

For Immediate Release: 7am 1st October 2007

Environmental Recycling Technologies plc
(formerly 3DM Worldwide plc)

Interim Results for the six months ended 30 June 2007

Environmental Recycling Technologies plc (“ERT” or “the Company”) (AIM: ENRT), which has developed and is exploiting the patented rights to the Powder Impression Moulding (“PIM”) process capable of converting mixed waste plastics into commercially viable products, announces its interim results for the six months ended 30 June 2007.

Highlights

In period:

- ERT takes lead role in government funded £1.2million project with Tesco and Bovis Lend Lease;
- 2 licences granted in Europe;
- Projects initiated in the USA for military vehicle parts and river barge covers;
- Eco Sheet wins Chartered Institute of Building Innovation Award;
- Consolidation post sale of Bedwas House facility significantly reduces overhead;
- Collaboration agreement signed with Arup to provide technical support across the globe;
- Turnover £25,000 (1H 2006: £ 140,000, full year 2006 £319,000); and
- Operating loss £1.35 million (1H 2006: £1.42 million, full year 2006 £2.62 million).

Post period:

- The Company changes name to one which better reflects the business of the Company;
- £2.8 million raised to repay debt;
- Mediwall project initiated; and
- Previously announced projects continue to progress satisfactorily.

From 1 January 2007 the Group has been required to prepare its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). Comparative information has been restated in accordance with the transitional rules governing the change from UK Generally Accepted Accounting Practice (UK GAAP) to IFRS and a full reconciliation of the changes impacting the comparative figures has been included in note 4 to this announcement.

Operational Review

Following the sale of the Bedwas House facility the Company has consolidated operations and returned to the original business model of licensing the PIM technology. This has allowed the business to significantly reduce ongoing overheads while still offering clients demonstrations, product development, sample manufacture, mould development and supply of manufacturing equipment through our technical partners.

The ongoing relationship with Environmental Polymer Technologies Ltd ("EPT") and the signing of a collaboration agreement with Arup provides ERT with the ability to deliver projects on behalf of clients without carrying expensive overheads.

Future Strategy

The re-focusing of the business culminated with the EGM held in August of this year authorising the change of the Company's name to Environmental Recycling Technologies plc. This change was primarily to better reflect the commercial activity of the Company.

ERT will complete the re-branding of the business in the coming weeks and will focus solely on the commercial exploitation of the PIM process. The Company will target the European plastics recycling market and will continue to seek Master Licence holders for territories outside of Europe. The Master Licensees will have the right to sub-licence the PIM process within a defined territory and, through their local knowledge and resources, accelerate the commercial deployment of the technology.

The Company intends to dispose of all assets which are unrelated to the PIM process and the recycling of polymers.

The Company intends to build on its existing pipeline such as the DTI funded project signed earlier this year led by ERT in conjunction with Tesco and Bovis Lend Lease. ERT is actively seeking similar "closed loop" recycling opportunities, i.e. where waste plastics generated by large companies are recycled into products for sale back to the same companies providing a truly sustainable range of recyclable products.

Current Trading

In addition to the licences signed with RJ Plastics Ltd and 2K Manufacturing Ltd in the first half of this year, a further licence has been signed with Eko-Tek Products Ltd as well as a £265,000 product development project undertaken with Mediwall Ltd. This is a fixed price contract subject to successfully hitting predetermined milestones which is due to be finished by January 2008.

The negotiations with Express Plastics and Recycling over the UK rights to the award winning Eco Sheet continue to move forward albeit slower than anticipated.

ERT is currently in detailed technical discussions with a company over the development of specialist materials and parts for the energy industry as well as the UK division of a major multi national supplier to the building trade.

The recent fund raising activity, generating £2.8 million, has allowed the Company to restructure the debt within the business and has put ERT on a strong footing to commercially exploit the PIM process.

Projects currently underway are progressing satisfactorily. The Board remains confident of further commercial announcements in the months ahead.

Niall Mackay
Chief Executive Office

Financial Review

Results

Turnover for the six months to 30 June 2007 was £25,000 (H1, 2006: £140,000). The consolidated net operating loss was £1.35 million compared to losses of £1.42 million in 2006. Consolidated losses before tax were £1.91 million (H1, 2006 £2.65 million).

Dividends and loss per share

No dividend payment is proposed. The loss per share was 1.51 pence compared to 3.84 pence in 2006.

