Making Plastic Smarter
Symphony
environmental

Annual Report & Accounts 2016

Symphony Environmental Technologies plc

Symphony Environmental Technologies plc Annual Report & Accounts 2016

www.symphonyenvironmental.com

Symphony develops and produces a wide range of technologies, to make plastic smarter.

- Symphony has developed a range of protective plastic technologies under the d_2p (designed to protect) brand, which offer extra protection from bacteria, insects, fungi, algae, odour, fouling and fire. We will continue to add to this family of products in the coming year.
- Symphony is also a world leader in controlled-life plastic and supplies pro-degradant additives and finished plastic products. Our d_2w additive is the only technology of this type to be awarded an Eco-label, which distinguishes it from all similar products on the market.
- In addition to the above, our d_2t tag and trace technologies give our customers the ability to accurately determine the authenticity of their products, helping to protect brand owners from counterfeits and fraud. The Board do not anticipate any revenues from this in the short term.
- Our products are marketed through a worldwide network of distributors in nearly 100 countries.

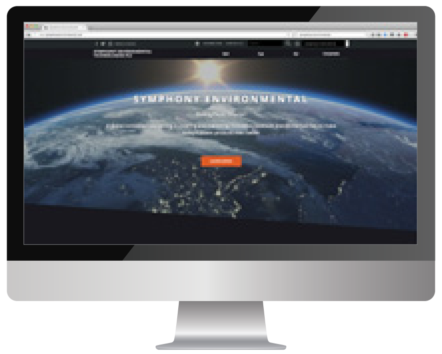
Highlights 2016

HIGHLIGHTS

- Revenues increase by 6.8% to £6.80 million (2015: £6.37 million)
- Gross profit increases by 16.3% to £3.41 million (2015: £2.93 million)
- Operating profit before non-recurring costs of £0.20 million (2015: loss £0.97 million)
- Non-recurring costs of £0.05 million (2015: £1.31 million)
- Profit before tax of £0.12 million (2015: loss £2.30 million)
- Profit after tax of £0.17 million (2015: loss £3.33 million)
- Basic earnings per share of 0.11p (2015: loss per share 2.26p)
- Operating performance ahead of market expectations

POST YEAR-END

- Launch of d_2p antimicrobial gloves and UK product listing
- Launch of d_2p treated water pipes



For more information visit:
www.symphonyenvironmental.com

Symphony at a glance

FROM A ONE PRODUCT COMPANY TO A BROAD TECHNOLOGIES GROUP

Symphony is now an international company, reaching every corner of the globe. We have distributors giving us a presence in nearly 100 countries worldwide.

Our product information

d_2w®

Overview

d_2w 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. It is then no longer a plastic and has become a material which is inherently biodegradable in the open environment in the same way as a leaf.

d_2w products include:

- Bin liners
- Bottles, tubs and cups
- Bubble wrap
- Carrier bags
- Cling film
- Food packets
- Frozen food packaging
- Garbage sacks
- Gloves and aprons
- Newspaper and magazine wrappers
- Paint ball spheres
- Pallet wrap
- Parachutes
- Shrink wrap

With proven performance in terms of degradation, biodegradation and eco-toxicity by test methods prescribed by ASTM D6954-04, AFNOR Accord T51-808, BS8472 and ESMA Standard 5009:2009.

Our d_2w masterbatch is the only biodegradable additive in the world to be awarded an ABNT Eco-label and certified by the Oxo-biodegradable Plastics Association.

www.symphonyenvironmental.com/d2w
www.symphonyenvironmental.com/what-is-d2w-2

d_2Detector®

Overview

The d_2Detector 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_2w, d_2p or d_2t additives as specified, and whether it contains any undesirable substances.

www.symphonyenvironmental.com/d2t/d2detector

d_2p™

Overview

d_2p is a family of masterbatches which offer extra protection to plastic products from bacteria, insects, fungi, algae, odour, fouling, and fire.

Antibacterial
Fights healthcare and food industry infections. Tested against dangerous organisms including MRSA, E-coli, Listeria, Salmonella, Pseudomonas and Aspergillus Niger.

Natural
Antibacterial suitable for use in food and non-food applications. In compliance with FDA Food and Drug Administration, USA and EFSA (European Food Safety Authority) requirements.

Antimicrobial
The primary purpose is to prevent bacterial and fungal contamination whilst preserving the aesthetic and functional properties of the plastic article.

Odour adsorber
Inorganic masterbatches and additives designed to inhibit the development of odours in plastic products and to prevent spoilage of fruit and vegetables.

Insecticide technology
Insecticidal plastic masterbatches used to control pests. Typically used in mosquito nets, agriculture, horticulture, forestry and home applications.

Flame retardant
Flame retardants decrease the ignitability of materials and inhibit the combustion process – limiting the amount of heat released.

Pest control
Rodents can cause dangerous damage to plastic products such as cable insulation, warehouse pallets, non-food packaging and boxes etc. Symphony has developed additive masterbatches with products that repel these pests.

Anti-fouling
Anti-fouling paint is a specialised coating applied to the hull of a ship or boat to reduce the growth of aquatic organisms.

d_2p products include:

- Water pipes and tanks
- Agriculture
- Clothing and accessories
- Gloves
- Credit/debit cards
- Cutting/chopping boards
- Electronic devices
- Flexible food packaging
- Food containers
- Fridges
- Home: roofing, wall cladding and decking, tubing, piping, bed pans
- Kitchen utensils
- Kitchen worktop coating
- Pet food packaging
- Refuse sacks and long-life carrier bags
- Sanitary: toilet seats, shower heads, shower curtains, hand dryers, toothbrush handles
- Sports: ski boots, bowling shoes, insoles
- Transportation: car interiors, tube, train, plane

www.symphonyenvironmental.com/d2p

d_2t

Overview

d_2t is a suite of technologies that provide anti-counterfeiting performance. They offer the ability to determine the authenticity of your plastic packaging and other plastic products through a unique and sophisticated tracer system. d_2t is complemented by Symphony's portable d_2Detector device.

www.symphonyenvironmental.com/d2t

Chairman's Statement
Nirj Deva, DL, FRSA, MEP

I am very pleased to report a profit before tax of £123,000. This positive performance compares well with the loss of £2.3 million reported in 2015. This result was achieved by an increase in revenues to £6.80 million (2015: £6.37 million) and resultant 16.3% increase in gross profits to £3.41 million, but in particular, a substantial reduction in overheads.

DELIVERING TECHNOLOGY & PRODUCTS

During the year, d_2w continued to generate the majority of its revenues in markets mainly outside of Europe. The political momentum has been encouraging in several overseas territories where governments aim to resolve the plastic litter crisis, as regularly highlighted in the media. As communicated by me last year, the opportunities for d_2w oxo-biodegradable technology remain good even though Symphony's investment levels in the technology have reduced. d_2w remains the only oxo-biodegradable technology to have an Eco-label, a Life Cycle Assessment, and reports on Recycling Studies, Bio-degradation and Eco-toxicity on land and in the sea. d_2w oxo-biodegradable technology fits well with the circular economy as well as overall strategies to improve the environment.

