

Company No.: 05568060

Sabien Technology Group Plc

Annual Report and Consolidated Financial Statements
For the year ended 30 June 2017

Company Information

DIRECTORS	Bruce Gordon (Chairman) Alan O'Brien Gus Orchard (retired 30 June 2017) Karl Monaghan Dr Martin Blake
SECRETARY	Edward Sutcliffe (appointed 30 June 2017) Gus Orchard (retired 30 June 2017)
COMPANY NUMBER	05568060
REGISTERED OFFICE	34 Clarendon Road Watford Herts WD17 1JJ
WEBSITE	www.sabien-tech.co.uk
AUDITORS	Kingston Smith LLP 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	Beaumont Cornish Limited, EC2M 2SJ 2nd Floor, Bowman House, 29 Wilson Street, London
REGISTRARS	Share Registrars Limited The Courtyard 17 West Street Farnham Surrey GU9 7DR
SOLICITORS	Moore Blatch LLP 11 The Avenue Southampton Hants SO17 1XF

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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 2017.

Sabien Technology Group highlights 2017

- Sales for the year £0.51m (2016: £0.88m)
- Loss before tax £1.65m (2016: £1.62m loss)
- Sales from Alliance Partners £0.043m (2016: £0.173m)
- Overseas sales £0.198m (2016: £0.107m)
- Fund raises of £1.23m (gross) to fund P40 pilot program, overseas pilot programme and M2G development.
- Net cash balance at 30 June 2017 was £0.026m (2016: £0.24m)
- Sales pipeline of £8.7m at 30 June 2017 (2016: £12.2m)

Highlights since the year end

- Sales pipeline at 4 December 2017 standing at c£9.12m
- In July introduced rental payment option and in December received notification of its first significant rental contract with large UK commercial Landlord
- In October introduced 'Forensic Boiler Audit service' designed to identify operational inefficiencies in commercial boilers and heating systems.
- Net cash balance at 6 December 2017 of £0.028m

Financial results

Revenue in the year was £0.51m (2016: £0.88m). The loss before taxation was £1.65m (2016: £1.62m loss).

Sales for the year were 42% lower than in the previous year primarily due to free pilots not having a material effect on reducing timings of our sales cycle.

At 30 June 2017, cash and cash deposits amounted to £0.026m (2016: £0.24m). The Board plans to raise additional equity funds for the Group in the early part of 2018.

Dividend policy

In view of the loss incurred in the year, no dividend is proposed (2016: nil).

Board, management and people

The Board has two Executive and two Non-Executive Directors. In June Gus Orchard retired as Finance Director and Company Secretary of Sabien and of its subsidiary companies.

Edward Sutcliffe was appointed as Company Secretary and as interim finance director (non-board level) until a permanent successor is appointed.

Current trading and outlook

The Board has managed the Group's working capital tightly during the year, and given the continuing unpredictability on the timing of conversion of the sales pipeline into sales orders, the Board reduced costs wherever possible, including staff redundancies and agreement by the non-Executive Board members to waive their fees until such time as profitability is achieved. As a result, Group monthly costs have been reduced significantly from approximately £170k to less than £100k per month on an ongoing basis.

The Board is still targeting monthly breakeven by December 2018, although the Group will continue to need to raise additional equity funding to provide further working capital. Calendar year-end cash balances are expected to be increased by the final payment of the contract announced in June 2017, and the Company plans to raise additional equity funding in the early part of 2018.


The Chairman, Bruce Gordon, has confirmed to the Board that he intends to support the Company and participate in any such funding and subscribe for £100,000. Bruce Gordon has agreed to advance his subscription amount with no interest cost to support the Group until the fundraising is complete. The advance is a related party transaction under the AIM Rules and the Independent Directors consider, having consulted with the Company's Nominated Adviser, that the terms of the advance are fair and reasonable insofar as the Company's shareholders are concerned.

The Board continues to focus its efforts on returning the company towards profitability and has been frustrated by the unpredictability of conversion of the sales pipeline into sales orders, with disappointing sales for the year under review. However, the Board is focusing on developing recurring revenues from rental contracts and from Forensic Boiler Audits, a new consultancy service being offered by the company. The Board believes that these new rental contracts offer the potential to provide stable, consistent revenues and thereby over time provide a greater visibility to the Board on future financial performance.

Despite the challenges, the Board remains confident about the Group's product and services, the potential market and therefore the prospects for the year ahead.



