. Other key estimates relate to foreign exchange rates. Sales made in early 2014 have been materially consistent with the forecasts supporting the recognition of the deferred tax asset.

10 Loss per share and dividends

The calculation of basic earnings per share is based on the (loss)/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	2013	2012
Loss profit attributable to equity holders of the Company	**£(707,000)**	£(2,224,000)
Weighted average number of ordinary shares in issue	**128,010,884**	127,907,254
Basic loss per share	**(0.55) pence**	(1.74) pence
Dilutive effect of weighted average options	**–**	–
Total of weighted average shares together with dilutive effect of weighted options	**128,010,884**	127,907,954
Diluted loss per share	**(0.55) pence**	(1.74) pence

No dividends were paid for the year ended 31 December 2013 (2012: £nil). The effect of options in 2013 and 2012 are anti-dilutive.

17,626,500 options were outstanding at the end of the year which may become dilutive in future years.

The loss before non-recurring items is £137,000 (2012: £2.22 million) and the basic and diluted loss per share using the weighted average number of ordinary shares of 128,010,884 (2012: 127,907,254) is 0.11 pence (2012: loss 1.74 pence).

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11 Property, plant and equipment

	Plant & machinery £'000	Fixtures & fittings £'000	Fixtures & fittings Elstree Gate £'000	Motor vehicles £'000	Office equipment £'000	Total £'000
At 1 January 2012						
Cost	339	67	216	127	155	904
Accumulated depreciation	(91)	(56)	(37)	(68)	(66)	(318)
Net book amount	248	11	179	59	89	586
Year ended 31 December 2012						
Opening net book amount	248	11	179	59	89	586
Additions	34	–	20	–	5	59
Disposals	(15)	–	–	–	–	(15)
Depreciation charge	(52)	(3)	(23)	(14)	(40)	(132)
Eliminated on disposal	1	–	–	–	–	1
Closing net book amount	216	8	176	45	54	499
At 1 January 2013						
Cost	358	67	236	127	160	948
Accumulated depreciation	(142)	(59)	(60)	(82)	(106)	(449)
Net book amount	216	8	176	45	54	499
Year ended 31 December 2013						
Opening net book amount	216	8	176	45	54	499
Additions	1	–	6	–	14	21
Disposals	–	–	–	(22)	–	(22)
Depreciation charge	(44)	(3)	(24)	(10)	(38)	(119)
Eliminated on disposal	–	–	–	15	–	15
Closing net book amount	**173**	**5**	**158**	**28**	**30**	**394**
At 31 December 2013						
Cost	359	67	242	105	174	947
Accumulated depreciation	(186)	(62)	(84)	(77)	(144)	(553)
Net book amount	173	5	158	28	30	394

Included within net book value of motor vehicles, plant and machinery, and office equipment is £5,000 (2012: £23,000) relating to assets held under finance leases and hire purchase contracts. The depreciation charged to the financial statements in the year in respect of such assets amounted to £9,000 (2012: £12,000).

12 Intangible assets

	Development costs £'000	Trademarks £'000	Total £'000
At 1 January 2012			
Cost	1,069	53	1,122
Accumulated amortisation	(92)	(28)	(120)
Net book amount	977	25	1,002
Year ended 31 December 2012			
Opening net book amount	977	25	1,002
Additions	355	6	361
Amortisation charge	(24)	(5)	(29)
Closing net book amount	1,308	26	1,334
At 1 January 2013			
Cost	1,424	59	1,483
Accumulated amortisation	(116)	(33)	(149)
Net book amount	1,308	26	1,334
Year ended 31 December 2013			
Opening net book amount	1,308	26	1,334
Additions	124	2	126
Impairment charge	(494)	–	(494)
Amortisation charge	(24)	(5)	(29)
Closing net book amount	**914**	**23**	**937**
At 31 December 2013			
Cost	1,548	61	1,609
Accumulated amortisation	(140)	(38)	(178)
Accumulated impairment	(494)	–	(494)
Net book amount	914	23	937

The Group relies on the continued development of its product range and in so doing is maintaining satisfactory goals in fulfilling its strategy (see Chairman's Statement and Chief Executive's Review). After taking this into account together with the considerations of liquidity risk, see note 3, the Directors do not believe that there are any indicators of impairment other than detailed below.