We also advised last year that your Board intended to focus more on delivering products and technologies that will create value for shareholders in the near term. For our d_2p "designed to protect" range, we have progressed significantly, and our suite of technologies now includes anti-fungal, antibacterial, odour absorber, insecticide and flame-retardants. We have now begun commercialising d_2p antimicrobial gloves and d_2p antimicrobial water pipes, with launches announced for early 2017.

These product developments have been the result of an extensive pipeline of activities over the last three years, and we are planning further technology commercialisations in the short term.

We have a valuable asset in our global distributor network and are working with them and their customers to develop products as well as selling the completed technologies through them.

The Board would like to thank its management, distributors and staff for all their hard work over the last year and we look forward to further progress in 2017.

N Deva, DL, FRSA, MEP
Chairman
8 March 2017

Chief Executive's Review

Michael Laurier

In the year under review we achieved an increase in sales, gross and net profit - and all from a lower cost base. Sales of d$_2$w products continued to account for the greater part of turnover, with the majority exported outside Europe in US and Euro currencies.

EXPANDING OUR PRODUCT OFFERING

d$_2$w Controlled-life Plastic Technology

The Group has continued to invest in enhancing its credentials for oxo-biodegradable plastic technology. Within the period, two new international recycling studies were completed that further evidenced that plastic products made with d$_2$w could be safely recycled with normal plastic, and are not harmful to the recycling process nor to products made with the recycled raw material. An additional two biodegradation studies were also completed that showed that plastics made with d$_2$w technology would safely and harmlessly degrade and biodegrade in both the terrestrial and marine environments. These further studies and reports are being used when presenting d$_2$w as a viable and credible option for resolving the many issues caused by plastic leakage on land and into the oceans. Plastic products made with d$_2$w technology have been proven not to leave micro-particles of plastics in the environment - which is a major topic of concern.

The global momentum forcing change in current waste management practices, together with a need to resolve plastic leakage into the environment, has created more interest and opportunities for products made with d$_2$w controlled-life plastic technology. In both corporate and political situations, Symphony has seen, and is continuing to see, a substantial increase in activity.

d$_2$p "Designed to Protect"

As reported in earlier announcements, Symphony has expanded its product-offering to new and existing customers for its d$_2$p technologies.

We have more than 100 live projects in development with a wide range of customers and potential customers from the majority of our global distribution network. These projects include anti-fungal, antibacterial, odour absorber, insecticide and flame retardant masterbatches and finished products.

As previously advised, some of these technologies may require regulatory clearance before commercial use in some countries, and the Group is working hard to obtain these with our distributors.

Trading results

Group revenues were 6.8% higher at £6.80 million (2015: £6.37 million) with an increased gross profit margin at 50.1% from 46.0% in 2015, driven mainly by a more profitable sales mix and favourable currency movements. As a result, the contribution from gross profit increased by 16.3% to £3.41 million from £2.93 million in 2015.

Recurring administrative expenses decreased by 17.6% to £3.03 million (2015: £3.68 million) due to cost reductions as part of a strategic review completed in early 2016. Non-recurring administrative expenses of £0.05 million were incurred as part of the implementation this review, following the non-recurring costs in 2015 which were £1.31 million, and included a £1.28 million impairment charge relating to development cost within intangible fixed assets and £0.03 million relating to staff costs.

The Group's operating profit before non-recurring items was £0.20 million - an improvement of more than £1.17 million compared with 2015. Even when taking into account the non-recurring items, the Group made an operating profit of £0.15 million in 2016 compared to an operating loss of £2.29 million in 2015. This resulted in a profit before tax of £0.12 million in 2016 (2015: loss £2.30 million).

The taxation credit of £0.05 million is in respect of a Research and Development ('R&D') tax credit. The 2015 tax charge of £1.03 million comprises a deferred tax asset impairment of £1.14 million and an R&D tax credit of £0.11 million.

The Group therefore reports a profit for the year of £0.17 million (2015: loss £3.33 million) with basic earnings per share of 0.11 pence (2015: loss per share 2.26 pence).

The Group's primary selling currency is the US Dollar and therefore a strong dollar is beneficial for the Group. 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 2016, the Group had a net balance of US Dollar assets totalling $0.91 million (2015: $0.82 million).

The Board has reviewed its policy on segmental reporting and now consider there is ultimately just one operating segment as defined under IFRS8. This is as a result of no material costs being incurred in Waste to Value projects over the last two accounting periods, and having no plans to incur any material costs in that segment going forward. Management reviews the performance of the Group by reference to the total performance of the whole business.

The Group expensed R&D costs of £514,000 in 2016 (2015: £521,000).

Balance sheet and cash flow

The Group had net cash in the bank of £0.26 million at the year-end (2015: £0.12 million) and consumed cash of £0.30 million from operations (2015: cash generated £0.02 million). The increase in cash consumed was as a result of an increase in trade receivables to £1.42 million as at 31 December 2016 (31 December 2015: £0.72 million). The increase in trade receivables was primarily due to a change in terms for one of the Group's major customers from letter of credit to 90-day open account, covered by credit insurance.

The increase in trade receivables was funded by an increase in the Group's trade finance facility to £0.63 million at 31 December 2016 (31 December 2015: £0.16 million). The Group has a £1.50 million trade finance facility with HSBC Bank plc, and the Board do not envisage any working capital constraints should sales materially increase.

Outlook

Our expectations for the short term are that more countries outside Europe will pass legislation in favour of a d$_2$w-type oxo-biodegrading plastic solution, and that other countries who already have legislation will progress their enforcement programs. If these expectations are met, then this should lead to an increase in demand for our d$_2$w products.

As mentioned earlier in this report, we have over 100 customer-led development projects for the wide range of d$_2$p technologies, for both masterbatches and finished products. A good foundation has therefore been created to further increase revenues and profitability going forward.

The Group's focus will continue to be the delivery of products and technologies that create value in the near term for its shareholders.

We expect to build on the positive momentum and are optimistic for a successful year ahead, in an environment that is becoming more receptive to our growing range of technologies and products.

Michael Laurier
Chief Executive Officer
8 March 2017

2016 Roundup

Symphony stand at the K Show, Dusseldorf, October 2016

January saw the launch of the new Symphony website, designed and built to accommodate an expanding range of products and to support our growing distribution network. The new website is easier to navigate and offers a more flexible platform with plenty of room to grow.

Congratulations were in order for Pakistan International Airlines (PIA), who in June 2016 signed a three year agreement with Symphony's distributor in Pakistan (Business Dynamics Pvt Ltd). This agreement made them the first airline in the world to convert all of their flexible plastics to d_2w oxo-biodegradable technology and thus enabled them to be certified as a green company by Pakistan's Environmental Protection Agency as a zero pollution airline.

Of course the airline does not encourage littering, but is realistic enough to know that some of its flexible plastics will find their way into the open environment. All plastics will fragment as they degrade, but as a responsible company PIA has taken steps to ensure that its flexible plastics will convert automatically into biodegradable materials which will be harmlessly bio assimilated in the same way as a leaf, and much more quickly than ordinary plastics. At the same time, if these items do get collected they can be safely recycled together with ordinary plastics.

