Company No.: 05568060

Sabien Technology Group Plc
Annual Report and Consolidated Financial Statements
For the year ended 30 June 2015

Company Information

DIRECTORS	Miriam Maes (Chairman) Alan O'Brien Gus Orchard Karl Monaghan Dr Martin Blake Bruce Gordon (appointed 30 September 2015)
SECRETARY	Gus Orchard
COMPANY NUMBER	05568060
REGISTERED OFFICE	34 Clarendon Road Watford Herts WD17 1JJ
WEBSITE	www.sabien-tech.co.uk
AUDITORS	Kingston Smith LLP Chartered Accountants And Registered Auditors Devonshire House 60 Goswell Road London EC1M 7AD
BANKERS	National Westminster Bank Plc 72-74 High Street Watford Herts WD17 2GZ
NOMINATED ADVISER and BROKER	Westhouse Securities Limited Beaufort House 15 St Botolph Street London EC3A 7BB
REGISTRARS	Share Registrars Limited Suite E, First Floor 9 Lion & Lamb Yard Farnham Surrey GU9 7LL
SOLICITORS	Moore Blatch LLP 11 The Avenue Southampton Hants SO17 1XF

Contents

Chairman & Chief Executive Officer's Report

We report on the results for Sabien Technology Group Plc ("Sabien", "the Company" or "the Group") for the year ended 30 June 2015.

Sabien Technology Group highlights 2015

- Sales for the year £1.74m (2014: £2.14m)
- Loss before tax £0.57m (2014: £0.29m loss)
- Sales from Alliance Partners £0.21m (2014: £1.01m)
- Overseas sales £154k (2014: £188k)
- Net cash balance at 30 June 2015 was £1.17m (2014: £1.42m)
- Sales pipeline of £6.2m at 30 June 2015 (2014: £5.8m)

Highlights since the year end

- Sales pipeline currently standing at c.£5.5 m
- Launch of P35 pilot programme and recruitment of more technical personnel
- Continuing development of M2G to incorporate new features
- Fund raise of £770k (gross) to fund the P35 programme, M2G development and recruitment of more technical personnel
- Net cash balance at 30 September 2015 of £1.3m

Financial results

Revenue in the year was £1.74m (2014: £2.14m). The loss before taxation was £0.57m (2014: £0.29m loss).

Sales for the year were 19% lower than in the previous year due to a number of factors including delays in issuing tenders by clients. The loss for the year is due to lower than expected sales revenue. The Group has available tax losses amounting to over £2m.

At 30 June 2015, cash and cash deposits amounted to £1.17m (2014: £1.42m). The Group has no external debt.

Dividend policy

In view of the loss incurred in the year, no dividend is proposed (2014: Final dividend of 0.275p per share).

Board, management and people

Bruce Gordon, who is an investor in the Company both in a personal capacity and as advisor to TVI2 Capital, joined the Board on 30 September 2015 as a non-executive director.

On behalf of the Board we would like to take this opportunity to thank the whole Sabien team for their dedicated efforts and enthusiasm over the last year. We also thank our customers and other stakeholders, especially our shareholders, for their continuing support.

Outlook

Despite a better second half, 2015 turned out to be a disappointing year as revenue targets were missed. In the latter part of the year, we carried out a review of the Group's sales strategy and identified certain areas where improvements could be made which would help accelerate the sales process. These are discussed in more detail in the Strategic Report.

As part of this review, we decided that the Group needed to increase substantially the number of pilots carried out in a year and that we would no longer charge customers up front for these. To this end, we identified the need to recruit more technical and sales personnel and invest in routine development to the core M2G product. We believe that the results of this investment will take at least 12 months to materialise and, in order to maintain a strong balance sheet, we decided to seek more funds from shareholders. We have therefore raised £770k gross (£694k net) from existing and new shareholders since the year end and are using these funds to invest in the P35 free pilot programme, personnel recruitment with headcount increased from 14 to 21, and in the M2G development programme.

Whilst the outlook looks encouraging, a key indicator of progress will be the size of the sales pipeline as we progress during the year.

Miriam Maes
Chairman
20 October 2015

Alan O'Brien
Chief Executive Officer
20 October 2015

Strategic Report

For the year ended 30 June 2015

1. Review of the Group's Business

The Group owns the rights to M2G, a patented energy efficiency product for installation on commercial boilers, both within and outside the UK. It subcontracts the manufacture of M2G to its principal supplier, which is based in Northern Ireland, and the installation of M2G in the UK to a number of trained installation companies.

The Group set a new 5 year growth strategy in May 2015 with the key driver being to remove uncertainty around sales order lumpiness and to help mitigate the delays in mobilising M2G pilots and public sector contract awards brought about by long tender processes.

The key objective for management is to significantly scale up large multi-site M2G pilots in each year over the next 5 years both in the UK and overseas using our in-house Business Development managers, Facilities Management partners and our overseas "Tech Centre" partners. It is intended to run up to 35 multi-site M2G pilots in this coming 2015/16 heating season, up from 8 in 2014/15, and to improve on this level over the next 5 years to 2020.

The Group has also changed its pilot package and will no longer charge clients wishing to pilot M2G.

Management has a robust methodology and process for executing pilot programmes and has built up 8 years of experience and know-how in delivering large scale multi-site pilots and in measurement and verification of the same.

The Group has a strong reputation in the market place, being recognised as the market leader in Boiler Optimisation Controls and has over the summer increased its capacity to deliver significantly more multi-site M2G pilots which our previous experience indicates will lead to an increase in our quoted pipeline and future sales revenue.

Outside the UK, the Group appoints "Tech Centres" which are organisations involved in the supply of boiler systems and controls to customers in their own territories. These Tech Centres are given training in the installation of M2G as part of the appointment process and purchase an agreed minimum number of M2Gs each year.

The Group employs its own direct sales force which is also responsible for working with a number of "indirect" sales partners which are generally facilities management and property management organisations. Sabien's direct sales force targets organisations with multi-site estates within both the public and private sectors.

The Group employs its own project management and technical engineering staff who are responsible for ensuring the smooth roll-out and quality control of each M2G pilot and installation project. The Group places particular importance on this aspect of its business and has won many plaudits from customers for the excellence of its processes and project management. Headcount currently stands at 21 reflecting headcount growth of 7 since July 2015.

The Group is also involved in the research and development of new products within its area of expertise in the energy efficiency/reduction market. It is also looking to add other products which are complementary to its activities.

2. Principal risks and uncertainties facing the Group

The principal risks faced by the Group are:

- Downward pressure on gas and oil prices
- Technology developments and competitive products
- Changes in legislation
- Supply chain issues
- Inability to meet customer demand
- Non-recurring revenue model
- Brand awareness and maintenance of reputation
- Employee retention

The Group places great importance on internal control and risk management. A risk-aware and control-conscious environment is promoted and encouraged throughout the Group. The Board, either directly or through its committees, sets objectives, performance targets and policies for management of key risks facing the Group.