Bruce Gordon
Chairman
6 December 2017



Alan O'Brien
Chief Executive Officer
6 December 2017

STRATEGIC REPORT

For the year ended 30 June 2017

1. Review of the Company's Business

The Group owns the rights to M1G and M2G, patented energy efficiency products for installation on commercial boilers and water heaters, both within and outside the UK. It subcontracts the manufacture of both products to its principal supplier, which is based in Northern Ireland, and installation in the UK to a number of trained installation companies.

The Group has earned a strong reputation in the market place, being recognised as the market leader in Boiler Optimisation Controls.

The company between 2015 and 2017 completed a total of 56 'free' major pilots in the UK and Overseas. Our key driver was to test whether offering free pilots would help to remove uncertainty around sales order lumpiness and to help mitigate the delays in mobilising M2G pilots and contract awards brought about by long buying lead times and public tender processes.

While offering 'free' pilots has now proven not to materially shorten the sales cycle we are in commercial discussions about installing our technology with many clients who took part in our free pilot offer and the management team is confident these discussions will materialise into sales orders over the next 12 months helping the company return to monthly break-even in December 2018.

The continuing unpredictability of sales orders required the company to reduce its operating expenditure during the period under review. This included staff redundancies and non-Executive Board members agreeing to waive their fees. Wherever possible we have reduced our other administration expenses and overheads.

As a result, we have reduced Group monthly cost expenditure from approximately £170k to less than £100k per month and will continue to identify cost saving initiatives to help cash flow while safeguarding operational competencies needed to service our ongoing client contractual obligations.

For the financial year under review, the target was to run up to 40 multi-site M2G pilots in the 2016/17 heating season ("P40"). 26 major pilots were completed before the decision was taken to cut short our piloting season early to preserve cash and reduce operational expenditure. The Management team is now focused on converting the 'free' pilot pipeline into sales orders.

To help reduce long order lead times the company introduced a M2G rental option making piloting and financing of M2G projects easier and risk free for its clients. A fixed monthly rental per M2G is charged with an open-ended term of contract.

Future rental income is expected to provide the company with cash flow and recurring revenue helping management make sales forecasts with greater confidence.

The company also introduced a new consultancy service 'Forensic Boiler House Audit' on a fixed rental fee per month.

Management has developed a robust methodology and process for pilot programmes and a component of this service is identifying boiler plant, BMS and AMR issues that have affected energy savings during the pilot period.

This approach is both necessary and thorough as key variables are measured on 'live' operating sites where you are analysing whole system variables with all their legacy issues and problems.

Using our own in-house software, we are capable of remotely identifying plant room efficiency blind spots and underperforming plant components.

When issues are correctly identified and resolved energy efficiency performance will improve, it reduces 'same issue' reactive/proactive maintenance costs and helps to improve cross function relationships i.e. Head of Engineering and Energy Managers.

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 sells both directly and through a number facilities management and property management organisations. Sabien's sales focus is 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. Headcount currently stands at 8.

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 however this is now being addressed
- 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 weekly 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.

UK Energy Efficiency Barriers

Information, its provision and lack of trust, misaligned financial incentives, and behaviour barriers mean energy efficiency is undervalued. These barriers are often inter-related and work together to reduce investment in energy efficiency.

The UK market is under developed thus has relatively limited/mixed expertise and 'know-how' on the Client, vendor side for energy efficiency investment.

Information

One of the key characteristics of an embryonic market is there is a lack of access to trusted and appropriate information.

Energy efficiency improvements are typically made through purchasing upgraded equipment, retro-fit technology and additives however the biggest challenge facing the market is identifying the absolute savings in energy and emissions which means that potential buyers are not in a position to assess the benefits of an energy efficiency proposal.

Financing

Energy efficiency projects can be undermined by the absence of standardised monitoring and verification processes which means that the benefits of energy efficiency investments are not trusted.

It can be difficult to relate back to individual activities to identify opportunities to make energy efficiency improvements. In the absence of clear, trusted information, many buyers do not prioritise energy efficiency investments.

Misaligned financial incentives

It is not always the case that the person who is responsible for making energy efficiency improvements will receive the benefits of their actions.

Commercial rented tenants are responsible for their own bills and therefore it is in their interest to reduce the bills, but contractual arrangements around landlord/tenants or facilities management may inhibit investment.

Therefore, energy efficiency investments are not prioritised as they might otherwise be. Energy costs can be a relatively small proportion of costs for many sectors, but in aggregate that energy use is a huge ask of our energy system.