Trading

Turnover included revenue for pre-production work and the release of licence income from deferred income.

Administration expenses for continuing operations for the period were £1.36 million compared to £1.63 million in the same period in 2006 and include in addition to normal running expenses, corporate finance costs, legal costs associated with the on-going intellectual property rights and increased provision for depreciation for the US plant and machinery.

The reduction in general overheads compared to the previous period is expected to continue into the second half through the tight cost control that is being exercised.

Exceptional finance costs

During the IFRS conversion project, a number of warrants attaching to loans were identified which had not been previously accounted for. This has resulted in additional exceptional finance costs of £0.44 million (31 December 2006 £0.57 million) being charged to the income statement. The detailed adjustments to the accounts are set out in note 4.

Financing

During the period, Yorkville Advisors L.L.C. ("Yorkville"), formerly Cornell Capital Partners L.P. converted a further £1.78 million into equity reducing the loans outstanding to £2.68 million. Since 30 June 2007, Yorkville have converted a further £1.07 million. In total Yorkville has converted £4.64 million at an average price of 5.66p per share. The placing that was authorised at the EGM on 23 August 2007 has raised £2.8 million and provided the company with the ability to repay the Yorkville loan and leave a small balance to fund the ongoing business.

The Standby Equity Distribution Agreement (SEDA) with Yorkville to the value of £5 million is due to expire in September 2008. No draw down has been made against this facility.

David Shepley-Cuthbert
Finance Director

INDEPENDENT REVIEW REPORT TO Environmental Recycling Technologies plc

Introduction

We have been instructed by the company to review the financial information for the six months ended 30 June 2007 which comprises the Group Income Statement, the Group Balance Sheet, the Group Statement of Changes in Equity, Group Cashflow Statement and related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Our report has been prepared in accordance with the terms of our engagement to assist the company in meeting the requirements of rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2007.

BDO STOY HAYWARD LLP

Chartered Accountants

Birmingham

28 September 2007

Interim Accounts for the Six Months ended 30 June 2007 (unaudited)

The financial information contained within these accounts has been prepared by the Directors who accept responsibility for the financial information presented below and confirm that it has been properly presented in accordance with applicable law. The interim accounts have been prepared on the basis of the accounting policies set out below. The financial information covers the six months ended 30 June 2007.

Group Income Statement (unaudited)

	6 months ended		Year ended
	30-Jun-07 £'000	30-Jun-06 £'000	31-Dec-06 £'000
Continuing operations			
Revenue	25	140	319
Cost of sales	-11	-	-
Gross profit	14	140	319
Administrative expenses			
Exceptional (note 2)	-	-	-1,012
Other	-1,362	-1,628	-2,070
Total administrative expenses	-1,362	-1,628	-3,082
Other operating income	-	72	144
Loss on ordinary activities before interest and finance	-1,348	-1,416	-2,619
Finance income	-	1	4
Finance cost	-123	-252	-477
Exceptional finance costs (note 4)	-437	-166	-571
Total finance costs	-560	-418	-1,048
Loss for the period from continuing operations and before tax	-1,908	-1,833	-3,663
Tax on loss on ordinary activities	-	-	-
Loss for the period	-1,908	-1,833	-3,663
Discontinued operations			
Loss from discontinued operations	-	-813	-4,829
		-813	-4,829
Loss attributable to equity shareholders	-1,908	-2,646	-8,492
Loss per share			
Basic and diluted loss per share	(1.51p)	(3.84p)	(10.91p)
Basic and diluted loss per share on continuing operations	(1.51p)	(2.65p)	(4.70p)
Basic and diluted loss per on discontinued operations	-	(1.18p)	(6.20p)

Group Balance Sheet (unaudited)