The risks outlined above are not an exhaustive list of those faced by the Group and are not intended to be presented in any order of priority. The Group holds bi-monthly management meetings at which, inter alia, business risks are reviewed and any areas that are causing concern are discussed. A plan of action to resolve issues is then put in place.

3. Performance of the business in the financial year

- **Business Development - UK**

The Group's performance in the year was below management expectations and can be attributed to a number of factors including continuing delays in the award of contracts and the publishing of tenders where contract values are in excess of EC Procurement Thresholds ("OJEC" limits) with a consequent knock-on effect on the forecasting and receipt of orders.

Alliance partners contributed £0.2m of sales representing 12% of the total for the year. This compares with £1.0m in the previous year. The volume of sales from alliance partners will vary from year to year and is dependent on the stage at which each partner is at in the sales cycle with its own clients and pipeline. Major alliance partners with whom we have done business in the year included Jones Lang LaSalle, Norland Managed Services, Mitie Technical Services and SSE Contracting.

Contract wins in the 12 months included: NHS Scotland, University of Salford, Durham County Council, Wiltshire County Council, Northumbria NHS and SSE Contracting (Frimley Park Hospital).

- **Business Development - Overseas**

The Group sells M2G internationally through its network of "Sabien Tech Centres". A "Sabien Tech Centre" is a company outside the UK with:

  - An established distribution network and an existing client base in the commercial and industrial heating sector
  - Engineering capability and capacity
  - Competence in commercial boilers and currently offering energy efficiency solutions as part of their product and service suite

The channel will require a level of M2G operational support in knowledge transfer/sharing and product training.

During the course of the financial year, overseas sales represented 9% of total sales at £154k compared to £188k in the previous year. In 2013, the Group appointed Fireye, Inc. as a non-exclusive distributor in the USA as well as other overseas territories. Through this relationship with Fireye and with other parties, we have appointed Tech Centres in a number of territories throughout the world.

We remain confident this relationship will bring substantial value to the Group in the future. For further information on Fireye NXM2G, please visit www.flamecontrols.com.

- **UK M2G Pilots**

The Group continues to offer a pilot scheme to customers with large estates as part of the monitoring and verification process prior to deploying M2G to their wider estate. For this scheme, we agree to install M2G at up to 3 sites and to monitor the results for a period of 4 weeks using 3rd party logging technology. As noted above, the Group no longer charges for clients wishing to pilot M2G.

At the conclusion of the pilot period, a report is produced for the customer in which the results are presented along with the likely levels of savings and CO2 emissions were M2G to be deployed over the customer's estate.

The customer will then give the company an indication of the estimated date for an order being placed for the wider estate. The cycle from pilot completion to receiving an order can take several weeks to several months. The reasons for this include:

  - Public Sector clients having to use the OJEC process for orders that exceed legally binding EU limits
  - Client asset rationalisation programmes (purchase and disposal of properties)
  - Absence of actual utility consumption data for the estate
  - Change of client Facility Management provider requiring a bedding-in period prior to activating previously approved energy efficiency programs

There can also be a lack of clarity client-side and/or no clear guidelines on the company's procurement processes. We try to overcome some of these obstacles early in the sales cycle and shorten anticipated order delays by sharing with clients our industry "know-how" and experience of working with other similar organisations. In some instances this isn't possible due to the competitive nature of certain client sectors.

- **Innovation - New product development**

The Group has launched the M1G, a product for use on hot water heaters. In-field testing was successful and has shown that material savings in gas consumption and paybacks in line with client investment criteria can be made by deploying M1G.

The M1G is designed to prevent the inherent problem of short cycling within direct hot water generators resulting in unnecessary fuel consumption during low load demands. Short cycling is caused when the hot water generator's minimum firing capacity exceeds the current system loss, causing the hot water generator to fire for very short periods.

- **Key Performance Indicators ("KPIs")**

The Group has identified a number of key performance indicators which are regularly monitored to ensure that business is on track or to give warning where problems may be arising:

> **Financial**: The management's focus is on the development of the sales pipeline, the maintenance of a healthy gross margin and prudent cost control. The two main performance indicators are unit sales and maintenance of a healthy gross profit margin. During the year, the group sold 1,077 units (2014: 1,277 units) and the gross profit margin was 70.6% (2014: 70.4%). Overhead costs in the year remained virtually static but are expected to increase substantially in the new financial year as a result of our decision to increase headcount and redevelop the M2G product to incorporate a number of new features.
>
> **Pipeline**: We are continually refining the pipeline and exclude from it any potential business that has not been quoted for or for which the client has not given the Group an indicative start date.
>
> **Reputation**: The Group's reputation for project management and delivery of its product's benefits on time and within budget is key to its continuing business success. Management is always looking at improving the quality of the Group's performance and will continue to invest in products and solutions to enable it to maintain and enhance its reputation.
>
> **Personnel:** The Group is continuing to look for further business development managers with proven experience of the retrofit and energy efficiency controls market. During the year, the Group strengthened its business development team.

4. Strategy

The Group has developed a formalised 5 year growth strategy for the future which can be summarised as:

- Significantly scaling M2G pilots in the UK and Overseas
- Maintaining and strengthening our UK business development capabilities to help drive sales growth of our products(s) and services
- Broaden and develop our product suite (organic innovation) e.g. M1G, while also scanning the market environment (inorganic innovation) for third party complementary products and services that fit within our market sector
- Develop a network of overseas distribution partners to grow material revenue for the Group

- Maintain or exceed an installation capacity in line with company forecasts and to continue providing our clients and partners with a world class project management service and experience
- Maintaining brand awareness and reputation of the Group

This report was approved and authorised for issue by the Board on 20 October 2015 and signed on its behalf by:

Gus Orchard
Company Secretary
20 October 2015

Directors' Report

For the year ended 30 June 2015

The directors present their report and the consolidated financial statements for the year ended 30 June 2015. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). In accordance with S414C(11) of the Companies Act 2006, the directors have chosen to include information about future developments and financial instrument risk in the Strategic Report.

Principal Activities

The principal activity of the Group during the year was the design, manufacture and sale of M2G, a boiler energy efficiency technology, which is proven to reduce energy consumption on commercial boilers by up to 35%.

Review of Business

A review of the business, its development and performance for the year and its position at the year end, together with the future prospects of the Group, is contained in the Chairman & Chief Executive Officer's Report and the Strategic Report.

Governance and the Board

The Board's governance system provides balanced support for the executive management team in the development of the Group's strategy and with the need to ensure effective monitoring of its implementation. The Board and its committees have considered the significant events of the year and their impact on the Group's business and reputation.

The Audit Committee is currently chaired by Karl Monaghan; the Remuneration Committee is chaired by Miriam Maes. The Board remains confident in the work of those committees and the overall system of governance.

Results and Dividends

The Group loss for the year, before taxation, amounted to £568k (2014: £293k loss). The Directors do not recommend a final dividend this year (2014 – 0.275p).