Of all the technologies available at the present time, oxo- biodegradable plastic offers a low cost, instantly implementable, practical alternative to ordinary plastic, which could help reduce the amount of plastic waste persisting in the open environment and thereby the amount of plastic waste finding its way into the world's oceans and remaining there for decades.

At the end of July, we were pleased to announce our participation in a scientific research project on plastics in the marine environment. Marine plastic litter is a global environmental problem, with 80% of the plastic litter in the oceans originating on land. The study, which is funded by the French National Agency (ANR) commenced in January 2017 and will run for 36 months.

In October Symphony attended the K show in Dusseldorf (19-26th October) to showcase oxo-biodegradable plastic, as well as antimicrobial, flame retardant, odour adsorbing and insecticidal plastic technologies. Over 600 visitors came to the Symphony stand over the eight days of the show, from more than 30 countries. Symphony was pleased to leave the show with more than 20 exciting trials and development projects to follow up during 2017.

Corporate Social Responsibility

As an organisation we are dedicated to creating a sustainable future by finding low cost solutions to the world's environmental and public health problems.

Symphony is accredited to the environmental standard ISO 14001 and to ISO 9001 for quality management and environmental responsibility. We carefully monitor the energy we consume as a company and the waste we generate, mindful of our carbon footprint, and we are committed to reducing our energy requirements and waste year on year.

We believe in the principles of the circular economy and are working towards reducing waste and avoiding pollution either by design or intention and embedding these principles into our business models and activities.

Our offices and laboratories use low-energy lighting and all products and equipment are responsibly sourced. We are also committed to recycling and have a dedicated member of staff to monitor our recycling activities, as well as following the principles of reduce, reuse and recycle whenever practicable.

We work wherever possible with paperless administration and use the best-practice document-management systems, utilising electronic communications and video conferencing to reduce postal costs and the need for business travel.

Our production facilities in several locations around the world minimise the need to transport supplies and help to reduce our carbon-footprint.

We regularly support charities and this year we held events to support a local children's hospice as well as Mencap, Save the Children and Breast Cancer UK.

We believe that the most valuable assets of our business are our staff. We therefore facilitate the career development of our staff with training courses and seminars where appropriate, as well as encouraging our distributors to develop and update their knowledge and skills through webinars and conferences and sharing best practice. We also provide training opportunities and work experience for students in the UK and abroad either in our laboratory or in the sales, marketing, supply-chain, accountancy, or administration teams.

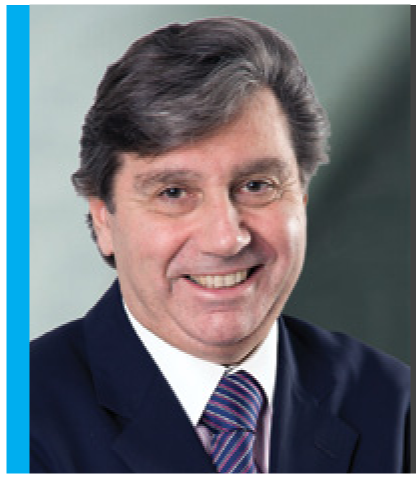
Pakistan International Airlines

Board of Directors

Nirj Deva, DL, FRSA, MEP
Chairman of the Board

BACKGROUND AND EXPERIENCE

Nirj 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 to 1997 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 Laurier
Chief Executive Officer

BACKGROUND AND EXPERIENCE

Michael Laurier 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-seventies 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 co-founded Symphony Plastics in 1995.

Ian Bristow, FCCA
Finance Director and Company Secretary

BACKGROUND AND EXPERIENCE

Ian Bristow was in private practice for seven years, qualifying as a Chartered 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 Stephen, LL.M
Commercial Director and Deputy Chairman

BACKGROUND AND EXPERIENCE

Michael Stephen was a member of the UK Parliament from 1992 to 1997 and was a member of the Trade and Industry Select Committee and the Environment Select Committee of the House of Commons. He is Commercial Director and Deputy Chairman of the plc, and Chairman of its subsidiary companies since 2007. 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.

Nicolas Clavel
Non-Executive Director

BACKGROUND AND EXPERIENCE

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). Nicolas is Swiss, and is based in London and Geneva.

Shaun Robinson
Non-Executive Director

BACKGROUND AND EXPERIENCE

Shaun Robinson has nearly 20 years' corporate finance, restructuring and active asset management experience, focusing on operational real estate with key specialities in hotels and healthcare. A Chartered Certified Accountant, Shaun Robinson joined the Somerston Group in 2004 and is responsible for business development, M&A and tax/corporate structuring. Shaun is Executive Director of Somerston Capital, Richmount Management Ltd, Somerston Health and St James' Hotels; and a director of Deutsche Real Estate Fund Advisors, advising to a leading German student housing business.

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. The Group also supplies other flexible polythene and related conventional products.

A review of the business is given in the Chairman's Statement on pages 4 and 5 together with the Chief Executive's Review on pages 6 and 7. Future developments are summarised in the Outlook section of the Chief Executive's Review on page 7.

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	2016	2015	Method of calculation
Revenue (£'000)	6,801	6,365	Revenues for the Group.
Gross profit margin (%)	50%	46%	The ratio of gross profit to sales.

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 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 having 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
8 March 2017

Directors' Report

The Directors present their report and the audited financial statements of the Group for the year ended 31 December 2016.

The Directors as referred to in these financial statements are the directors of Symphony Environmental Technologies plc only.

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 profit for the year after taxation amounted to £168,000 (2015: loss £3,332,000).

The Directors do not recommend a dividend (2015: £nil).

Research and development

The Group is involved in the research and development of environmental plastic products.

The Directors and their interests

The Directors who served during the year were as follows:

N Deva, DL, FRSA, MEP – Non-Executive Chairman

M Laurier - Chief Executive Officer

I Bristow, FCCA - Finance Director

M Stephen, LL.M – Commercial Director & Deputy Chairman

N Clavel – Non-Executive Director

S Robinson – Non-Executive Director

The Directors' 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. Operating results for the start of 2017 have been in line with these forecasts. The Group anticipates sales growth from the launch of new products in the forthcoming year after the significant investments made in previous years. 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 Mazars as auditor for the ensuing year will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD

I Bristow
Company Secretary
8 March 2017

Remuneration Report

Directors' emoluments

	Basic salary £'000	Benefits £'000	2016 Total Emoluments £'000	2015 Total Emoluments £'000
N Deva	16	–	16	36
M Laurier	200	11	211	258
I Bristow	137	8	145	177
M Stephen	145	16	161	183
M F Stephens (resigned from the Board 26 June 2015)	–	–	–	88
N Clavel	16	–	16	29
S Robinson	16	–	16	30
	530	35	565	801

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 2016	At 1 January 2016
N Deva	363,925	363,925
M Laurier	23,424,510	22,952,317
I Bristow	1,163,925	1,163,925
M Stephen	933,998	933,998
N Clavel	550,000	550,000
S Robinson	10,912,449	10,912,449

Share options and warrants
The Directors have share options and warrants, or interests in share options and warrants as follows:

	Number of share options or warrants	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
N Clavel	500,000	4.500	16 October 2009	16 October 2018
N Clavel	250,000	9.875	18 December 2010	18 December 2019
S Robinson	893,110	15.000	14 November 2015	14 November 2017
S Robinson	293,260	15.000	09 June 2016	09 June 2018

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

Independent Auditor's Report

to the members of Symphony Environmental Technologies plc

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 2016 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement, the Company Balance Sheet, the Company Statement of Changes in Equity 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).