	30-Jun-07 £'000	30-Jun-06 £'000	31-Dec-06 £'000
Non-current assets			
Intangible assets	12,062	12,178	12,474
Property, plant & equipment	415	4,864	544
Available for sale investments	97	335	97
	<u>12,574</u>	<u>17,377</u>	<u>13,115</u>
Current assets			
Inventories	-	15	-
Trade and other receivables			
Under one year	222	2,177	374
Over one year	585	-	599
Cash and cash equivalents	-	1,401	55
	<u>807</u>	<u>3,593</u>	<u>1,028</u>
Total assets	<u>13,381</u>	<u>20,970</u>	<u>14,143</u>
Current liabilities			
Trade and other payables	-1,217	-1,111	-1,316
Income tax liabilities	-35	-	-11
Short-term provisions			
Current portion of long-term borrowings	-3,565	-3,163	-2,333
Bank overdrafts and short-term borrowings	-31	-868	-887
Total current liabilities	<u>-4,848</u>	<u>-5,142</u>	<u>-4,547</u>
Non-current liabilities			
Long-term borrowings	-	-4,202	-1,708
Other creditors	-	-	-
Total non-current liabilities	<u>-</u>	<u>-4,202</u>	<u>-1,708</u>
Total liabilities	<u>-4,848</u>	<u>-9,344</u>	<u>-6,255</u>
Net assets	<u>8,533</u>	<u>11,626</u>	<u>7,888</u>
Equity			
Share capital	3,924	1,865	2,656
Share premium	33,520	31,248	32,213
Warrant reserve	1,270	2,042	1,321
Equity reserve	67	11	38
Retained earnings	-30,248	-23,540	-28,340
Total equity	<u>8,533</u>	<u>11,626</u>	<u>7,888</u>

Group Statement of Changes in Shareholders' Equity (unaudited)

	Share Capital £000's	Share Premium £000's	Warrant Reserve £000's	Equity Reserve £000's	Retained earnings £000's	Total £000's
6 months ended 30 June 2007						
Balance at 1 January 2007	2,656	32,213	1,321	38	-28,340	7,888
Loss for period	-	-	-	-	-1,908	-1,908
Total recognised income and expense for the period	-	-	-	-	-1,908	-1,908
Issue of share capital	1,268	1,307	-	-	-	2,575
Movement on warrant reserve	-	-	-51	29	-	-22
Balance at 30 June 2007	3,924	33,520	1,270	67	-30,248	8,533
6 months ended 30 June 2006						
Balance at 1 January 2006	1,670	29,992	265	-	-19,850	12,077
Loss for period	-	-	-	-	-2,646	-2,646
Total recognised income and expense for the period	-	-	-	-	-2,646	-2,646
Issue of share capital	195	1,256	-	-	-	1,451
Movement on warrant reserve	-	-	1,777	11	-1,044	744
Balance at 30 June 2006	1,865	31,248	2,042	11	-23,540	11,626
12 months ended 31 December 2006						
Balance at 1 January 2006	1,670	29,992	265	-	-19,850	12,077
Loss for period	-	-	-	-	-8,492	-8,492
Total recognised income and expense for the period	-	-	-	-	-8,492	-8,492
Issue of share capital	986	2,221	-	-	-	3,207
Issue of share options	-	-	-	-	2	2
Movement on warrant reserve	-	-	1,056	38	-	1,094
Balance at 31 December 2006	2,656	32,213	1,321	38	-28,340	7,888

Group Cash Flow Statement (unaudited)

	6 months ended		Year ended
	30-Jun-07	30-Jun-06	31-Dec-06
	£'000	£'000	£'000
Loss before tax	-1,908	-1,833	-3,663
Discontinued operations	-	-813	-4,829
	-1,908	-2,646	-8,492
Adjusted for:			
Depreciation on property plant and equipment	550	894	1,726
Profit on disposal of fixed assets	-	2	-
Loss on disposal of subsidiaries	-	-	1,658
Interest income	-	-1	-4
Interest expense	560	418	1,048
Equity share based payment charge	72	-	205
Fees settled in shares	-	-	175
Investment write down	-	-	226
Gain on disposal of investments	-	-	-59
Adjusted loss from operations	-726	-1,333	-3,517
Increase in inventories	-	-15	-
Decrease/(increase) in trade and other receivables	166	-111	-200
(Decrease)/increase in trade and other payables	-40	-350	96
Cash used by operations	-600	-1,809	-3,621
Interest paid	-	-252	-369
Net cash outflow from operating activities	-600	-2,061	-3,990
Investing activities			
Interest received	-	1	4
Disposal proceeds	-	-	100
Purchase of plant and machinery	-	-197	-220
Net cash used in investing activities	-	-196	-116
Financing activities			
Issue of equity share capital	514	1,451	579
Changes in debt	-	-	-
Loans disposed of with subsidiary	-	-	-
Inception of loans	-	-	2,275
Repayment of finance leases	-	-	-164
Repayment of loans	-	-2,070	-2,806
Net cash generated (used) in financing activities	514	-619	-116
Net increase/(decrease) in cash and cash equivalents	-86	-2,876	-4,222
Cash and cash equivalents at beginning of period	55	4,277	4,277
Cash and cash equivalents at end of period	-31	1,401	55