Directors

The Directors who served during the year and their beneficial interest in the Company's issued share capital were:

	Date of appointment	**Ordinary shares of 5p each**			
		2015	**%**	**2014**	**%**
A.O'Brien	25 October 2005	11,700,000	35.4	11,700,000	37.2
G.Orchard	10 October 2006	100,000	0.3	100,000	0.3
K.Monaghan	1 September 2007	1,258,504	3.8	1,258,850	4.0

K.Monaghan subscribed for further shares on 3 August 2015 and his holding currently stands at 1,397,945 shares representing 3.2% of the issued capital.

Neither Miriam Maes, nor Dr Martin Blake have a beneficial interest in the Company's issued share capital. Bruce Gordon, who was appointed a director on 30 September 2015, has an interest in 5,758,356 ordinary shares of the Company.

Substantial Shareholdings

At 22 September 2015, the Company had been notified that (other than Directors) the following were interested in 3% or more of the issued capital of the Company:

	Number of Ordinary shares	**% of issued share capital**
Amati Global Investors	6,877,000	15.63
TVI 2 Limited	5,758,356	13.09
Hawk Investment Holdings	2,850,000	6.48
Rathbone Brothers	2,539,100	5.77
Alliance Trust	1,450,581	3.30

At the date of this report, there were 44,004,867 Ordinary shares in issue.

Auditors

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

The auditors, Kingston Smith LLP, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

This report was approved and authorised for issue by the Board on 20 October 2015 and signed on its behalf by:

Gus Orchard
Company Secretary

20 October 2015

Corporate Governance

The Board is accountable to the shareholders for good corporate governance of the Group. The principles of corporate governance and a code of best practice are set out in the UK Corporate Governance Code (UKCGC) as applicable to accounting periods beginning before 1 October 2012 issued in June 2010. Although under the rules of the Alternative Investment Market (AIM) the Company is not required to comply in full with the code nor state areas in which it does not comply, the Board looks to the code for best practice in so far as is reasonably practicable for a Company of this size.

Statement of compliance with the UKCGC and applying the principles of good governance

The Company is committed to high standards of corporate governance throughout the Group. As an AIM company, it is not obliged to report its compliance with the UKCGC. Nonetheless, the Company is committed to meeting these principles as far as it reasonably can and the commentary below reflects the extent to which the Company has complied with the UKCGC during the period under review.

Board effectiveness

The Board, which is set up to manage the Company and Group, meets formally at least six times per year and in the period under review met on eight occasions. At the period end, the Board comprised five directors – two executive and three non-executive. Although the non-executive directors may not be regarded as strictly independent in terms of the Code, due to their having been granted options, albeit at an insignificant level, the Board considers that they act independently and professionally at all times and bring a wide experience at a senior level of business operations and strategy and have a degree of knowledge and expertise gained from other areas of business, both at home and overseas.

At each of these regular Board meetings, the Board receives the latest financial and management information available which generally consists of:

- Management accounts setting out actual performance against budget;
- Management discussion on variance analysis;
- Working capital cash flow position; and
- Sales forecasts and forecasting methodologies.

The Board reserves to itself a range of key decisions to ensure that it retains proper direction and control of the Company whilst delegating authority to individual directors who are responsible for the day to day management of the business.

All directors have access to the advice and services of the Company Secretary and can also seek independent professional advice, if necessary, at the Company's expense.

Board appointments

All appointments to the Board are discussed at a full Board meeting and each member is given the opportunity to meet the individual concerned prior to an appointment being made.

As permitted by the UKCGC, due to the small size of the Board, it is considered inappropriate to establish a Nominations Committee.

Chairman and Chief Executive Officer

The Board has shown its commitment to dividing responsibility for running the Board and the business by appointing Miriam Maes as Non-Executive Chairman and Alan O'Brien as Chief Executive Officer.

The Remuneration Committee

The Remuneration Committee, which is composed of the non-executive directors and chaired by Miriam Maes, meets as required during each financial year. It is responsible for reviewing the performance of the executive directors and setting the scale and structure of their remuneration and the basis of their service agreements with due regard to the interest of shareholders. The Remuneration Committee shall also determine the allocation of share options to employees. It is a rule of the Remuneration Committee that a Director shall not participate in discussions or decisions concerning his/her own remuneration.

The Audit Committee

The Audit Committee, which is composed of the non-executive directors and during the year under review was chaired by Karl Monaghan, meets no less than twice a year. It is responsible for making recommendations to the Board on the appointment of auditors and the audit fee, for reviewing the conduct and control of the annual audit and for reviewing the operation of the internal financial controls. It also has responsibility for the reporting of the financial performance of the Group and for reviewing financial statements prior to publication.

Re-election of Directors

Directors retire by rotation in accordance with the Company's Articles of Association which prescribe that at every Annual General Meeting one third of the directors for the time being or, if their number is not a multiple of three, then the number nearest to but not exceeding one third, shall retire from office. Non-executive directors are initially appointed for a three year term but their appointment is terminable by either party on three months' written notice.

Shareholder relations

The Company maintains a website (www.sabien-tech.co.uk) where the Group's statutory accounts will be accessible. The website conforms to the requirements of AIM rule 26 and all relevant information can be found there.

Queries raised by shareholders are dealt with either by the Chief Executive Officer or the Company Secretary.

Accountability and audit

The Board believes that the Annual Report and financial statements play an important part in presenting all shareholders with an assessment of the Group's position and prospects. This is achieved in the Chairman & Chief Executive Officer's Report which contains a detailed consideration of the Group's financial position and prospects.

Internal control

The Board of Directors has overall responsibility for the Group's system of internal control and for reviewing its effectiveness. The purpose of the system of internal control is to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss.

The Directors have established an organisational structure with clear operating procedures, lines of responsibility and delegated authority. In particular, there are clear procedures for capital investment appraisal and approval and financial reporting within a comprehensive financial planning and accounting framework. The Board has reviewed the need for an internal audit function and concluded that such a function is not currently appropriate given the size of the Group.

Remuneration Report

This report should be read in conjunction with note 8 to the accounts. The Remuneration Committee is responsible for reviewing the level and make-up of the remuneration of executive directors. In doing so, the Committee's aims are:

- To determine the policy for the remuneration of the executive directors;
- To review the on-going appropriateness of the remuneration policy;
- To approve the design of and review share incentive plans and bonus schemes and to determine the awards to be made under such plans or schemes; and
- To ensure that the remuneration policies adopted by the Company give due regard to any legal requirements, the provisions and recommendations in the UKCGC and the AIM rules and associated guidance.

The components of remuneration are:

- Basic salary and benefits determined by the Remuneration Committee which are included in employment agreements and reviewed annually;
- Bonuses based upon performance of the Company and the individual concerned; and
- Share options.

Service contracts

The employment contracts of the executive directors with the Company are terminable by either party with no less than six months' notice in writing to the other. The remuneration of the non-executive directors is determined by the Board within the limits set out in the Articles of Association.