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 13, 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 Ethical Standards for Auditors. 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2016 and of the Group's profit 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 the other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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.

Samantha Russell
Senior Statutory Auditor
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor

Tower Bridge House
St Katharine's Way
London
E1W 1DD

8 March 2017

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2016

		2016		2015	
	Note	£'000	£'000	£'000	£'000
Revenue	5		6,801		6,365
Cost of sales			(3,395)		(3,437)
Gross profit			3,406		2,928
Distribution costs			(176)		(221)
Administrative expenses – recurring		(3,031)		(3,679)	
Administrative expenses – non-recurring	6	(54)		(1,313)	
Administrative expenses			(3,085)		(4,992)
Operating profit/(loss) – before non-recurring items		199		(972)	
Operating loss – non-recurring		(54)		(1,313)	
Operating profit/(loss)	6		145		(2,285)
Finance costs	8		(22)		(16)
Profit/(loss) for the year before tax			123		(2,301)
Taxation	9		45		(1,031)
Profit/(loss) for the year			168		(3,332)
Total comprehensive income for the year			168		(3,332)
Basic earnings/(loss) per share	10		0.11p		(2.26)p
Diluted earnings/(loss) per share	10		0.10p		(2.26)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 2016

	Note	2016 £'000	2015 £'000
Assets			
Non-current			
Property, plant and equipment	11	**298**	397
Intangible assets	12	**62**	73
		360	470
Current			
Inventories	15	**416**	477
Trade and other receivables	16	**1,576**	852
Cash and cash equivalents	17	**437**	122
		2,429	1,451
Total assets		**2,789**	1,921
Equity			
Equity attributable to shareholders of Symphony Environmental Technologies plc			
Ordinary shares	18	**1,499**	1,499
Share premium	18	**3,533**	3,533
Retained deficit	18	**(3,971)**	(4,139)
Total equity		**1,061**	893
Liabilities			
Non-current			
Interest bearing loans and borrowings	19	**2**	6
Current			
Interest bearing loans and borrowings	19	**808**	170
Trade and other payables	20	**918**	852
		1,726	1,022
Total liabilities		**1,728**	1,028
Total equity and liabilities		**2,789**	1,921

These financial statements were approved by the Board of Directors on 8 March 2017 and authorised for issue on 8 March 2017. 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 2016

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

	Share capital £'000	Share premium £'000	Retained deficit £'000	Total equity £'000
For the year to 31 December 2016				
Balance at 1 January 2016	**1,499**	**3,533**	**(4,139)**	**893**
Total comprehensive income for the year	**–**	**–**	**168**	**168**
Balance at 31 December 2016	**1,499**	**3,533**	**(3,971)**	**1,061**
For the year to 31 December 2015				
Balance at 1 January 2015	1,446	3,077	(807)	3,716
Issue of share capital	53	456	–	509
Transactions with owners	53	456	–	509
Total comprehensive loss for the year	–	–	(3,332)	(3,332)
Balance at 31 December 2015	1,499	3,533	(4,139)	893

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

Consolidated Cash Flow Statement

for the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Operating activities			
Net cash used in operations	21	(343)	(91)
Tax received – R&D tax credits		45	111
Net cash generated/(used) in operating activities		(298)	20
Investing activities			
Additions to property, plant and equipment		(8)	(141)
Additions to intangible assets		(2)	(212)
Proceeds from sale of property, plant and equipment		11	-
Net cash generated/(used) in investing activities		1	(353)
Financing activities			
Repayments of borrowings		-	(650)
Movement in working capital facility		464	15
Movement in finance lease liability		(4)	7
Proceeds from share issue		-	509
Interest paid		(22)	(16)
Net cash generated/(used) in financing activities		438	(135)
Net change in cash and cash equivalents		141	(468)
Cash and cash equivalents, beginning of year		117	585
Cash and cash equivalents, end of year		258	117

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

	Note	2016 £'000	2015 £'000
Loans and receivables:			
Cash at bank and in hand	17	437	122
Financial liabilities measured at amortised cost:			
Bank overdraft	20	(179)	(5)
Cash and cash equivalents, end of year		258	117

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 03676824). 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 financial statements have been prepared under the historical cost convention except as started in the accounting policies. Financial information is presented in pounds sterling unless otherwise stated, and amounts are express in thousands (£'000) and rounded accordingly.

The accounting policies have remained unchanged from the previous year except as follows in respect to IFRS8.

The Board have reviewed it policy on segmental reporting and now consider there is ultimately just one operating segment as define under IFRS8. This is as a result of no material costs being incurred in Waste to Value projects over the last two accounting periods, and having no plans to incur any material costs in that segment going forward. Management reviews the performance of the Group by reference to total results of the whole business.

Consolidation

The consolidated financial statements incorporate those of Symphony Environmental Technologies plc and all of its subsidiary undertakings. Subsidiaries acquired during the year are consolidated using the acquisition method. Under the acquisition method, their results are incorporated from the date that control passes. The difference between the cost of acquisition of shares in subsidiaries and the fair value of the separable net assets acquired is capitalised as goodwill. All financial statements are made up to 31 December 2016.

All intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

Going concern

Management have prepared a cash flow forecast for the ensuing twelve months from the approval of the financial statements. Operating results for the start of 2017 have been in line with these forecasts. The Group anticipates sales growth from the launch of new products in the forthcoming year after the significant investments made in previous years. 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.

Revenue

Degradable and non-degradable plastic goods, and associated products

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

The Group's revenue is from sale of goods. 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. The buyer may be one of the Group's distributors or an end customer. 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 reliably 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;

d) the costs incurred or to be incurred in respect of the transaction can be measured reliably; and

e) the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

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;

Notes to the Annual Report and Accounts continued

- 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:

Plastic masterbatches 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. All amounts disclosed within note 12 in development costs relate to plastic masterbatches and other additives.

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.

The cost comprises of the purchase price of the asset plus directly attributable costs.

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	10% straight line.
Motor vehicles	25% 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

All individual assets 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 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 plus all directly attributable costs of bringing the inventory to the current location and condition, 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.

Employee costs

Employee compensation

Employee benefits are recognised as an expense.

Termination benefits

Termination benefits are those benefits which are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Post employment obligations

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, insofar as Group companies are entitled to UK tax credits on qualifying research and development expenditure, such amounts are recognised when received and presented in the income tax line within profit and loss.

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. The Group uses derivatives such as foreign currency hedges to hedge its current or future positions against foreign exchange rate risks. These derivatives are measured at fair value, determined by reference to observable market prices at the reporting date.