Development costs are capitalised in accordance with the policy set out in note 2. In capitalising these costs, judgements are made relating to ongoing feasibility and commerciality of products and systems being developed. In making these judgements, cashflow forecasts are used and these include significant estimates in respect to sales forecasts and future foreign exchange rates.

The Group has recognised an impairment charge of £494,000 in the year against an individual asset within the Recycling Tech division comprised of capitalised development costs. Following a strategic decision taken by the Directors to look to complete the development of the product outside of the Group, it was determined that the asset should be fully impaired.

Notes to the Annual Report and Accounts
continued

13 Subsidiary undertakings
Principal subsidiaries:

Name	Country of incorporation	Nature of business	Proportion of ordinary shares held by parent	Proportion of ordinary shares held by the Group
Symphony Environmental Limited	England and Wales	Supply of environmental polyolefin products and ancillaries	100%	100%
Symphony Packaging Limited	England and Wales	Dormant	0%	100%
D2W Limited	England and Wales	Dormant	0%	100%
Symphony Plastics (2010) Limited	England and Wales	Dormant	0%	100%
Symphony Recycling Technologies Limited	England and Wales	Development of recycling systems	100%	100%
Elstree Gate Services Limited	England and Wales	Dormant	100%	100%
Symphony Environmental (Jamaica) Limited	Jamaica	Dormant	0%	100%

All of the above subsidiaries are consolidated in the Group financial statements.

14 Available for sale financial assets

All non-current	2013 £'000	2012 £'000
Beginning and end of year	**–**	–

The company holds 30% of the ordinary share capital of Symphony Bin Hilal Plastics LLC, a company incorporated in the United Arab Emirates. The Directors are of the opinion that this is an investment as the Directors do not have significant influence because they have no financial or management control. A full impairment had been made against this in 2012 due to limited availability of financial information.

The company holds 10% of the ordinary share capital of American Plastic Technologies plc, a company incorporated in the United States of America. The Directors are of the opinion that this is an investment as the Directors do not have significant influence because they have no financial or management control. The investment in American Plastics Technologies plc is measured at cost less impairment charges as the fair value cannot be estimated readily. The cost of this investment was £nil.

The company holds c.5% of the ordinary share capital of Oxobioplast Inc., a company incorporated in the United States of America. The Directors are of the opinion that this is an investment as the Directors do not have significant influence because they have no financial or management control. The investment in Oxobioplast Inc. is measured at cost less impairment charges as the fair value cannot be estimated readily. The cost of this investment was £nil.

There is no collateral on the above amounts.

15 Inventories

	2013 £'000	2012 £'000
Finished goods and goods for resale	**528**	637

The cost of inventories recognised as an expense and included in "cost of sales" amounted to £3,513,000 (2012: £3,001,000). There is a provision of £17,000 for the impairment of inventories (2012: £30,000).

There is no collateral on the above amounts.

16 Trade and other receivables

	2013 £'000	2012 £'000
Loans and receivables:		
Trade receivables	**1,162**	545
Receivables under finance leases	**25**	42
Other debtors	**19**	14
VAT	**83**	92
Prepayments	**77**	113
	1,366	806

The Directors consider that the carrying value of trade and other receivables approximates to their fair values. There is a provision of £270,000 for the impairment of receivables (2012: £349,000). The maximum credit risk exposure at the balance sheet date equates to the carrying value of trade receivables. Further disclosures are set out in note 3.

Included in trade receivables at 31 December 2013 are debtors which are past due but where no provision has been made as there has not been a change in the credit worthiness of these debtors and the amounts are considered recoverable. As of 31 December 2013 trade receivables of £27,000 (2012: £134,000) were past due and not impaired. The ageing analysis of these trade receivables is as follows:

	2013 £'000	2012 £'000
More than three months but less than six months	**11**	76
More than six months but not more than one year	**16**	58
	27	134

Due to the different markets that the Group operates in, trade terms vary from cash on shipment of goods to payment under letter of credit due 120 days from shipment.

Trade receivables are secured against the facilities provided by the Group's bankers.

Lease agreements in which the other party, as lessee, is to be regarded as the economic owner of the leased assets give rise to accounts receivable in the amount of the discounted future lease payments. These receivables amounted to £25,000 as of 31 December 2013 (2012: £42,000).