The service contracts of the directors, one third of whom who are eligible for re-election at the Annual General Meeting, are as follows:

	Notice period
A.O'Brien	6 months
G.Orchard	6 months
M.Maes	3 months
K.Monaghan	3 months
M.Blake	3 months

Directors' remuneration during the period (audited)

	Salaries and fees £'000	Taxable benefits £'000	Total 2015 £'000	Total 2014 £'000
Executive directors				
A.O'Brien	136	1	137	137
G.Orchard	105	4	109	112
Non-executive directors				
M.Maes	25	-	25	25
K.Monaghan	25	-	25	25
M.Blake	25	-	25	25
Total	**316**	**5**	**321**	**324**

Fees paid to K.Monaghan and £16,000 (2014: £16,000) of the fees paid to M.Maes were paid to Ashling Capital LLP and Foresee Limited respectively.

Sabien Technology Group Share Option Plan (audited)

Under the Plan, the Group can make awards of share options to selected directors and eligible employees.

Details of options for directors who served during the year are as follows:

	Date of Grant	1 July 2014 and 30 June 2015	Exercise price	Date from which exercisable	Expiry Date
A.O'Brien	14/12/06	500,000	52.0p	14/12/09	14/12/16
	01/04/10	74,483	54.5p	01/04/13	01/04/20
G.Orchard	14/12/06	346,152	52.0p	14/12/09	14/12/16
	01/04/10	51,565	54.5p	01/04/13	01/04/20
K.Monaghan	12/10/07	100,000	50.0p	12/10/10	12/10/17
	01/04/10	14,323	54.5p	01/04/13	01/04/20
M.Blake	25/11/10	91,743	54.5p	25/11/13	25/11/20
M.Maes	30/10/12	91,743	54.5p	30/10/15	30/10/22
Total		**1,270,009**			

In addition, C.Morton, who retired from the Board on 30 November 2012, has 55,046 options which were granted on 1 April 2010 and which are exercisable from 1 April 2014. The expiry date for these options is 30 November 2015.

The mid-market price of the Company's shares at the end of the financial year was 7.5p.

Miriam Maes
Chairman of the Remuneration Committee
20 October 2015

Directors' Responsibilities Statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare such financial statements for each financial year. Under that law, the directors have prepared the group and parent financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 of the group and the company and of the profit or loss of the 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 as adopted by the European Union 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 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 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' responsibility statement

We confirm to the best of our knowledge that:

1. the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and

2. the strategic report and the directors' report include a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation as a whole together with a description of the principal risks and uncertainties that they face.

On behalf of the Board:

Chief Executive Officer
Alan O'Brien

20 October 2015

Finance Director
Gus Orchard

20 October 2015

Independent Auditors' Report to the Members of Sabien Technology Group Plc

We have audited the Group and Company financial statements (the "financial statements") of Sabien Technology Group Plc for the year ended 30 June 2015 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Cash Flow Statements, the Consolidated and Company Statements of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 for no purpose other than to draw to the attention of the company's members those matters we are required to include in an auditors' report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and the company's members as a body, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 17, 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 & Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit includes obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report (Chairman & Chief Executive Officer's Report, Strategic Report, Directors' Report, Corporate Governance and Remuneration Report) to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on the 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 30 June 2015 and of the Group's loss for the year then ended;

- The group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- The parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- The part of the Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and

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

Matters on which we are required to report by exception

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

- Adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent company financial statements and the part of the Remuneration Report to be audited 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.

Jonathan Sutcliffe (Senior Statutory Auditor)
For and on behalf of Kingston Smith LLP, Statutory Auditor

Devonshire House
60 Goswell Road
London EC1M 7AD

20 October 2015

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2015

	Notes	2015 £'000	2014 £'000
Revenue		**1,744**	**2,139**
Cost of sales		(513)	(633)
Gross profit		**1,231**	**1,506**
Administrative expenses		(1,812)	(1,815)
Operating loss	5	**(581)**	**(309)**
Investment revenues	6	13	16
Loss before tax		**(568)**	**(293)**
Tax (charge)/credit	9	(215)	21
Loss for the year attributable to equity holders of the parent company		**(783)**	**(272)**
Other comprehensive income		-	-
Total comprehensive income for the year		**(783)**	**(272)**
Loss per share in pence – basic	11	(2.4)	(0.9)
Loss per share in pence – diluted	11	(2.4)	(0.9)

The earnings per share calculation relates to both continuing and total operations.

The notes on pages 25 to 40 form part of these financial statements.

Consolidated and Company Statements of Financial Position

As at 30 June 2015 **Company Reg No: 05568060**

		Group		Company	
		2015	2014	2015	2014
	Notes	£'000	£'000	£'000	£'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	68	106	-	-
Intangible assets	14	508	555	-	-
Investment in subsidiaries	15	-	-	3,601	3,601
Deferred tax	9	-	215	-	-
Total non-current assets		576	876	3,601	3,601
Current assets					
Inventories	16	207	142	-	-
Trade and other receivables	17	282	599	43	42
Cash and cash equivalents	18	1,171	1,425	951	1,062
Total current assets		1,660	2,166	994	1,104
TOTAL ASSETS		**2,236**	**3,042**	**4,595**	**4,705**
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables	19	281	313	32	27
Total current liabilities		281	313	32	27
EQUITY					
Equity attributable to equity holders of the parent					
Share capital	20	1,650	1,574	1,650	1,574
Other reserves		187	201	187	201
Retained earnings		118	954	2,726	2,903
Total equity		**1,955**	**2,729**	**4,563**	**4,678**
TOTAL EQUITY AND LIABILITIES		**2,236**	**3,042**	**4,595**	**4,705**

The financial statements were approved and authorised for issue by the Board on 20 October 2015 and were signed on its behalf by:

Alan O'Brien
Chief Executive Officer

Gus Orchard
Finance Director

The notes on pages 25 to 40 form part of these financial statements.

Consolidated and Company Cash Flow Statements

For the year ended 30 June 2015

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Cash flows from operating activities				
(Loss)/profit before taxation	(568)	(293)	(124)	81
Adjustments for:				
Dividend received from subsidiary	-	-	-	(200)
Depreciation and amortisation	92	86	-	-
Loss on disposal of property, plant & equipment	-	1	-	-
Finance income	(13)	(16)	(13)	(13)
Transfers to equity reserves	2	1	2	1
Decrease/(increase) in trade and other receivables	317	482	(1)	14
(Increase)/decrease in inventories	(65)	58	-	-
(Decrease)/increase in trade and other payables	(32)	(118)	5	3
Cash (used in)/generated from operations	**(267)**	**201**	**(131)**	**(114)**
Corporation taxes recovered/(paid)	-	-	-	-
Net cash (outflow)/inflow from operating activities	**(267)**	**201**	**(131)**	**(114)**
Cash flows from investing activities				
Share issue	98	-	98	-
Dividend paid	(91)	(79)	(91)	(79)
Dividend received from subsidiary	-	-	-	200
Purchase of property, plant and equipment	(7)	(70)	-	-
Finance income	13	16	13	13
Net cash generated by/(used in) investing activities	**13**	**(133)**	**20**	**134**
Net (decrease)/increase in cash and cash equivalents	**(254)**	**68**	**(111)**	**20**
Cash and cash equivalents at the beginning of the year	**1,425**	**1,357**	**1,062**	**1,042**
Cash and cash equivalents at the end of the year	**1,171**	**1,425**	**951**	**1,062**