Financial assets

Financial assets held by the Group 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 and other 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.

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 Symphony Bin Hilal LLC, American Plastic Technologies LLC and Oxobioplast Inc.

The equity investments in Symphony 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.

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.

Notes to the Annual Report and Accounts continued

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"
The IASB have released IFRS 9 following completion of the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018 and has been endorsed by the European Union.

IFRS 15, "Revenue from Contracts with Customers"
IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities. IFRS 15 is effective for reporting periods beginning on or after 1 January 2018. This standard has been endorsed by the European Union.

IFRS 16 "Leases"
The IASB has published IFRS 16 'Leases', completing its long-running project on lease accounting. The new Standard, which is effective for accounting periods beginning on or after 1 January 2019, requires lessees to account for leases 'on-balance sheet' by recognised a 'right-of-use' asset and a lease liability. It will affect most companies that report under IFRS and are involving in leasing, and will have a substantial impact on the financial statements of lessees of property and high value equipment. This standard has been endorsed by the European Union.

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except as noted below:

- IFRS 9 will impact both the measurement and disclosure of financial instruments;
- IFRS 15 may have an impact on revenue recognition and related disclosures; and
- IFRS 16 will have material impact on the reported assets, liabilities, income statement and cash flows of the Group. Furthermore, extensive disclosures will be required by IFRS 16.

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

The Group's management will undertake a review of the impact on the Group of the above new standards during 2017. Note 22 details the future minimum lease payments that would be reclassified were IFRS 16 to apply to the current financial period.

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:

	2016 £'000	2015 £'000
Financial assets:		
Cash and cash equivalents	437	122
Loans and receivables	1,430	727
	1,867	849
Financial liabilities:		
Financial liabilities measured at amortised cost	1,534	576
	1,534	576

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 profitably. 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 2016 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	855	1	625	179	1,660
Sixty one days to three months	–	–	–	–	–
Four months to six months	–	1	–	–	1
Seven months to one year	–	2	–	–	2
One year to three years	–	2	–	–	2
	855	6	625	179	1,665

The maturity of financial liabilities as at 31 December 2015 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	775	1	161	5	942
Sixty one days to three months	–	–	–	–	–
Four months to six months	–	1	–	–	1
Seven months to one year	–	2	–	–	2
One year to three years	–	6	–	–	6
	775	10	161	5	951

Notes to the Annual Report and Accounts continued

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 Group.

The Group's exposure to interest rate risk as at 31 December 2016 is summarised as follows:

	Fixed £'000	Variable £'000	Zero £'000	Total £'000
Cash and cash equivalents	–	437	–	437
Trade receivables	–	–	1,418	1,418
Other debtors	–	–	12	12
	–	437	1,430	1,867
Trade payables	–	–	(708)	(708)
Other payables	–	–	(16)	(16)
Bank overdraft	–	(179)	–	(179)
Lease purchase	(6)	–	–	(6)
Other loans	–	(625)	–	(625)
	(6)	(367)	706	333
Sensitivity: increase in interest rates of 5%	–	(18)	–	(18)
Sensitivity: decrease in interest rates of 1%	–	4	–	4

The Group's exposure to interest rate risk as at 31 December 2015 is summarised as follows:

	Fixed £'000	Variable £'000	Zero £'000	Total £'000
Cash and cash equivalents	–	122	–	122
Trade receivables	–	–	724	724
Other debtors	–	–	3	3
	–	122	727	849
Trade payables	–	–	(400)	(400)
Other payables	–	–	(77)	(77)
Bank overdraft	–	(5)	–	(5)
Lease purchase	(10)	–	–	(10)
Other loans	–	(161)	–	(161)
	(10)	(44)	250	196
Sensitivity: increase in interest rates of 5%	–	(2)	–	(2)
Sensitivity: decrease in interest rates of 1%	–	–	–	–

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 2016 £'000	Currency balance 2016 '000	Sterling 2015 £'000	Currency balance 2015 '000
Financial assets	Euro	113	€133	131	€178
Financial liabilities	Euro	(179)	€(210)	(190)	€(258)
Net balances	Euro	(66)	€(77)	(59)	€(80)
Effect of 10% Sterling increase		6		5	
Effect of 10% Sterling decrease		(7)		(6)	
Financial assets	USD	1,755	$2,165	769	$1,130
Financial liabilities	USD	(1,014)	$(1,251)	(213)	$(312)
Net balances	USD	741	$914	556	$818
Effect of 10% Sterling increase		(67)		(50)	
Effect of 10% Sterling decrease		82		61	

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.

As at 31 December 2016 the company had entered into forward foreign currency contacts which all mature within 9 months of the year end and commit the company to selling US Dollars 1,500,000 and to receive a fixed sterling amount (2015 : US Dollars Nil).

The forward currency contracts are measured at fair value, which is determined using the valuation techniques that utilise observable inputs. The key inputs used in valuing the derivatives are the forward exchange rates for USD:GBP. The fair value of the forward-foreign currency contracts at 31 December 2016 is a loss of £4,656.

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:

	2016 £'000	2015 £'000
Loans and receivables:		
Trade receivables	1,418	724
Other debtors	12	-
Cash and cash equivalents	437	122
	1,867	846

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 76% (2015: 75%) 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 and details of impairments and amounts written off are set out in note 16.

Notes to the Annual Report and Accounts continued

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.

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. Material changes to the estimates and judgements made in the preparation of the interim statements are detailed in the notes.

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. In particular, estimates are made in respect to future economic benefits based on market judgements at the time and over attributable internal staff time allocated to each product.

Recoverability of capitalised development cost
Judgements and estimates relating to capitalised development costs are detailed in note 12. In particular, estimates are continued to be made in respect to future economic benefits and any changes to market conditions.

Share option judgements
Judgements and estimates relating to share-based payment charges are detailed in note 2. Estimates are made on the fair value of the option using the Black-Scholes model.

Going concern
Judgements and estimates relating to going concern are detailed in note 2. In particular, estimates are made as to future revenues expectations which derive cash flow projections.

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 cash having 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. In particular, estimates are made as to future revenues which derive profit and loss projections.

Functional currency
A significant proportion of the revenues generated by entities within the Group are denominated in United States Dollars (USD). The functional currency of the Company and of all individual entities within the Group has been determined to be Sterling. Identification of functional currencies requires a judgement as to the currency of the primary economic environment in which the companies of the Group operate. This is based on analysis of the economic environment and cash flows of the subsidiaries of the Group, which has determined, based upon the currency of funding and operating costs, that the functional currency continues to be Sterling.

5. Revenue information

The Board has reviewed the requirements of IFRS 8 "Operating Segments", including consideration of what results and information the Board (the Chief Operating Decision Maker) reviews regularly to assess performance and allocate resources, and concluded that all revenue falls under a single business segment. The Directors consider the business does not have separate divisional segments as defined under IFRS 8. The Board assesses the commercial performance of the business based upon a single set of revenues, margins, operating costs and assets. The revenues of the Group are divided in the following geographical areas:

Geographical areas	2016 £'000 Revenue	2015 £'000 Revenue
UK	268	238
Europe	850	714
Americas	3,242	3,174
Other	2,441	2,239
Total	6,801	6,365

Major customers
There was one customer that accounted for greater than 10% of total Group revenues for 2016 (2015: no customers). In 2016 one customer accounted for £1,465,000 or 22% of the total Group revenues.

6. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2016 £'000	2015 £'000
Non-recurring items:		
• Impairment of intangible assets	-	1,279
• Redundancy costs	54	34
Depreciation	86	101
Amortisation	13	29
Loss on disposal of property, plant and equipment	10	14
Research and development expenditure not capitalised	514	521
Operating lease rentals:		
• Land and buildings	114	109
• Plant and equipment	5	5
Fees payable to the Company's auditor:		
Audit related services:		
• Audit of the financial statements	10	18
• Audit of the financial statements of the Company's subsidiaries	15	36
Non-audit related services:		
• Other assurance related services	3	4
• Tax compliant services	5	10
Net foreign exchange gain	(37)	(31)

Non-recurring items within administrative expenses total £54,000 for 2016 (2015: £1,313,000). The non-recurring charge for 2016 relates to staff termination costs. The non-recurring charge for 2015 relates to an impairment charge against intangible assets and staff termination costs.

Notes to the Annual Report and Accounts continued

7. Employee benefit expense

	2016 £'000	2015 £'000
Wages and salaries	1,335	1,612
Social security costs	162	205
Other pension costs	56	97
	1,553	1,914

Average number of people employed:

	2016	2015
Testing and technical	5	5
Selling	7	6
Administration	9	10
Management	6	7
Marketing	1	1
Total average headcount	28	29

Remuneration in respect of the Directors was as follows:

	2016 £'000	2015 £'000
Emoluments	565	721
Pension contributions	-	80
	565	801

Key management remuneration:

	2016 £'000	2015 £'000
Short-term employee benefits	565	721
Post-employment benefits	-	80
	565	801

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 costs

	2016 £'000	2015 £'000
Interest expense:		
• Bank borrowings	9	5
• Other interest	13	11
Total finance costs	22	16
Net finance costs	22	16

9. Taxation

	2016 £'000	2015 £'000
Net deferred tax (see note 9a)	-	(1,142)
R&D tax credit	45	111
Total income tax credit/(charge)	45	(1,031)

No tax arises on the profit for the year.

The tax assessed for the year is different from the standard rate of corporation tax in the UK of 20% (2015: 20%). The differences are explained as follows:

	2016 £'000	2015 £'000
Profit/(loss) for the year before tax	123	(2,301)
Tax calculated by rate of tax on the result	25	(460)
Effective rate for year at 20% (2015: 20.25%)	-	(6)
Expenses not deductible for tax purposes	7	5
Difference between capital allowances and depreciation	7	-
Intangible impairment provision	-	259
R&D tax relief	(41)	(11)
Tax losses carried forward	-	213
Short term timing differences	2	-
Movement in deferred income tax asset (see note 9a)	-	1,142
R&D tax credit	(45)	(111)
Total income tax (credit)/charge	(45)	1,031

9a. Deferred income tax asset

	2016 £'000	2015 £'000
Deferred income tax asset brought forward	–	1,142
Impairment of deferred income tax asset	–	(1,142)
Deferred income tax asset carried forward	–	–

The Group has not recognised a deferred tax asset is respect of losses available for use against future taxable profits. The Group has tax losses of approximately £16,000,000 (2015: £14,500,000). These tax losses have no expiry date. The unrecognised deferred tax asset in respect of these losses based on latest profit projections is approximately £2,459,000.

These losses may be subject to new loss restriction rules but are expected to fall below the annual £5m threshold. The new loss restriction rules are expected to be introduced from 1 April 2017 as part of changes included within the 2017 Finance Bill.

The main rate of corporation tax will be reduced from 20% to 19% from 1 April 2017. A further reduction in the UK corporation tax rate was substantively enacted on 6 September 2016 reducing the headline corporation tax rate from 18% to 17% applicable from 1 April 2020.

The Group also has gross fixed asset temporary timing differences of £87,000 (2015: £131,000) which gives rise to a deferred tax liability of £15,000 (2015: £25,000) and other gross temporary timing differences of £9,000 (2015: £Nil) which gives rise to a deferred tax asset of £2,000 (2015: £Nil). A deferred tax liability of £13,000 is recognised but it is sheltered by an equivalent deferred asset in respect of losses.

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 profitability going forward based upon current sales leads and market receptiveness to anticipated product launches.

10. Earnings per share and dividends

The calculation of basic earnings per share is based on the profit/(loss) 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 loss and weighted average numbers of shares used in the calculations are set out below:

Basic and diluted	2016	2015
Profit/(loss) attributable to equity holders of the Company	£168,000	£(3,332,000)
Weighted average number of ordinary shares in issue	149,939,377	147,616,172
Basic earnings/(loss) per share	0.11 pence	(2.26) pence
Dilutive effect of weighted average options and warrants	15,794,717	–
Total of weighted average shares together with dilutive effect of weighted options	165,734,094	147,616,172
Diluted earnings/(loss) per share	0.10 pence	(2.26) pence

No dividends were paid for the year ended 31 December 2016 (2015: £nil). The effect of options and warrants that are anti-dilutive have not been included in the calculation of diluted earnings per share.

A total of 27,456,500 options and warrants were outstanding at the end of the year which may become dilutive in future years.

11. Property, plant and equipment

	Plant & machinery £'000	Fixtures & fittings £'000	Motor vehicles £'000	Office equipment £'000	Total £'000
At 1 January 2015					
Cost	374	285	105	188	952
Accumulated depreciation	(221)	(109)	(86)	(164)	(580)
Net book amount	153	176	19	24	372
Year ended 31 December 2015					
Opening net book amount	153	176	19	24	372
Additions	81	8	17	35	141
Disposals	(26)	(1)	(20)	(100)	(147)
Depreciation charge	(44)	(31)	(10)	(16)	(101)
Eliminated on disposal	14	-	18	100	132
Closing net book amount	178	152	24	43	397
At 1 January 2016					
Cost	429	292	102	123	946
Accumulated depreciation	(251)	(140)	(78)	(80)	(549)
Net book amount	178	152	24	43	397
Year ended 31 December 2016					
Opening net book amount	178	152	24	43	397
Additions	4	1	-	3	8
Disposals	(48)	-	(40)	(2)	(90)
Depreciation charge	(34)	(29)	(6)	(17)	(86)
Eliminated on disposal	34	-	34	1	69
Closing net book amount	134	124	12	28	298
At 31 December 2016					
Cost	385	293	62	124	864
Accumulated depreciation	(251)	(169)	(50)	(96)	(566)
Net book amount	134	124	12	28	298

Included within net book value of motor vehicles is £11,000 (2015: £15,000) 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 £4,000 (2015: £3,000).