The receivables under finance leases for 2013 are as follows:

£'000	**Total future payments**	**Unearned interest income**	**Present value**
Not later than one year	27	2	25
As at 31 December 2013	**27**	**2**	**25**

The receivables under finance leases for 2012 were as follows:

£'000	Total future payments	Unearned interest income	Present value
Not later than one year	36	4	32
Between one and five years	10	–	10
As at 31 December 2012	46	4	42

The leases, which relate to d_2Detectors, are typically cancellable after the first six months and run for a period of two years. The contracts include an option to purchase the leased equipment at any time between the initial six month period and the full term of two years. The purchase price lies between 33% and 75% of the gross investment at the inception of the lease, resulting from the timing the option to purchase is exercised.

17 Cash and cash equivalents

	2013 £'000	2012 £'000
Loans and receivables:		
Cash at bank and in hand	**130**	336

The carrying amount of cash equivalents approximates to their fair values. There is no collateral on the above amounts.

Notes to the Annual Report and Accounts
continued

18 Equity

	Group and Company			Group	
	Ordinary shares Number	Ordinary shares £'000	Share premium £'000	Retained earnings £'000	Total £'000
At 1 January 2012	127,843,577	1,278	1,646	2,412	5,336
Loss for the year	–	–	–	(2,224)	(2,224)
Share-based payments	–	–	–	17	17
Proceeds from shares issued	150,800	2	2	–	4
At 31 December 2012	127,994,377	1,280	1,648	205	3,133
At 1 January 2013	127,994,377	1,280	1,648	205	3,133
Loss for the year	–	–	–	(707)	(707)
Proceeds from shares issued	125,000	1	2	–	3
At 31 December 2013	**128,119,377**	**1,281**	**1,650**	**(502)**	**2,429**

The total number of authorised 1p ordinary shares is 150,000,000. All issued ordinary shares are fully paid.

Proceeds from shares issued
The following ordinary shares were issued during the year:

Date	Ordinary shares Number	Details	Consideration £	Premium £
27 August 2013	25,000	Exercise of options	594	344
18 December 2013	100,000	Exercise of options	2,375	1,375

Share options
As at 31 December 2013 the Group maintained an approved share-based payment scheme for employee compensation. For the options granted to vest, the Group must have achieved an earnings per share in excess of 0.001p and employees must serve a specified amount of time.

All share-based employee compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options. As at 31 December 2013 there were 4,075,000 staff options outstanding. No staff options were issued in 2013.

The Group has also issued unapproved share options. Approved and unapproved share options and weighted average exercise price are as follows for the reporting periods presented:

	Number	**2013 Weighted average exercise price £**	Number	2012 Weighted average exercise price £
Outstanding at 1 January	**18,151,500**	**0.06**	18,796,500	0.06
Granted	**100,000**	**0.05**	–	–
Exercised	**(125,000)**	**0.02**	(150,000)	0.03
Forfeited/lapsed	**(500,000)**	**0.08**	(495,000)	0.22
Outstanding at 31 December	**17,626,500**	**0.06**	18,151,500	0.06

The weighted average share price at the date options were exercised was 7p (2012: 5p).

The number of share options exercisable at 31 December 2013 was 17,626,500 (2012: 18,151,500). The weighted average exercise price of those shares exercisable was 6p (2012: 6p).

The weighted average option contractual life is ten years (2012: ten years) and the range of exercise prices is 2.375p to 12p (2012: 2.375p to 12p).

Directors
Directors' interests in shares and share incentives are contained in the Remuneration Report.

IFRS2 expense
There is an IFRS share-based charge for the year of £nil (2012: £17,000).

19 Trade and other payables

	2013 £'000	2012 £'000
Current		
Financial liabilities measured at amortised cost:		
Trade payables	**488**	851
Other creditors	**–**	11
Social security and other taxes	**76**	139
Accruals and deferred income	**162**	165
	726	1,166

Fair value is not materially different to book value. There is no collateral on the above amounts.

20 Interest bearing loans and borrowings

	2013 £'000	2012 £'000
Non-current		
Finance lease liabilities	**3**	20
	3	20
Current		
Financial liabilities measured at amortised cost:		
Bank overdraft	**101**	279
Other loans	**1,229**	219
Finance lease liabilities	**9**	11
	1,339	509

The bank overdraft of £101,000 (2012: £279,000) is included within the cashflow statement within cash and cash equivalents.