The notes on pages 25 to 40 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2015

	Share capital	Share premium	Shares to be issued	Share based payment reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 July 2013	1,574	-	38	162	1,305	3,079
Changes in equity for year						
Dividend paid	-	-	-	-	(79)	(79)
Loss for the year	-	-	-	-	(272)	(272)
Employee share option scheme – value of services provided	-	-	-	1	-	1
Balance at 30 June 2014	**1,574**	**-**	**38**	**163**	**954**	**2,729**
Changes in equity for year						
Dividend paid	-	-	-	-	(91)	(91)
Loss for the year	-	-	-	-	(783)	(783)
Share issue	76	22	(38)	-	38	98
Employee share option scheme – value of services provided	-	-	-	2	-	2
Balance at 30 June 2015	**1,650**	**22**	**-**	**165**	**118**	**1,955**

The notes on pages 25 to 40 form part of these financial statements.

Company Statement of Changes in Equity

For the year ended 30 June 2015

	Share capital	Share premium	Shares to be issued	Share based payment reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 July 2013	1,574	-	38	162	2,900	4,674
Changes in equity for year						
Dividend paid	-	-	-	-	(79)	(79)
Profit for the year	-	-	-	-	82	82
Employee share option scheme – value of services provided	-	-	-	1	-	1
Balance at 30 June 2014	**1,574**	**-**	**38**	**163**	**2,903**	**4,678**
Changes in equity for year						
Dividend paid	-	-	-	-	(91)	(91)
Loss for the year	-	-	-	-	(124)	(124)
Share issue	76	22	(38)	-	38	98
Employee share option scheme – value of services provided	-	-	-	2	-	2
Balance at 30 June 2015	**1,650**	**22**	**-**	**165**	**2,726**	**4,563**

The notes on pages 25 to 40 form part of these financial statements.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2015

General information

The Company is incorporated in England & Wales under the Companies Act 2006. The address of the registered office is given on page 1.

The nature of the Group's operations and principal activities are set out in the Directors' Report.

1. Accounting policies

The following significant principal accounting policies have been used consistently in the preparation of the consolidated financial information of the Group. The consolidated information comprises the Company and its subsidiaries (together referred to as "the Group").

a) **Basis of preparation**: The financial information in this document has been prepared using accounting principles generally accepted under International Financial Reporting Standards ("IFRS"), as adopted by the European Union.

The Directors expect to apply these accounting policies, which are consistent with International Financial Reporting Standards, in the Group's Annual Report and Financial Statements for all future reporting periods.

The Directors believe that, despite the losses incurred in the past two years and the uncertainty as to the timing of future profitability, the Group is a going concern and have accordingly prepared these financial statements on a going concern basis. The Directors have prepared cashflow forecasts that confirm that the Group will have sufficient working capital to settle its liabilities as they fall due for a period of not less than 12 months from the date of the approval of these financial statements.

The consolidated financial statements have been prepared on the historical cost basis and are presented in £'000 unless otherwise stated.

b) **Basis of consolidation**: The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 June each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefit from its activities.

Except as noted below, the financial information of subsidiaries is included in the consolidated financial statements using the acquisition method of accounting. On the date of acquisition the assets and liabilities of the relevant subsidiaries are measured at their fair values.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Accounting for the Company's acquisition of the controlling interest in Sabien Technology Limited: The Company's controlling interest in its directly held subsidiary, Sabien Technology Limited, was acquired through a transaction under common control, as defined in IFRS 3 Business Combinations. The directors note that transactions under common control are outside the scope of IFRS 3 and that there is no guidance elsewhere in IFRS covering such transactions.

IFRS contain specific guidance to be followed where a transaction falls outside the scope of IFRS. This guidance is included at paragraphs 10 to 12 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. This requires, inter alia, that where IFRS does not include guidance for a particular issue, the directors may also consider the most recent pronouncements of other standard setting bodies that use a similar conceptual framework to develop accounting standards. In this regard, it is noted that the UK standard FRS 6 Acquisitions and Mergers addresses the question of business combinations under common control.

In contrast to IFRS 3, FRS 6 sets out accounting guidance for transactions under common control which, as with IFRS 3, are outside the scope of that accounting standard. The guidance contained in FRS 6 indicates that merger accounting may be used when accounting for transactions under common control.

Having considered the requirements of IAS 8, and the guidance included in FRS 6, it is considered appropriate to use a form of accounting which is similar to pooling of interest when dealing with the transaction in which the Company acquired its controlling interest in Sabien Technology Limited.

In consequence, the consolidated financial statements for Sabien Technology Group Plc report the result of operations for the year as though the acquisition of its controlling interest through a transaction under common control had occurred at 1 October 2005. The effect of intercompany transactions has been eliminated in determining the results of operations for the year prior to acquisition of the controlling interest, meaning that those results are on substantially the same basis as the results of operations for the year after the acquisition of the controlling interest.

Similarly, the Consolidated Statement of Financial Position and other financial information have been presented as though the assets and liabilities of the combining entities had been transferred at 1 October 2005.

The Group did take advantage of section 131 of the Companies Act 1985 and debited the difference arising on the merger with Sabien Technology Limited to a merger reserve. When consolidated retained earnings are available, any debit reserves are offset against these retained earnings. As there were consolidated retained earnings available in the year ended 30 June 2012, the merger reserve was offset against those retained earnings.

c) **Property, plant and equipment**: Property, plant and equipment are stated at cost less accumulated depreciation. Assets are written off on a straight-line basis over their estimated useful life commencing when the asset is brought into use. The useful lives of the assets held by the Group are considered to be as follows:

Office equipment, fixtures and fittings	4 years

d) **Intangible assets**: Intellectual property, which is controlled through custody of legal rights and could be sold separately from the rest of the business, is capitalised where fair values can be reliably measured.

Intellectual property is amortised on a straight line basis evenly over its expected useful life of 20 years.

Impairment tests on the carrying value of intangible assets are undertaken:

- At the end of the first full financial year following acquisition; and

- In other periods if events or changes in circumstances indicate that the carrying value may not be fully recoverable.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of the fair value, less costs to sell, and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only in so far that the increased carrying amount does not exceed the carrying 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 in income immediately.

e) **Fixed asset investments**: Fixed asset investments are stated at cost less any provision for impairment in value.

f) **Deferred consideration**: Deferred consideration is discounted from the anticipated settlement date at the Group's weighted average cost of capital.

g) **Inventories:** Inventories are valued at the lower of average cost and net realisable value.

h) **Financial instruments**

Financial Assets:

The Group classifies its financial assets as loans and receivables and cash. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the year end date. These are classified as non-current assets.