Notes to the Annual Report and Accounts continued

12. Intangible assets

	Development costs £'000	Trademarks £'000	Total £'000
At 1 January 2015			
Cost	1,783	87	1,870
Accumulated amortisation	(164)	(43)	(207)
Accumulated impairment	(494)	-	(494)
Net book amount	1,125	44	1,169
Year ended 31 December 2015			
Opening net book amount	1,125	44	1,169
Additions	189	23	212
Impairment charge	(1,234)	(45)	(1,279)
Amortisation charge	(24)	(5)	(29)
Closing net book amount	56	17	73
At 1 January 2016			
Cost	1,972	110	2,082
Accumulated amortisation	(188)	(48)	(236)
Accumulated impairment	(1,728)	(45)	(1,773)
Net book amount	56	17	73
Year ended 31 December 2016			
Opening net book amount	56	17	73
Additions	-	2	2
Disposals	-	(28)	(28)
Amortisation charge	(12)	(1)	(13)
Eliminated on disposal	-	28	28
Closing net book amount	44	18	62
At 31 December 2016			
Cost	1,972	84	2,056
Accumulated amortisation	(200)	(21)	(221)
Accumulated impairment	(1,728)	(45)	(1,773)
Net book amount	44	18	62

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).

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.

Due to the Group's performance in 2015 a strategic review was carried out of its product developments and operating costs which resulted in an impairment provision of £1,233,578 being made against development costs for the year ended 31 December 2015.

13. Subsidiary undertakings

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%
Symphony Energy 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. The above companies have their registered offices at 6 Elstree Gate, Elstree Way, Borehamwood, WD6 1JD except for Symphony Environmental (Jamaica) Limited which has its registered office at 8 Olivier Road, Saint Andrew, Jamaica.

14. Available for sale financial assets

All non-current	2016 £'000	2015 £'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 the Group has no representation on the board of directors of the investee, does not participate in policy making processes, and does not receive key financial or management information. 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

	2016 £'000	2015 £'000
Finished goods and goods for resale	416	477

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to £3,299,000 (2015: £3,297,000). There is a provision of £77,000 for the impairment of inventories (2015: £90,000).

There is no collateral on the above amounts.

16. Trade and other receivables

	2016 £'000	2015 £'000
Loans and receivables:		
• Trade receivables	1,418	724
• Other receivables	12	3
VAT	38	37
Prepayments	108	88
	1,576	852

The Directors consider that the carrying value of trade and other receivables approximates to their fair values.

There is a provision of £88,000 for the impairment of receivables (2015: £203,000), made up as follows:

	2016 £'000	2015 £'000
Balance at 1 January	203	118
Impairment loss made during the year	22	85
Uncollectible amounts written off	(137)	-
Balance at 31 December	88	203

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 2016 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 2016 trade receivables of £15,000 (2015: £nil) were past due and not impaired. The ageing analysis of these trade receivables is as follows:

	2016 £'000	2015 £'000
More than three months but less than six months	7	-
More than six months but not more than one year	8	-
	15	-

Due to the different markets that the Group operates in, trade terms vary from proforma payment to payment under letter of credit due 150 days from shipment.

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

17. Cash and cash equivalents

	2016 £'000	2015 £'000
Loans and receivables:		
• Cash at bank and in hand	437	122

The carrying amount of cash equivalents approximates to their fair values. See note 19.

18. Equity

	Group and Company			Group	
	Ordinary shares Number	Ordinary shares £'000	Share premium £'000	Retained earnings £'000	Total £'000
At 1 January 2015	144,569,377	1,446	3,077	(807)	3,716
Loss for the year	-	-	-	(3,332)	(3,332)
Proceeds from shares issued	5,370,000	53	456	-	509
At 31 December 2015	149,939,377	1,499	3,533	(4,139)	893
At 1 January 2016	149,939,377	1,499	3,533	(4,139)	893
Profits for the year	-	-	-	168	168
At 31 December 2016	149,939,377	1,499	3,533	(3,971)	1,061

Share options and warrants

As at 31 December 2016 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 2016 there were 2,505,000 approved staff options outstanding. No approved staff options were issued in 2016.

The Group has also issued unapproved share options and warrants. The weighted average exercise price of all of the Group's options and warrants are as follows:

	Number	2016 Weighted average exercise price £	Number	2015 Weighted average exercise price £
Outstanding at 1 January	27,756,500	0.09	23,126,500	0.09
Granted	-	-	2,800,000	0.14
Exercised	-	-	(370,000)	0.03
Forfeited	-	-	-	-
Lapsed	(300,000)	0.12	(800,000)	0.12
Outstanding at 31 December	27,456,500	0.09	27,756,500	0.09

There were no options exercised during the year. The weighted average share price of options exercised in 2015 was 9p.

The number of share options and warrants exercisable at 31 December 2016 was 27,456,500 (2015: 27,756,500). The weighted average exercise price of those shares exercisable was 9p (2015: 9p).

The weighted average option contractual life is nine years (2015: eight years) and the range of exercise prices is 2.375p to 15p (2015: 2.375p to 15p).

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

IFRS2 expense
The IFRS share-based charge for the year is £nil (2015: £nil).

19. Interest bearing loans and borrowings

Non-current	2016 £'000	2015 £'000
Financial lease liabilities	2	6
Current		
Financial liabilities measured at amortised cost:		
• Bank overdraft	179	5
• Other loans	625	161
Finance lease liabilities	4	4
	808	170

The bank overdraft of £179,000 (2015: £5,000) is included within the cash flow statement within cash and cash equivalents.

Other loans include:
An amount due relating to the invoice financing facility totalling £625,000 (2015: £161,000). Interest is charged at 2.96% over HSBC Bank plc base rate per annum.

The bank and invoice finance facility are secured by a fixed and floating charge over the Group's assets. The finance lease liabilities are secured against the asset that they finance.

Commitments under finance leases and hire purchase agreements mature as follows showing both gross and net of finance costs:

	Gross 2016 £'000	Gross 2015 £'000	Net 2016 £'000	Net 2015 £'000
Amounts payable within one year	4	4	4	4
Amounts payable between one and two years	2	4	2	4
Amounts payable between two and five years	-	2	-	2
	6	10	6	10

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

20. Trade and other payables

Current	2016 £'000	2015 £'000
Financial liabilities measured at amortised cost:		
• Trade payables	708	400
• Other payables	16	-
Social security and other taxes	47	77
Accruals and deferred income	147	375
	918	852

The Directors consider that the carrying value of trade and other payables approximate to their fair value.

21. Net cash used in operations

	2016 £'000	2015 £'000
Profit/(loss) after tax	168	(3,332)
Adjustments for:		
• Depreciation	86	101
• Amortisation	13	29
• Impairment of intangible assets	-	1,279
• Loss on disposal of tangible assets	10	14
• Foreign exchange	(25)	(11)
• Tax credit	(45)	(111)
• Impairment of deferred tax asset	-	1,142
• Interest expense	22	16
Changes in working capital:		
• Inventories	62	99
• Trade and other receivables	(694)	584
• Trade and other payables	60	99
Cash used in operations	(343)	(91)

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

	2016 £'000	2015 £'000
No later than one year	136	137
Later than one year and no later than five years	303	439
	439	576

Operating lease commitments include the lease for the Group's head office property which has a ten-year term with a five-year break clause at the option of the Group. The financial obligations are calculated up to the five-year break point.