Other loans include:
An amount due relating to the invoice financing facility totalling £579,000 (2012: £219,000). Interest is charged at 2.96% over HSBC Bank plc base rate per annum. An amount due to Michelle Laurier, spouse of Michael Laurier, of £150,000 (2012: £nil). Interest is charged at 2% per month (See Note 23). An amount due to an unconnected individual of £500,000 (2012: £nil). Interest is charged at 12% per annum.

Commitments under finance leases and hire purchase agreements mature as follows:	Gross 2013 £'000	Gross 2012 £'000	Net 2013 £'000	Net 2012 £'000
Amounts payable within one year	**10**	14	**9**	11
Amounts payable between one and two years	**3**	18	**3**	17
Amounts payable between three and five years	**–**	3	**–**	3
	13	35	**12**	31

The finance leases are for the purchase of sundry equipment and motor vehicles (note 11).

There is no collateral on the above amounts except for finance lease liabilities which are secured against the asset that they finance.

21 Net cash (used)/generated from operations

	2013 £'000	2012 £'000
Loss after tax	**(707)**	(2,224)
Adjustments for:		
Depreciation	**119**	132
Amortisation	**29**	29
Impairment of intangible asset	**494**	–
Loss on disposal	**1**	–
Share-based payments	**–**	17
Impairment of financial asset	**–**	16
Tax (credit)/charge	**(71)**	27
Interest expense	**54**	20
Changes in working capital:		
Inventories	**108**	(238)
Trade and other receivables	**(542)**	2,936
Trade and other payables	**(440)**	(301)
Cash (used)/generated from operations	**(955)**	414

Notes to the Annual Report and Accounts
continued

22 Commitments
The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2013 £'000	2012 £'000
No later than one year	**113**	126
Later than one year and no later than five years	**151**	297
	264	423

23 Related party transactions
During the year Michelle Laurier, spouse of Michael Laurier, loan the company £150,000. Interest on the loan is calculated at 2% per month. £150,000 was outstanding at 31 December 2013 (2012: £nil).

24 Post balance sheet events
There have been no significant post balance sheet events.

25 Capital management
The Group's capital management objectives are:
- to ensure the Group's ability to continue as a going concern; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position.

The Group's goal in capital management is to maintain a capital-to-overall financing ratio of 1:1 to 1:3.

The Group sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Capital for the reporting periods under review is summarised as follows:

	2013 £'000	2012 £'000
Total equity	**2,429**	3,133
Cash and cash equivalents	**(130)**	(336)
Capital	**2,299**	2,797
Total equity	**2,429**	3,133
Borrowings	**1,342**	529
Overall financing	**3,771**	3,662
Capital-to-financing ratio	**0.61**	0.76

The ratio-decrease during 2013 is due to the increase in borrowings, being two new loans taken out during the year. The Group will aim to improve the capital-to-finance ratio during 2014 by reducing the level of borrowings by increasing sales as a result of strengthening the product portfolio in new and established markets.

26 Capital commitments
The Group had capital commitments totalling £nil at the end of the year (2012: £33,000).

The following pages contain the balance sheet and accompanying notes for the parent Company prepared under UK GAAP.

Company Balance Sheet

at 31 December 2013

Company number 3676824

	Note	2013 £'000	2012 £'000
Fixed assets			
Tangible assets	28	**11**	24
Investments	29	**2,150**	2,150
		2,161	2,174
Current assets			
Debtors	30	**2,520**	1,900
Cash at bank and in hand		**9**	–
		2,529	1,900
Creditors: amounts falling due within one year	31	**69**	61
Net current assets		**2,460**	1,839
Total assets less current liabilities		**4,621**	4,013
Creditors: amounts falling due after more than one year	32	**508**	11
		4,113	4,002
Capital and reserves			
Share capital	35	**1,281**	1,280
Share premium account	36	**1,650**	1,648
Profit and loss account	36	**1,182**	1,074
		4,113	4,002

The Company has applied the exemption under section 408 of the Companies Act 2006 not to present a profit and loss account for the year ended 31 December 2013. There are no recognised gains or losses other than its profit for the year as detailed in note 37.

These financial statements were approved by the Directors on 24 March 2014 and are signed on their behalf by:

I Bristow FCCA
Finance Director
The accompanying notes form an integral part of these financial statements.

Notes to the Company Balance Sheet

27 Principal accounting policies

Basis of accounting
The Company financial statements have been prepared under the historical cost convention and in accordance with United Kingdom Generally Accepted Accounting Practice (GAAP).