Undervaluing energy efficiency

The lack of salience of energy efficiency increases the impact of hassle costs and behavioural barriers. Energy efficiency changes may involve significant hassle costs for those carrying out the investment, which increases the costs of the investment e.g. disruption caused by building works or disruption to production lines.

Energy efficiency improvements may not be seen as strategic for a company and therefore not prioritised.

Outside of the energy intensive industry sectors, energy bills are only a small proportion of business costs. If the relative gain is small, then the hassle costs can act as a significant barrier, especially if there is uncertainty around the benefits of the investment.

While hassle costs are not a market failure, they compound the impact of other behavioural barriers, reducing investment in energy efficiency. This is often why companies are reluctant to invest in energy efficiency, seeking short payback times, even if a project is cost-effective and meets SPB criteria. Wider economic uncertainty is also reducing willingness to invest.

3. Performance of the business in the financial year

- **Business Development - UK**

The Group's sales performance in the year was well below management expectations, early efforts in the year were directed towards achieving the targeted number of pilots (see below) which management believes will convert to sales orders in the future.

The desired effect of reducing the length of the sales cycle by offering free pilots has not materialised resulting in sales orders forecasted taking longer to close during the period under review.

The Group estimates that the sales pipeline at 30 June 2017 stood at £8.74m (2016 - £12.2m).

Alliance partners contributed £0.043m of sales representing 8.5% of the total for the 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 Carillion, CBRE, Jones Lang LaSalle and SSE Contracting.

- **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 40% of total sales at £0.20m (2016 - £0.10m). 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 in time bring material value to the Group in the future. For further information on Fireye NXM2G, please visit www.flamecontrols.com.

- **UK M2G Pilots**

The Group will offer pilots but only on a paid basis and only to customers with large estates.

- **M1G**

The Group launched its M1G a product for use on hot water heaters in 2014. 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. M1G is sold to customers as an adjunct to M2G sales.

- **EndoTherm**

The Group entered into an exclusive distribution licence (multi-site commercial) market for the EndoTherm product.

EndoTherm is an energy saving additive that can be added to any wet based central heating system. EndoTherm claims that adding a 1% concentration of the fluid can deliver an energy reduction of up to 15%.

Sabien tested EndoTherm in 15 commercial boiler sites during the period under review as part of our P40 pilot programme. The results indicated that EndoTherm performance on buildings where gas is used for both heating and hot water and energy is used for other appliances (i.e. the vast majority of commercial buildings) proved challenging to quantify and while adding EndoTherm had a positive effect in some sites results were varied overall.

The manufacturer and owner of EndoTherm continues to substantiate the effectiveness of the product both in the lab and field and we look forward to receiving when appropriate further verification substantiating their claims. However, until this work is completed and in the public domain, the company does not intend piloting or promoting EndoTherm at this time.

- **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 476 units (2016: 563 units) and the gross profit margin was 66% (2016: 63.9%). This increase in gross margin was expected and reflected the impact of offering free pilots to customers in 2016. In addition, overhead decreased in the year under review as a result of our decision to reduce headcount.

Pipeline: We are continually refining the pipeline and only include in it any potential business that has been quoted for, and for which we are in regular contact with the client, or for which the client has 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.

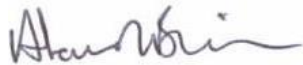
Personnel: In the short-term the Group is not looking to recruit.

4. Strategy

The Group has a 5-year growth strategy and is refined to reflect the learnings from our free piloting programme.

- Significantly scaling M2G rental contracts in the UK.
- Converting 30% of our P35/P40 to sales over the next 12 months.
- Commercialising our Forensic Boiler Audit service.
- Maintain a network of overseas distribution partners to deliver 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 6 December 2017 and signed on its behalf by:



Alan O'Brien

Chief Executive Officer

6 December 2017

Directors' Report

For the year ended 30 June 2017

The directors present their report and the consolidated financial statements for the year ended 30 June 2017. 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 M1G and M2G, boiler energy efficiency technologies, which are 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 Bruce Gordon. 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 £1,651k (2016: £1,620k loss). The Directors do not recommend a final dividend this year (2016 – nil).