1. Basis of accounting

The interim accounts, which are unaudited, have been prepared on the basis of the accounting policies expected to apply for the financial year to 31 December 2007. As from 1 January 2007, the Group is required by the AIM rules to prepare its annual financial statements in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union and implemented in the UK. Accordingly, this is the first year when the financial statements will be prepared under IFRS and the comparatives for 2006 will be restated from UK Generally Accepted Accounting Practice (UK GAAP) to comply with IFRS.

The interim financial statements do not include all of the information required for full annual financial statements and do not comply with all the disclosures in IAS 34 'Interim Financial Reporting'. Accordingly, whilst the interim statements have been prepared in accordance with the transitional rules governing the move from UK GAAP to IFRS, they cannot be construed as being in full compliance with IFRS.

Reconciliations between previously reported financial statements prepared under UK GAAP and on the basis as stated above are presented in note 3 to this Interim Statement in respect of the Group Income Statement for the year ended 31 December 2006 and the six months ended 30 June 2006 and for the Group Balance Sheet as at 1 January 2006 and 30 June 2006. Except for the adjustments to warrants referred to in note 4, no adjustments have been made for any changes in estimates made at the time of approval of UK GAAP financial statements for the year ended 31 December 2006 or the interim statements for the period ended 30 June 2006 on which the IFRS information is based, as required by IFRS 1. In addition, restated figures in note 4 are based on current interpretations of IFRS and these may be subject to change as industry practice develops.

The financial statements for the six months to 30 June 2007 and 30 June 2006 and for the twelve months ended 31 December 2006 do not constitute statutory accounts for the purposes of Section 240 of the Companies Act 1985. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors report on those accounts was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 237(2)-(3) of the Companies Act 1985.

The 30 June 2007 interim statements were duly approved by the Board of Directors on 28 September 2007 and are unaudited.

Basis of consolidation

Subsidiaries are entities controlled by the Company. Control exists where the Company has the power, directly or indirectly to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that controls ceases. Acquisitions are accounted for by the purchase method. The cost of an acquisition is measured as the fair value at the date of exchange of the consideration provided plus any costs directly attributable to the acquisition.

Transactions between and balances with Group companies are eliminated together with unrealised gains on inter-company transactions. Accounting policies of acquired companies are changed where necessary to be consistent with those of the Group.

Revenue

Revenue represents the invoiced amount of goods sold and services provided during the year, excluding value added and other sales taxes. Under IAS 18 revenue is recognised when performance has occurred and a right to consideration has been obtained. This is normally when goods have been delivered or services provided to the customer, title and risk of loss have been transferred and collection of related receivables is probable.

Research and development

Expenditure on applied research and development costs are charged to the income and expenditure account in the year in which it is incurred unless such costs should be capitalised under the requirements of the applicable standard, IAS38.

Operating loss

Operating loss is stated after normal operational income and expenditure but before other non recurring costs and income, finance costs and exceptional finance costs.

Exceptional items

Exceptional items are transactions which, by virtue of incidence, size or a combination of both are disclosed separately in notes to the financial statements and on the income statement.

Intangible assets

Separable intangible assets, such as intellectual property and licences are amortised over their useful economic lives.

Property, plant and equipment

Under IAS 16 'Property, plant and equipment' are held at cost less accumulated depreciation, (cost comprising the acquisition cost of the asset along with any other attributable costs at the date of acquisition).

Depreciation is provided to write off the cost of property, plant and equipment less any estimated current residual values, by equal installments over their estimated useful lives.

The estimated useful lives of assets are as follows:

Plant and equipment	-	15 – 33% reducing balance
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Impairment tests on the carrying value of property, plant and equipment are undertaken at the end of each year if events or changes in circumstances indicate that the carrying value may not be recoverable.