Trade receivables are classified as loans and receivables and are recognised at fair value less provision for impairment. Trade receivables, with standard payment terms of between 30 to 65 days, are recognised and carried at the lower of their original invoiced and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision is made when there is objective guidance that the Group will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

The Group's financial assets are disclosed in notes 16 and 17. Impairment testing of trade receivables is described in note 17.

Financial Liabilities:

The Group classifies its financial liabilities as trade payables and other short term monetary liabilities. Trade payables and other short term monetary liabilities are recorded initially at their fair value and subsequently at amortised cost. They are classified as non-current when the payment falls due greater than 12 months after the year end date and are described in note 19.

i) **Cash and cash equivalents**
Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

j) **Revenue recognition**: Revenue from sale of goods is recognised upon delivery and installation at a customer site or delivery to a customer's incumbent facilities manager which subsequently carries out the installation itself. Where goods are delivered to overseas distributors, revenue is recognised at the time of shipment from the Company's warehouse.

Revenue from services generally arises from pilot projects for customers and is recognised once the pilot has been completed and the results notified to the customer. Pilot projects generally have a duration of between 1 and 3 months.

Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable.

k) **Share-based payments**: The Group has applied the requirements of IFRS2 Share-based Payments. The Group issues options to certain employees. These options are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Fair value is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural conditions.

l) **Operating leases**: Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss on the straight line basis over the lease term.

m) **Taxation**: The charge for current tax is based on the results for the year as adjusted for items that are non-assessable or disallowed. It is calculated using rates that have been enacted or substantively enacted by the year end date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interest in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the rates that are expected to apply when the asset or liability is settled. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

n) **Accounting basis and standards**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

During 2015, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements to existing standards. These included IFRS 10, IFRS 11, IFRS 12, IFRS 13, and IAS 1. These new standards and changes did not have any material impact on the Company's financial statements.

The following new standard is mandatory the first time for accounting periods beginning on or after 1 January 2017:

- IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") specifies how and when an entity will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles-based five step model to be applied to all contracts with customers. IFRS 15 was issued in May 2015 and is effective for annual reporting periods beginning on or after 1 January 2017.

The following new standards, amendments to standards and interpretations to published standards are mandatory the first time for accounting periods beginning on or after 1 July 2015, but are not currently considered to be relevant to the Group (although they may affect the accounting for future transactions and events) and have not been early adopted:

- IFRS 9, 'Financial instruments', IAS 19 - Employee Benefits, IAS 32 – Financial Instruments: Presentation, IAS 36 – Impairments of Assets, IAS 39 – Financial Instruments: Recognition and Measurement, IFRIC 21 – Levies

2. Financial risk management

Financial Risk Factors

The Group's activities expose it to a variety of financial risks arising from its use of financial instruments: credit risk, liquidity risk and market risk. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them.

Further quantitative information in respect of these risks is presented throughout these financial statements. So far, there have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The principal financial instruments used by the Group, from which the financial instrument risk arises, are as follows:
• trade and other receivables
• cash and cash equivalents
• trade and other payables

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board reviews regular finance reports from the Finance Director through which it evaluates any risk exposures with a view to minimising any potential adverse effects on the Group's financial performance. So far, the Group has not used derivative financial instruments to hedge risk exposures as its activities and operations exposure to such risks are not deemed significant. Transactions that are speculative in nature are expressly forbidden.

Details regarding the policies that address financial risk are set out below:

(i) Credit Risk

Credit risk arises principally from the Group's trade receivables and cash and cash equivalents. It is the risk that the counterparty fails to discharge its obligation in respect of the instruments.

Trade Receivables
The nature of the Group's operations means that all of its current key customers are established businesses and organisations in both the public and private sector. The credit risks are minimised due to the nature of these customers and the concentration of sales to date within established economies. The Group will continually review its credit risk policy, taking particular account of future exposure to developing markets and associated changes in the credit risk profile.
The carrying amount in the Consolidated Statement of Financial Position, net of any applicable provisions for loss, represents the amount exposed to credit risk and hence there is no difference between the carrying amount and the maximum credit risk exposure.

(ii) Liquidity Risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due and have the availability of such funds for its operations. Management monitors rolling forecasts of the Group's liquidity reserve which comprises cash and cash equivalents on the basis of expected cash flow. At the year end date, these projections indicate that the Group expects to have sufficient liquid resources to meet its obligations under all reasonable expected circumstances for the forthcoming year. The Group continues to monitor its liquidity position through budgetary procedures and cash flow analysis.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the year end date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due in less than 1 year equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 30 June 2015	£'000	£'000	£'000	£'000
Trade and other payables	281	-	-	-
At 30 June 2014				
Trade and other payables	313	-	-	-

The Group does not have any derivative financial instruments.

(iii) Market Risk

Market risk arises from the Group's use of interest bearing, tradable and foreign currency financial instruments. There is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

- Interest Rate Risk

The Group invests its surplus cash in a spread of fixed rate short term bank deposits to minimise risk and maximise flexibility. In doing so it limits its exposure to fluctuations in interest rates that are inherent in such a market. Overall risk is not regarded as significant and the effect of a one percentage point decrease in the average interest rate during the year would have resulted in an increase in post-tax loss for the year of £1k (2014: £1k).

- Foreign Exchange Risk

The Group operates internationally through its distributorship arrangements in Europe and the US and is exposed to foreign exchange risk arising from the Euro and the US dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. Given the current scale of the Group's overseas operations, overall currency risk is considered to be low.

An increase of one percentage point in the average 2015 Euro and US dollar exchange rates would have increased the Group's loss after tax by less than £1k (2014: £1k).

- Price Risk

The Group does not hold external investments in equity securities and therefore is not exposed to other price risk.

Capital risk management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide future returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group seeks to maintain, at this stage of its development, sufficient funding drawn primarily from equity to enable the Group to meet its working and strategic needs. The Group may issue new shares or realise value from its existing investments and other assets as may be deemed necessary.

The Group centrally manages borrowings, investment of surplus funds and financial risks. The objective of holding financial investments is to provide efficient cash and tax management and effective funding for the Group.

Fair value estimation

Holding trade receivables and payables at book value less impairment provision is deemed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

3. Critical accounting estimates and judgements

Sources of Estimation Uncertainty
The preparation of the consolidated and company financial statements requires the Group and Company to make estimates, judgements and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. The directors base their estimates on historical experience and various other assumptions that they believe are reasonable under the circumstances, the results of which form the basis for making judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

In the process of applying the Group's and Company's accounting policies, management has made a number of judgements and estimations, of which the following are deemed to have the most significant effect on amounts recognised in the financial statements:

(i) Revenue Recognition
No significant criteria are required by the Group in regard to revenue recognition that are not covered by the accounting policy.