Directors

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

	Date of appointment	New Ordinary shares of 0.005p each		Ordinary shares of 5p each	
		2017	%	2016	%
A.O'Brien	25 October 2005	11,700,000	10.6	11,700,000	26.6
G.Orchard (retired 30 June 2017)	10 October 2006	100,000	0.1	100,000	0.2
K.Monaghan	1 September 2007	2,522,495	2.3	1,397,945	3.2
B.Gordon	30 September 2016	14,745,000	13.4	1,650,000	3.7

M. Blake does not have a beneficial interest in the Company's issued share capital. B. Gordon is also a director of Thames Valley Capital Limited, an advisor to TVI 2 Limited, which holds 4,108,356 ordinary shares in the Company, representing 3.7% of the issued share capital. He is therefore interested, directly and indirectly, in 18,853,356 New Ordinary shares, representing 17.1% of the issued share capital.

Substantial Shareholdings

At 28 November 2017, 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 New Ordinary shares	% of issued share capital
Hargreaves Lansdown Ltd	20,115,449	18.24
W B Ltd	15,823,333	14.35
J.M.Finn & Co	7,812,500	7.09
Jim Ltd	7,502,708	6.80
BNY(OCS) Ltd	6,784,632	6.15
Rathbone Ltd	5,157,500	4.68
Lynchwood Nominees Ltd	4,850,000	4.40
Forest Nominees Ltd	4,108,356	3.73

At the date of this report, there were 110,254,867 New 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 6 December 2017 and signed on its behalf by:



Bruce Gordon
Chairman
6 December 2017



Alan O'Brien
Chief Executive Officer
6 December 2017

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 four directors – one 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 Bruce Gordon 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 Bruce Gordon, 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 (retired 30 June 2017)	6 months
K.Monaghan	3 months
M.Blake	3 months
B.Gordon	3 months

Directors' remuneration during the period (audited)

	Salaries and fees £'000	Taxable benefits £'000	Total 2017 £'000	Total 2016 £'000
Executive directors				
A.O'Brien	136	2	138	138
G.Orchard (retired 30 June 2017)	106	6	112	110
Non-executive directors				
K.Monaghan	25	-	25	25
M.Blake	25	-	25	25
B.Gordon	40	-	40	21
M Maes (resigned 18 November 2015)		-	-	10
Total	332	8	340	329

Fees paid to K.Monaghan, M.Blake and B.Gordon were paid to Ashling Capital LLP, Blake Advisory Pte. Ltd and Thames Valley Capital 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 2016	30 June 2017	Exercise price	Date from which exercisable	Expiry Date
A.O'Brien	14/12/06 01/04/10	500,000 74,483	- 74,483	52.0p 54.5p	14/12/09 01/04/13	14/12/16 01/04/20
G.Orchard	14/12/06 01/04/10	346,152 51,565	- -	52.0p 54.5p	14/12/09 01/04/13	14/12/16 01/04/20
K.Monaghan	12/10/07 01/04/10	100,000 14,323	100,000 14,323	50.0p 54.5p	12/10/10 01/04/13	12/10/17 01/04/20
M.Blake	25/11/10	91,743	91,743	54.5p	25/11/13	25/11/20
Total		1,178,266	280,549			

Share options granted to G.Orchard lapsed upon his retirement.

The mid-market price of the Company's shares at the end of the financial year was 1.5p.



Bruce Gordon

Chairman of the Remuneration Committee
6 December 2017

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.

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
6 December 2017

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

Opinion

We have audited the financial statements of Sabien Technology Group Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2017 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Cash Flows, the Consolidated and Parent Company Statements of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. 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.

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 2017 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements 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 which we are required to include in an auditor's 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 company's members as a body, for our work, for this report, or for the opinions we have formed.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 3 (iii) in the financial statements, which notes that the conversion of opening pipeline to sales revenue in the year amounted to 2.66% which was a significant reduction on historical conversion rates, and further notes that the group made a loss of £1,621,000 for the year and had limited cash resources at the year end. The ability of the group to grow its revenues and return to profitability depends on its ability to convert its pipeline into sales revenue and to successfully launch its rental income stream. As stated in note 3 (iii) these events or conditions, along with the other matters described in note 3 (iii) indicate that a material uncertainty exists which may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the 'Material uncertainty related to going concern' paragraph we have determined the matters described below to be the key audit matters to be communicated in our report.

Audit Area and Description

Audit approach

Carrying value of intangibles

The intangible asset in the Consolidated Statement of Financial Position consists of the intellectual property representing the rights to the M2G product acquired from the inventors. The continued decrease in revenue over the past three years and the increase in pre taxation losses potentially indicated an impairment to the carrying value of the intangible asset.

In order to satisfy ourselves that the carrying value of the intangible asset was appropriate:

- We reviewed the assumptions underpinning the Directors' IAS36 valuation of the intellectual property.
- We assessed the Directors' assertion that no impairment was required by reference to trading performance and forecasts.
- We considered the appropriateness of the amortisation policy for intellectual property.