Investments held for sale

Investments available for sale are initially recorded at cost and are then re-measured at fair value at each balance sheet date. Unrealised gains and losses arising on the re-measurement are recorded in equity. On disposal or impairment of the investments, cumulative gains and losses previously recognised in equity are transferred to the Income Statement. Where investments in equity instruments do not have a quoted market price and their fair value cannot be reliably measured, such instruments are stated at cost.

Lease assets and obligations

Where a Group Company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a "finance lease". The asset is recorded in the balance sheet as a property plant and equipment, and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as "operating leases" and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Deferred taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax assets are generally recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Foreign currencies

Transactions in foreign currencies are translated to sterling at the rate ruling on the date of the transaction. Exchange differences arising from the movement in rates between the date of transaction and the date of settlement are taken to the Income Statement as they arise.

Trade receivables

Trade receivables are stated initially at fair value then measured at amortised cost less provisions for impairment. Provisions for impairment are recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable. Any impairment recorded is the difference between the carrying value of the receivables and the estimated future cash flows discounted where appropriate. Any impairment required is recorded in the Income Statement.

Borrowings

Borrowings are recognised initially at fair value and subsequently at their amortised cost, net of the associated finance costs, which are amortised to the Income Statement over the life of the borrowings. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits at call with banks, and other short term highly liquid investments that are readily convertible to a known amount of cash and are considered to be subject to insignificant risk of changes in value. Bank overdrafts are shown within borrowings as current liabilities.

Share-based payment

Where share options are awarded to employees, the fair value of the options at the date is charged to the income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition. Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification is also charged to the income statement over the remaining vesting period.

Simultaneous issue of shares and warrants

Where shares and warrants are issued simultaneously and the warrants can be transferred, cancelled or redeemed independently of the shares, then the related proceeds are apportioned to the shares and warrants. This apportionment is based upon the fair value of the warrants at the date of issue. The proceeds allocated to the warrants are credited to a warrant reserve. On the exercise of the warrants a transfer is made from the warrant reserve to the share premium account.

Financial instruments

Financial instruments are recorded at the fair value on inception. The difference between the net proceeds of the issue and the total amount of payments that the issuer may be required to make is recorded as a finance cost of the instrument. Finance costs are written off to the Income Statement over the period of the relevant instrument in proportion to the remaining debt outstanding. Where financial instruments have been issued for services provided, these services have been valued at fair value, and a charge made to the Income Statement and an increase in the specific reserve relating to that financial instrument.

2. Exceptional item

The exceptional item related to provisions for loans and trade debts which were owed by Silkwood Financial Corporation Inc. and Value Plastics Technologies LLC.

3. Loss per share

The basic loss per share is calculated on the loss attributable to the shareholders of £1,908,000 (2006 – loss of £2,407,375) divided by the weighted average number of ordinary shares in issue during the period of 126,710,866 (2006 – 68,953,041).

4. Reconciliation of UK GAAP to IFRS

The Group's financial statements for the year ended 31 December 2007 will be the first annual financial statements to be prepared under the new IFRS with the date of transition to IFRS being 1 January 2006. Annual financial statements prior to this date have been prepared under UK GAAP.

Presented on the following pages, in accordance with IFRS 1, are the reconciliations of the Group Income Statement for the six months ended 30 June 2006 and the twelve months ended 31 December 2006 as well as the reconciliation of the Group Balance Sheet at 1 January 2006 (date of transition to IFRS), 30 June 2006 and 31 December 2006 (date of last UK GAAP financial statements).

Explanations of material adjustments of the Group Income Statement for the six months ended 30 June 2006 and the twelve months ended 31 December 2006 and to the Group Balance Sheet at 1 January 2006, 30 June 2006 and 31 December 2006 are also shown on the following pages. The columns headed prior year adjustments reflect the accounting adjustments to prior year figures arising from the warrants attaching to loans which had not previously been accounted for.