23. Related party transactions
There were no related party transactions during 2016 (2015: £nil).

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

Notes to the Annual Report and Accounts continued

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

The Group monitors capital on the basis of the gearing ratio calculated as net debt divided by total capital. Net debt is calculated as total borrowings as shown in the consolidated statement of financial position less cash and cash equivalents. Total capital is calculated as equity as shown in the consolidated statement of financial position plus net debt.

The Group's goal in capital management is to maintain an optimal gearing ratio (the ratio of net debt over debt plus equity).

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.

The gearing ratios at 31 December 2016 and 2015 were as follows:

	2016 £'000	2015 £'000
Total borrowings	810	176
Cash and cash equivalents	(437)	(122)
Net debt	**373**	**54**
Total equity	1,061	893
Borrowings	810	170
Overall financing	**1,871**	**1,063**
Gearing ratio	**20%**	**5%**

The increase in gearing ratio is in line with the Managements working capital financing strategy with the use of short term financing arrangements such as Invoice finance facility to manage fluctuations in receivables.

26. Capital commitments

The Group had capital commitments totalling £nil at the end of the year (2015: £nil).

The following pages contain the balance sheet and accompanying notes for the parent Company prepared under FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'

Company Balance Sheet

at 31 December 2016

Company number 03676824

	Note	2016 £'000	2015 £'000
Fixed assets			
Tangible assets	28	1	3
Investments	29	1,150	1,150
		1,151	1,153
Current assets			
Debtors	30	1,210	1,007
Cash at bank and in hand		15	5
		1,225	1,012
Creditors: amounts falling due within one year	31	49	63
Net current assets		1,176	949
Total assets less current liabilities		2,327	2,102
Capital and reserves			
Share capital	33	1,499	1,499
Share premium account		3,533	3,533
Profit and loss account		(2,705)	(2,930)
		2,327	2,102

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 2016.

These financial statements were approved by the Directors on 8 March 2017 and are signed on their behalf by:

I Bristow, FCCA
Finance Director

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

Company Statement of Changes in Equity

for the year ended 31 December 2016

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
For the year to 31 December 2016				
Balance at 1 January 2016	1,499	3,533	(2,930)	2,102
Total comprehensive income for the year	–	–	225	255
Balance at 31 December 2016	**1,499**	**3,533**	**(2,705)**	**2,327**
For the year to 31 December 2015				
Balance at 1 January 2015	1,446	3,077	1,260	5,783
Issue of share capital	53	456	–	509
Transactions with owners	53	456	–	509
Total comprehensive loss for the year	-	–	(4,190)	(4,190)
Balance at 31 December 2015	1,499	3,533	(2,930)	2,102

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

Notes to the Company Balance Sheet

27. Principal accounting policies

Basis of accounting

Symphony Environmental Technologies plc ("The Company"), is a public limited company. It is incorporated and domiciled in England (Company number 03676824). 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.

The principal activity of the Company is to hold investments in subsidiaries which develop and supply environmental plastic additives and products, and develop waste to value systems.

The financial statements have been prepared in accordance with United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

The Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Profit and Loss in these financial statements. The results for the year are given in note 34.

The Company is considered a qualifying entity and has taken advantage of the FRS102 exemption not to include its own Statement of Cash Flow in these financial statements.

The financial statements are presented in Sterling, the functional and presentational currency of the Company and are expressed in round thousands unless otherwise stated (£'000s).

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.
Motor vehicles	25% reducing balance.

Employee costs

Employee compensation

Employee benefits are recognised as an expense.

Termination benefits

Termination benefits are those benefits which are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Post employment obligations

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 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 in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Notes to the Company Balance Sheet continued

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
Warrants and options granted to employees which relate to salary sacrifices of employees employed by this company are attributed a fair value by reference to the services provided. This fair value is charged to the profit and loss account when the service is provided with a corresponding credit taken to shareholders' funds.

Significant judgements and estimates
Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Judgements - impairment
An impairment loss is recognised for the amount by which the asset's or cash generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors. Details of assumptions made and impairments recognised in the period are given in notes 29 and 30.

28. Tangible fixed assets

	Motor vehicles £'000	Total £'000
Cost		
At 1 January 2016	35	35
Disposals	(21)	(21)
At 31 December 2016	14	14
Depreciation		
At 1 January 2016	32	32
Charge for the year	1	1
Disposals	(20)	(20)
At 31 December 2016	13	13
Net book value		
At 31 December 2016	1	1
At 31 December 2015	3	3

Included within the net book value of £1,000 is £nil (2015: £nil) 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 £nil (2015: £nil).

29. Investments

Shares in Group undertakings	2016 £'000	2015 £'000
At beginning of the year	1,150	2,150
Impairment	–	(1,000)
At end of the year	1,150	1,150

Group undertakings are detailed in note 13.

An impairment provision of £nil has been made against the Company's investment in Symphony Environmental Limited (2015: £1,000,000). See Note 30.

30. Debtors

	2016 £'000	2015 £'000
Amounts owed by Group undertakings	1,205	1,000
VAT	3	5
Prepayments	2	2
	1,210	1,007

An impairment provision of £9,000 has been made against intra-group receivables (2015: £3,394,000). The balance of intra-group receivables and holding investment value in subsidiary companies has been derived from a discounted cash flow projection of Symphony Environmental Limited over five years using an appropriate market rate of interest.

Notes to the Company Balance Sheet continued

31. Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Trade creditors	14	7
Accruals	35	56
	49	63

32. 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 2016 the net indebtedness of these companies amounted to £383,000 (2015: £49,000).

33. Share capital
The Company's share capital is detailed in note 18 of the Group consolidated accounts.

34. 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 £225,000 (2015: loss £4,190,000).

35. 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:

	2016 No.	2015 No.
Management	3	3

The aggregate payroll costs of the above were:	2016 £'000	2015 £'000
Wages and salaries	48	95
Social security costs	3	10
	51	105

The company has taken advantage of the FRS 102 exemption that allows intra-group transactions with a 100% subsidiary to not be disclosed. There were no other related party transactions throughout the period.

Company Information

Company registration number
03676824.

Registered office
6 Elstree Gate
Elstree Way
Borehamwood
Hertfordshire
WD6 1JD

Directors

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

M Laurier
Chief Executive Officer

I Bristow, FCCA
Finance Director

M Stephen, LL.M
Commercial Director & Deputy Chairman

N Clavel
Non-Executive Director

S Robinson
Non-Executive Director

Secretary

I Bristow

Nominated adviser and broker
Cantor Fitzgerald Europe
One Churchill Place
Canary Wharf
London
EC14 5RD

Bankers
HSBC Bank Plc
103 Station Road
Edgware
Middlesex
HA8 7JJ

Solicitors
Olswang
90 High Holborn
London
WC1V 6XX

Auditor
Mazars LLP
Chartered Accountants
Statutory Auditors
Tower Bridge House
St Katharine's Way
London
E1W 1DD

Registrars
Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Designed by www.designhabit.co.uk | Printed by www.hillandgarwood.co.uk