Carrying value of investments in subsidiaries

The cost of investment in subsidiaries in the Company Statement of Financial Position has increased by £2.523m in the past two years due to the capitalisation of loans to the subsidiary following the decrease in revenue and increase in the pre taxation losses in the period. These factors potentially indicated an impairment to the carrying value of the Investment in subsidiaries.

In order to satisfy ourselves that the carrying value of the investment in subsidiaries was appropriate:

- We checked the calculation of the cost of investment addition in the year.
- We reviewed the assumptions underpinning the Directors' IAS36 valuation of the investment in subsidiaries.
- We assessed the Directors' assertion that an impairment of £2.523m was required by reference to trading performance and forecasts.

Our application of materiality

The scope and focus of our audit was influenced by our assessment and application of materiality. We define materiality as the magnitude of misstatement that could reasonably be expected to influence the economic decisions of the users of the financial statements. We use materiality to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial statements both individually and as a whole.

Due to the nature of the Group we considered income and profitability to be the main focus for the readers of the financial statements and accordingly this consideration influenced our judgement of materiality. Based on our professional judgement, we determined materiality for the Group to be £26,000, based on an initial calculation of the loss before taxation.

On the basis of our risk assessments, together with our assessment of the overall control environment, our judgement was that performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the Group was 60% of materiality, namely £15,600.

We agreed to report to the Audit Committee all audit differences in excess of £1,300, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also reported to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. The Group is audited by one audit team, led by the Senior Statutory Auditor. Our approach in respect of key audit matters is set out in the table in the Key Audit Matters Section above.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the parent company financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 18, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



John Staniforth (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP, Statutory Auditor

6 December 2017

Devonshire House
60 Goswell Road
London
EC1M 7AD

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2017

	Notes	2017 £'000	2016 £'000
Revenue		509	879
Cost of sales		(173)	(317)
Gross profit		336	562
Administrative expenses		(1,990)	(2,184)
Operating loss	5	(1,654)	(1,622)
Investment revenue	6	3	2
Loss before tax		(1,651)	(1,620)
Tax credit	9	30	-
Loss for the year attributable to equity holders of the parent company		(1,621)	(1,620)
Other comprehensive income		-	-
Total comprehensive income for the year		(1,621)	(1,620)
Loss per share in pence – basic	10	(2.3)	(3.8)
Loss per share in pence – diluted	10	(2.3)	(3.8)

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

The notes on pages 29 to 46 form part of these financial statements.

Consolidated and Company Statements of Financial Position

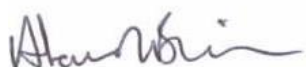
As at 30 June 2017

Company Reg No: 05568060

	Notes	Group		Company	
		2017 £'000	2016 £'000	2017 £'000	2016 £'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	59	121	-	-
Intangible assets	12	414	461	-	-
Investment in subsidiaries	13	-	-	3,601	4,904
Total non-current assets		473	582	3,601	4,904
Current assets					
Inventories	14	133	221	-	-
Trade and other receivables	15	82	209	69	69
Cash and cash equivalents	16	26	235	14	215
Total current assets		241	665	83	284
TOTAL ASSETS		714	1,247	3,684	5,188
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables	17	156	216	22	42
Total current liabilities		156	216	22	42
EQUITY					
Equity attributable to equity holders of the parent					
Share capital	18	2,531	2,200	2,531	2,200
Other reserves		1,080	333	1,080	333
Retained earnings		(3,053)	(1,502)	51	2,613
Total equity		558	1,031	3,662	5,146
TOTAL EQUITY AND LIABILITIES		714	1,247	3,684	5,188

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 £2,632k (2016: £113k loss). There is no other comprehensive income in the Parent Company.

The financial statements were approved and authorised for issue by the Board on 6 December 2017 and were signed on its behalf by:



Alan O'Brien

Chief Executive Officer

6 December 2017

The notes on pages 29 to 46 form part of these financial statements.