Group Income Statement (unaudited)

Reconciliations (* - Adjustments)	UK GAAP			IFRS	UK GAAP			IFRS
	31- Dec 2006 £000's	Prior Year * £000's	IFRS * £000's	31-Dec 2006 £000's	30-Jun 2006 £000's	Prior Year * £000's	IFRS * £000's	30- Jun 2006 £000's
Continuing operations								
Revenue	319	-	-	319	140	-	-	140
Cost of sales		-	-	-	-	-	-	-
Gross profit	319	-	-	319	140	-	-	140
Administrative expenses								
Exceptional	-1,012	-	-	-1,012	-	-	-	-
Other	-2,070	-	-	-2,070	-1,628	-	-	-1,628
	-3,082	-	-	-3,082	-1,628	-	-	-1,628
Other operating income	144	-	-	144	72	-	-	72
Operating loss	-2,619	-	-	-2,619	-1,416	-	-	-1,416
Loss on disposal of subsidiaries	-1,121	-	535	-1,656	-	-	-	-
Loss on ordinary activities before interest and finance	-3,740	-	535	-4,275	-1,416	-	-	-1,416
Finance income	4	-	-	4	1	-	-	1
Finance cost	-477	-	-	-477	-252	-	-	-252
Exceptional finance costs	-	-571	-	-571	-	-166	-	-166
Loss for the period on continuing operations	-4,213	-571	535	-5,319	-1,667	-166	-	-1,833
Discontinued operations								
Loss for the period on discontinued operations	-3,113	-	60	-3,173	-780	-	33	-813
Tax on loss on ordinary activities	-	-	-	-	-	-	-	-
Loss attributable to equity shareholders	-7,326	-571	595	-8,492	-2,447	-166	33	-2,646

See notes on page 17

Group Balance Sheet (unaudited)

Reconciliations	UK GAAP			IFRS			IFRS		
	UK GAAP	Prior Year	IFRS	UK GAAP	Prior Year	IFRS	UK GAAP	Prior Year	IFRS
	39,447.00		39,447.00	39,263.00		39,263.00			
(* - Adjustments)	2,006.00	*	2,006.00	2,006.00	*	2,006.00	*	*	2,006.00
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Non-current assets									
Intangible assets	12,474.00	-	-	12,474.00	-	-	563.00	-	12,178.00
Property, plant & equipment	544.00	-	-	544.00	-	-	-	-	4,864.00
Available for sale investments	97.00	-	-	97.00	-	-	-	-	335.00
	<u>13,115.00</u>	-	-	<u>13,115.00</u>	-	-	<u>563.00</u>	-	<u>17,377.00</u>
Current assets									
Inventories	-	-	-	-	-	-	15.00	-	15.00
Trade and other receivables									
Under one year	374.00	-	-	374.00	-	-	-	-	2,177.00
Over one year	599.00	-	-	599.00	-	-	-	-	-
Cash and cash equivalents	55.00	-	-	55.00	-	-	-	-	1,401.00
	<u>1,028.00</u>	-	-	<u>1,028.00</u>	-	-	<u>3,593.00</u>	-	<u>3,593.00</u>
Total assets	<u>14,143.00</u>	-	-	<u>14,143.00</u>	-	-	<u>563.00</u>	-	<u>20,970.00</u>
Current liabilities									
Trade and other payables	-1,316.00	-	-	-1,316.00	-	-	-	-	-1,111.00
Income tax liabilities	-11.00	-	-	-11.00	-	-	-	-	-
Short-term provisions		-	-		-	-	-	-	-
Current portion of long-term borrowings	-3,540.00	320.00	-887.00	-2,333.00	-4,606.00	577.00	866.00	-	-3,163.00
Bank overdrafts & short-term borrowings	-	-	887.00	-887.00	-2.00	-	866.00	-	-868.00
Total current liabilities	<u>-4,867.00</u>	<u>320.00</u>	<u>-</u>	<u>-4,547.00</u>	<u>-5,719.00</u>	<u>577.00</u>	<u>-</u>	<u>-</u>	<u>-5,142.00</u>
Non-current liabilities									
Long-term borrowings	-1,708.00	-	-	-1,708.00	-4,202.00	-	-	-	-4,202.00
Other creditors	-	-	-	-	-	-	-	-	-
Total non-current liabilities	<u>-1,708.00</u>	-	-	<u>-1,708.00</u>	<u>-4,202.00</u>	-	-	-	<u>-4,202.00</u>
Total liabilities	<u>-6,575.00</u>	<u>320.00</u>	<u>-</u>	<u>-6,255.00</u>	<u>-9,921.00</u>	<u>577.00</u>	<u>-</u>	<u>-</u>	<u>-9,344.00</u>
Net assets	<u>7,568.00</u>	<u>320.00</u>	<u>-</u>	<u>7,888.00</u>	<u>10,486.00</u>	<u>577.00</u>	<u>563.00</u>	<u>-</u>	<u>11,626.00</u>