(ii) Share-based Payments
The calculation of the estimated fair value of share options and warrants granted can only reasonably be assessed once such options and warrants are exercised. To date, no options or warrants have been exercised and the Group is therefore reliant upon the calculations as explained in the accounting policy and note 22 to the accounts in arriving at an estimated fair value in line with the requirements of IFRS2.

(iii) Going Concern
The directors have prepared projections of the Group's anticipated future results based on their best estimate of likely future developments within the business and have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. They have accordingly prepared these financial statements on the 'going concern' basis.

(iv) Impairment of Assets
In line with the going concern assumption, based on their best estimate of likely future developments within the business, the directors consider that an impairment

provision against the carrying value of Investment in Subsidiaries is not necessary in the Company's Statement of Financial Position as at the year end date.

(v) Deferred Tax Assets
Management judgement is required to determine the amount of deferred tax asset that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. In 2014, a deferred tax asset of £215k was recognised in respect of £1,025k of available losses brought forward as the Directors believed that it was probable that the Company would continue to be sufficiently profitable in the future to be able to utilise these losses. The asset was treated in the financial statements as non-current as, due to the loss incurred in that financial year, it was not expected that the losses would be fully utilised within the next 12 months. As a result of the changes since the year end in the Company's strategy to increase the value of its sales pipeline by offering free pilots and in the M2G product enhancements, the Company is not expected to return to profitability for at least 2 years. As a result, the Directors believe that it would be prudent not to recognise any deferred tax asset in the financial statements until recurring profitability is attained. Consequently, the deferred tax asset brought forward from last year has been reversed in these financial statements. The tax losses available to offset against future taxable profits, subject to HMR&C agreement, are estimated at £1,457k.

(vi) Intellectual Property
As a result of a review by the directors of the unit sales likely to arise over the next year, no change in the value of Intellectual Property has been deemed to be necessary and consequently no provision has been made for impairment.

4. Segmental reporting

Based on risks and returns, the directors consider that the primary reporting business format is by business segment which is currently just the supply of energy efficiency products, as this forms the basis of internal reports that are regularly reviewed by the Company's chief operating decision maker in order to allocate resources to the segment and assess its performance. Therefore the disclosures for the primary segment have already been given in these financial statements. The secondary reporting format is by geographical analysis by destination. Non-UK revenues amounted to 9% of the total and are analysed as follows:

Geographical information	**Year ended 30 June 2015**		**Year ended 30 June 2014**	
	Sales revenue £'000	**% of total revenue**	**Sales revenue £'000**	**% of total revenue**
UK	1,590	91	1,951	91
Other	154	9	188	9
Total	1,744	100	2,139	100

During the period, sales to the group's largest customer was as follows:

	Sales revenue £'000	**% of total revenue**
Customer 1	947	54

5. Operating loss

Operating loss is stated after charging:

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Depreciation of property, plant & equipment	45	39
Loss on disposal of property, plant & equipment	-	1
Amortisation of intangible assets	47	47
Operating lease rentals – land and buildings	56	52
Loss on foreign exchange	5	1

6. Investment revenues

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Interest receivable	13	16

7. Auditors' remuneration

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Fees payable to the Company's auditors for:		
- the audit of the Company's annual accounts	9	9
Fees payable to the Company's auditors for other services to the Group:		
- the audit of the Company's subsidiary	16	15
Total audit fees	**25**	**24**
Fees payable to the Company's auditors for:		
- taxation compliance services	4	4
- other services	-	-
Total other fees	**4**	**4**

8. Staff costs

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Wages and salaries	990	1,038
Social security costs	112	118
	1,102	**1,156**

The average monthly number of employees, including directors, during the year was as follows:

	Year ended 30 June 2015 Nos.	Year ended 30 June 2014 Nos.
Directors	5	5
Administration	13	12
	18	**17**

9. Corporation tax

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Current tax	-	-
Deferred tax	215	(21)
Total tax charge/(credit) for the year	**215**	**(21)**
The tax charge for the year can be reconciled to the loss as follows:		
Loss before tax	(568)	(293)
Tax on loss on ordinary activities at standard UK corporation tax rate of 20% (2014: 20%)	(113)	(58)
Expenses not deductible for tax purposes	-	11
Capital allowances in excess of depreciation	7	(7)
Other short term timing differences	-	-
Unrelieved tax losses	5	33
Tax losses carried forward	101	21
Current tax	-	-

Deferred tax:

As detailed in note 3 (v) above, the Group has reviewed the carrying value of the deferred tax asset recognised in previous years and has decided that it would be prudent to derecognise the total asset in view of the uncertainty as to a return to profitability.

The aggregate amount of deductible temporary differences, parent company unused tax losses and unused tax credits for which no deferred tax asset is recognised in the Consolidated Statement of Financial Position is estimated at £2,035k (2014: £254k) which at the standard tax rate would equate to £407k (2014: £51k).

10. Dividends

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Proposed final dividend for the year ended 30 June 2015 of nil per share (2014: 0.275p)	-	91

11. Earnings per share

The calculation of earnings per share is based on the loss for the year attributable to equity holders of £783k (2014: £272k loss) and a weighted average number of shares in issue during the period of 32,878,337 (2014: 31,486,511). At the year end, options over 2,102,410 shares (2014: 2,074,410) were in issue. During the year, warrants for 1,518,356 shares were exercised. Both have been taken into account in calculating diluted earnings per share for 2014.

12. Profit attributable to the members of the Parent Company

As permitted by section 408 of the Companies Act 2006, the Income Statement of the Parent Company is not presented as part of these financial statements. The loss dealt with in the accounts of the Parent Company is £124k (2014: £82k profit). There is no other comprehensive income in the Parent Company.

13. Property, plant and equipment

Group	2015 £'000	2014 £'000
Cost		
At 1 July	208	154
Additions	7	70
Disposals	(9)	(16)
At 30 June	**206**	**208**
Depreciation		
At 1 July	102	78
Charge for the year	45	39
Reversed on disposals	(9)	(15)
At 30 June	**138**	**102**
Net Book Value		
At 30 June 2015	**68**	**106**
At 30 June 2014	**106**	**76**

The Company held no property, plant and equipment at 30 June 2015 and 2014.

At 30 June 2015, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £nil (2014: £nil).

14. Intangible assets

Group	2015 £'000	2014 £'000
Intellectual Property		
Cost		
At 1 July and 30 June	**943**	**943**
Amortisation		
At 1 July	388	341
Charge for the year	47	47
At 30 June	**435**	**388**
Net Book Value		
At 30 June 2015	**508**	**555**
At 30 June 2014	**555**	**602**

Intellectual Property represents the rights to the M2G product acquired from the inventors. As a result of an impairment review performed in accordance with IAS 36 'Impairment of Assets' as detailed in note 15, no adjustment to the carrying value is proposed this year.

The remaining amortisation period for Intellectual Property is 11 years. The Company held no intangible assets at 30 June 2015 and 2014.