Fixed assets
Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant and machinery	– 20% reducing balance.
Fixtures and fittings	– 25% reducing balance.
Motor vehicles	– 20% reducing balance.
Office equipment	– 25% straight line.

Leasing and hire purchase commitments
Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pension costs
Company pensions are operated within the Group pension scheme. The Group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Group. The annual contributions payable in respect to the Company are charged to the profit and loss account.

Deferred taxation
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception: deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies
Monetary assets and liabilities in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into Sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Investments
Investments are included at cost less amounts written off.

Financial instruments
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of the financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classified as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classified as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Equity-settled share-based payments
All share-based payment arrangements granted after 7 November 2002 that had not vested prior to 1 January 2007 are recognised in the financial statements.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values are determined by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions. The fair value is charged to the profit and loss account between the date of issue and the date the share options vest with a corresponding credit taken to shareholders' funds.

28 Tangible fixed assets

	Plant & machinery £'000	Motor vehicles £'000	Total £'000
Cost			
At 1 January 2013	27	58	85
Disposals	–	(23)	(23)
At 31 December 2013	**27**	**35**	**62**
Depreciation			
At 1 January 2013	20	41	61
Charge for the year	2	3	4
Eliminated on disposal	–	(15)	(15)
At 31 December 2013	**22**	**29**	**51**
Net book value			
At 31 December 2013	**5**	**6**	**11**
At 31 December 2012	7	17	24

Included within the net book value of £11,000 is £nil (2012: £10,000) relating to assets held under finance leases and hire purchase contracts. The depreciation charged to the financial statements in the year in respect of such assets amounted to £3,000 (2012: £3,000).

29 Investments

Shares in Group undertakings	**2013 £'000**	2012 £'000
At beginning and end of the year	**2,150**	2,150

Group undertakings are detailed in note 13.

30 Debtors

	2013 £'000	2012 £'000
Amounts owed by Group undertakings	**2,510**	1,891
VAT	**4**	2
Prepayments	**6**	7
	2,520	1,900

31 Creditors: amounts falling due within one year

	2013 £'000	2012 £'000
Trade creditors	**10**	9
Amounts due under finance leases and hire purchase agreements	**–**	3
Accruals	**59**	49
	69	61

Notes to the Company Balance Sheet
continued

32 Creditors: amounts falling after more than one year

	2013 £'000	2012 £'000
Amounts due under finance leases and hire purchase agreements	–	8
Amounts owed to Group undertakings	8	3
Loans	500	–
	508	11

33 Commitments under finance leases and hire purchase agreements

	2013 £'000	2012 £'000
Amounts payable within one year	–	3
Amounts payable between one and two years	–	8
	–	11

34 Contingent liabilities
The Company has guaranteed all monies due to its bankers by Symphony Environmental Limited, Symphony Recycling Technologies Limited and Symphony Plastics (2010) Limited. At 31 December 2013 the net indebtedness of these companies amounted to £nil (2012: £nil).

35 Share capital
The Company's share capital is detailed in note 18.

36 Reserves

	Share premium account £'000	Profit and loss account £'000
At 1 January 2013	1,648	1,074
Retained profit for the year	–	108
New equity share capital subscribed	2	–
At 31 December 2013	**1,650**	**1,182**

37 Parent Company own accounts
Symphony Environmental Technologies plc has not presented its own profit and loss account and related notes as permitted by Section 408 of the Companies Act 2006. The profit for the financial year dealt with in the financial statements of the parent Company is £108,000 (2012: profit £113,000).

38 Directors and employees

All employees of Symphony Environmental Technologies plc are Directors. See note 7 of the Group consolidated accounts.

The average number of staff employed by the Company during the financial year amounted to:

	2013 No.	2012 No.
Management	**2**	3

The aggregate payroll costs of the above were:

	2013 £'000	2012 £'000
Wages and salaries	**73**	85
Social security costs	**8**	10
	81	95

The company has taken advantage of the FRS8 exemption that allows intra-Group transactions with a 100% subsidiary to not be disclosed.

There were no other related party transactions throughout the period.

Notes

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3676824

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Chief Executive Officer

I Bristow FCCA
Finance Director

M Stephen LL.M
Commercial Director & Deputy Chairman

M F Stephens
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N Clavel
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