Reconciliations	UK GAAP		IFRS
	38,718.00		38,718.00
(* - Adjustments)	2,006.00	*	2,006.00
	£000's	£000's	£000's
Non-current assets			
		-	
Intangible assets	11,996.00	595.00	12,591.00
Property, plant & equipment	5,158.00	-	5,158.00
Available for sale investments	64.00	-	64.00
	<u>17,218.00</u>	<u>595.00</u>	<u>17,813.00</u>
		-	
Current assets			
Inventories	-	-	-
Trade and other receivables			
Under one year	2,330.00	-	2,330.00
Over one year		-	-
Cash and cash equivalents	4,507.00	-	4,507.00
	<u>6,837.00</u>	<u>-</u>	<u>6,837.00</u>
		-	
Total assets	<u>24,055.00</u>	<u>595.00</u>	<u>24,650.00</u>
Current liabilities			
Trade and other payables	-1,444.00	-	-1,444.00
Income tax liabilities	-20.00	-	-20.00
Short-term provisions		-	-
Current portion of long-term borrowings	-5,551.00	-	-5,551.00
Bank overdrafts & short-term borrowings	-229.00	-	-229.00
	<u>-7,244.00</u>	<u>-</u>	<u>-7,244.00</u>
Total current liabilities	<u>-7,244.00</u>	<u>-</u>	<u>-7,244.00</u>
Non-current liabilities			
Long-term borrowings	-5,329.00	-	-5,329.00
Other creditors		-	-
	<u>-5,329.00</u>	<u>-</u>	<u>-5,329.00</u>
Total non-current liabilities	<u>-5,329.00</u>	<u>-</u>	<u>-5,329.00</u>
Total liabilities	<u>12,573.00</u>	<u>-</u>	<u>12,573.00</u>
Net assets	<u>11,482.00</u>	<u>595.00</u>	<u>12,077.00</u>

	UK GAAP	Prior Year	IFRS	IFRS	UK GAAP	Prior Year	IFRS	IFRS
	39,447.00		IFRS	39,447.00	39,263.00		IFRS	39,263.00
(* - Adjustments)	2,006.00	*	*	2,006.00	2,006.00	*	*	2,006.00
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Equity								
Share capital	2,656.00	-	-	2,656.00	1,865.00	-	-	1,865.00
Share premium reserve	32,213.00	-	-	32,213.00	31,248.00	-	-	31,248.00
Warrant reserve	468.00	853.00	-	1,321.00	1,310.00	732.00	-	2,042.00
Equity reserve	-	38.00	-	38.00	-	11.00	-	11.00
Retained earnings	-27,769.00	-571.00	-	28,340.00	23,937.00	-166.00	563.00	23,540.00
Total equity	7,568.00	320.00	-	7,888.00	10,486.00	577.00	563.00	11,626.00

	UK GAAP		IFRS
	38,718.00		38,718.00
(* - Adjustments)	2,006.00	*	2,006.00
	£000's	£000's	£000's

Equity			
Share capital	1,670.00	-	1,670.00
Share premium reserve	29,992.00	-	29,992.00
Warrant reserve	264.00	-	264.00
Equity reserve	-	-	-
Retained earnings	20,444.00	-595.00	19,849.00
Total equity	11,482.00	-595.00	12,077.00

See notes on page 17

*Explanation of Adjustments

Prior Year – Warrants and Options

During the IFRS conversion project, the directors reviewed a number of contracts. They identified a number of warrants attaching to loans which had not been previously accounted for. As such, as part of the restatement, the directors have also adjusted the prior year figures to account for these additional warrants. The effect of these adjustments is summarised below:

	30 June 2006 £'000 Adjustment	31 Dec 2006 £'000 Adjustment	1 Jan 2006 £'000 Adjustment
Income statement			
Exceptional finance costs	166	571	
Balance sheet			
Loans	577	320	
Warrant reserve	-732	-853	
Equity reserve	-11	-38	

IFRS - IAS 38 -Development expenditure

Income statement			
Administration expenses - discontinued operations	33	60	-596
Loss on disposal		535	
Balance sheet			
Intangible assets		-535	662
Provision for amortisation	-33	-60	-66

Expenditure on development costs is capitalised in accordance with IAS 38.

---ENDS---

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