15. Investment in subsidiaries

Company	2015	2014
	£'000	£'000
Cost & Net Book Value		
At 1 July and 30 June	**3,601**	**3,601**

Details of the subsidiary undertakings at the year end date are as follows:

Name of company	Country of incorporation	Class of share	Nature of business	Proportion of voting rights
Sabien Technology Limited	England & Wales	Ordinary	Managing carbon through energy reduction	100%
Sabien Technology IP Limited	Northern Ireland	Ordinary	Ownership of Intellectual Property	100%

The Company performs an annual impairment review in accordance with IAS 36 'Impairment of Assets'. In accordance with IAS 36, the recoverable amount is calculated being the higher of value in use and fair value less costs to sell.

The value in use is determined using cash flow projections covering a five year period which have been approved by the Board. They reflect the directors' expectations of the level and timing of revenue and expenses, working capital and operating cash flows based on past experience and future expectations of business performance.

The pre-tax discount rate of 9.6% (2014: 9.6%) applied to the cash flow projections is derived from the Group's weighted average cost of capital. An average growth rate of 50% (2014: 14%) has been applied over the five years of the cash flow forecast and a nil growth rate applied thereafter. A change in growth rate from 50% to 36% would cause the value in use to fall below the carrying value.

16. Inventories

Group	2015	2014
	£'000	£'000
Goods held for resale	207	142

The Company held no inventories at 30 June 2015 and 2014.

17. Trade and other receivables

	2015 Group £'000	2014 Group £'000	2015 Company £'000	2014 Company £'000
Trade receivables	180	417	-	-
Other receivables	102	182	9	10
Amounts owed by Group undertakings	-	-	34	32
	282	**599**	**43**	**42**

The value of trade receivables quoted in the table above also represents the fair value of these items and are due within one year.

Trade receivables are considered impaired if they are not considered recoverable. As at 30 June 2015, the Group had no receivables which were considered to be impaired and against which a full provision has been made. Trade receivables of £15k (2014: £28k) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2015 £'000	2014 £'000
Up to 3 months	172	389
3 to 6 months	8	17
More than 6 months	-	11
	180	**417**

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2015 £'000	2014 £'000
Pounds sterling	277	584
Euros	5	15
	282	**599**

18. Cash and cash equivalents

	2015 Group £'000	2014 Group £'000	2015 Company £'000	2014 Company £'000
Cash and cash equivalents	1,171	1,425	951	1,062

19. Trade and other payables

	2015 Group £'000	2014 Group £'000	2015 Company £'000	2014 Company £'000
Trade payables	51	38	2	-
Social security and other taxation	89	88	(7)	(7)
Accruals and deferred income	141	187	37	34
	281	**313**	**32**	**27**

20. Share capital

	2015 £'000	2014 £'000
Allotted, called up and fully paid		
33,004,867 Ordinary shares of 5p each (2014: 31,486,511)	**1,650**	**1,574**

On 6 August 2014, TVI 2 Limited exercised its warrant option over 1,518,356 shares at a price of 6.42p each.

Share options (see note 22)

At the year end date, the following options had been granted:

Date of Grant	At 1 July 2014 and 30 June 2015	Exercise price	Exercisable from	Exercisable to
14 December 2006	1,134,609	52.0p	December 2009	December 2016
11 July 2007	99,010	50.5p	July 2010	July 2017
12 October 2007	100,000	50.0p	October 2010	October 2017
1 April 2010	557,305	54.5p	April 2013	April 2020
25 November 2010	91,743	54.5p	November 2013	November 2020
30 October 2012	91,743	54.5p	October 2015	October 2022
4 November 2013	28,000	54.5p	November 2016	November 2023
31 October 2014	170,000	54.5p	September 2017	September 2024
Total	**2,272,410**			

205,000 share options were granted and 35,000 share options cancelled in the year under review.

21. Operating lease commitments

At the year end date, the Group had the following total commitments under non-cancellable operating leases:

Group	**Land & buildings**	
	2015	**2014**
	£'000	**£'000**
Expiry date:		
Within one year	60	60
Between two and five years	149	208
	209	**268**

The Company had no commitments under non-cancellable operating leases at 30 June 2015 and 2014.

22. Share based payments

The Company has issued share options under a share option scheme for directors and employees set up in November 2006 under which approved and unapproved share options were granted prior to the flotation of the Company in December 2006. The Company adopted the "Sabien Technology Group Share Option Plan" at the time of flotation and it is intended that options will only be granted under this scheme in future.

Under this scheme, directors and employees hold options to subscribe for 5p Ordinary shares in Sabien Technology Group Plc at prices based on the mid-market price on the day preceding the relevant share option grant. See note 20 for details of options in issue at the year end date. There are no performance conditions attached to these options.

The value of the options is measured using the QCA-IRS Option Valuer based on the Black Scholes model. The inputs into the Black Scholes model were as follows:

	2015	**2014**
Share price at date of grant	18.5p	39.0p
Exercise price at date of grant	54.5p	54.5p
Weighted average fair value	2p	5p
Volatility	30%	30%
Expected life	3 years	3 years
Risk free interest rate	4.75%	4.75%

Expected volatility was determined by reference to volatility used by other similar companies.

The expected life used in the model reflects the lack of performance conditions attached to the options granted.

The Group has recognised a charge of £2k arising from the share based payments noted above in profit and loss for the year ended 30 June 2015 and this has been credited to Other Reserves in the Consolidated and Company Statements of Financial Position.

The following reconciles the outstanding share options granted under the employee share option scheme at the beginning and end of the financial year:

	Number 2015	Weighted average exercise price 2015	Number 2014	Weighted average exercise price 2014
Balance at beginning of the financial year	2,102,410	52.75p	2,074,410	52.72p
Granted during the year	205,000	54.50p	28,000	54.50p
Cancelled during the year	(35,000)	54.50p	-	-
Balance at end of the financial year	2,272,410	52.98p	2,102,410	52.75p
Weighted average remaining contractual life	3.4 years		3.9 years	

23. Related party transactions

Key management personnel are those persons having authority and responsibility for planning, controlling and directing the activities of the Group. In the opinion of the Board, the Group's key management personnel are the directors of Sabien Technology Group Plc. Information regarding their remuneration is given in the Remuneration Report. The Company has entered into service agreements with Karl Monaghan, Dr Martin Blake and Ms Miriam Maes with entities either controlled by them or in which they have an interest as shareholders. Fees are paid in accordance with those agreements.

During the year, Sabien Technology Limited was charged £64k (2014: £55k) by way of management charges by Sabien Technology Group Plc, its parent company. Sabien Technology Limited repaid £63k during the year in respect of these working capital loans and at the year end the amount outstanding was £34k (2014: £32k).

At the year end, the Group was owed £1k (2014: £1k) by Gus Orchard, a Director of the Company, in respect of a season ticket loan.

24. Subsequent events

On 3 August 2015, the Company raised £770k (gross) by the issue of 11,000,000 Ordinary shares of 5p each at a price of 7p per share. Net proceeds after expenses amounted to £684k.