Consolidated and Company Cash Flow Statements

For the year ended 30 June 2017

	Group		Company	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Cash flows from operating activities				
Loss before taxation	(1,651)	(1,620)	(2,632)	(113)
Adjustments for:				
Depreciation and amortisation	107	111	-	-
Profit on disposal of property, plant and equipment	(3)	-	-	-
Impairment of investment in subsidiary	-	-	2,523	-
Finance income	-	(2)	-	(2)
Transfers to equity reserves	1	3	1	3
Decrease/(increase) in trade and other receivables	127	73	-	(26)
Decrease/(increase) in inventories	88	(14)	-	-
(Decrease)/increase in trade and other payables	(60)	(65)	(20)	10
Cash used in operations	(1,391)	(1,514)	(128)	(128)
Corporation taxes recovered	30	-	-	-
Net cash outflow from operating activities	(1,361)	(1,514)	(128)	(128)
Cash flows from investing activities				
Share issues	1,147	693	1,147	693
Investment in subsidiary	-	-	(1,220)	(1,303)
Purchase of property, plant and equipment	(1)	(117)	-	-
Proceeds on disposal of property plant and equipment	6	-	-	-
Finance income	-	2	-	2
Net cash generated by/(used in) investing activities	1,152	578	(73)	(608)
Net decrease in cash and cash equivalents	(209)	(936)	(201)	(736)
Cash and cash equivalents at the beginning of the year	235	1,171	215	951
Cash and cash equivalents at the end of the year	26	235	14	215

The impairment of the carrying value of the investment in subsidiary, as detailed in note 13, is a significant non-cash transaction.

The notes on pages 29 to 46 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2017

	Share capital	Share premium	Share based payment reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000
Balance at 1 July 2015	1,650	22	165	118	1,955
Changes in equity for year					
Loss for the year	-	-	-	(1,620)	(1,620)
Share issue	550	143	-	-	693
Employee share option scheme – value of services provided	-	-	3	-	3
Balance at 30 June 2016	2,200	165	168	(1,502)	1,031
Changes in equity for year					
Loss for the year	-	-	-	(1,621)	(1,621)
Share issues	331	816	-	-	1,147
Employee share option scheme – value of services provided	-	-	1	-	1
Transfer to retained earnings re lapsed options	-	-	(70)	70	-
Balance at 30 June 2017	2,531	981	99	(3,053)	558

The notes on pages 29 to 46 form part of these financial statements.

Company Statement of Changes in Equity

For the year ended 30 June 2017

	Share capital	Share premium	Share based payment reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000
Balance at 1 July 2015	1,650	22	165	2,726	4,563
Changes in equity for year					
Loss for the year	-	-	-	(113)	(113)
Share issue	550	143	-	-	693
Employee share option scheme – value of services provided	-	-	3	-	3
Balance at 30 June 2016	2,200	165	168	2,613	5,146
Changes in equity for year					
Loss for the year	-	-	-	(2,632)	(2,632)
Share issue	331	816	-	-	1,147
Employee share option scheme – value of services provided	-	-	1	-	1
Transfer to retained earnings re lapsed options	-	-	(70)	70	-
Balance at 30 June 2017	2,531	981	99	51	3,662

The notes on pages 29 to 46 form part of these financial statements.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2017

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 key performance indicator for the Group is the conversion of its sales pipeline to revenue. The pipeline comprises business cases submitted to clients. The conversion of opening pipeline to sales revenue in the year amounted to 2.66% which was a significant reduction on previous years' conversion rates. This was the result of the withdrawal of a number of large prospects from the opening pipeline and a reduction in contract value of a number of sales. The Board is of the opinion that this rate was an anomaly which would not reoccur in future periods. However, even if this conversion rate were to be applied to the sales pipeline at 30 June 2017, cashflow forecasts prepared by the Directors 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 which was in place at the time of the transaction 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.

Whilst FRS 6 is no longer effective similar requirements are set out in the current UK Financial Reporting Standard, FRS 102, in respect of such transactions.

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	3-4 years
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- 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 14 and 15. Impairment testing of trade receivables is described in note 15.

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 17.

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 the year ended 30 June 2017 the Group adopted a number of new IFRS standards, interpretations, amendments and improvements to existing standards. These new standards and changes did not have any material impact on the Company's financial statements.

The following IFRS and IFRIC Interpretations have been issued but have not been applied by the Group in preparing these financial statements as they are not as yet effective and in some cases had not yet been adopted by the EU. The Company intends to adopt these Standards and Interpretations when they become effective, rather than adopt them early.

IFRS 9, 'Financial Instruments'

IFRS 15, 'Revenue from Contracts with Customers'

IFRS 16 'Leases'

IFRS 10 and IAS 28 (amendments), 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'

Amendments to IFRS 2, 'Classification and Measurement of Share-based Payment Transactions'

Amendments to IAS 7, 'Disclosure Initiative'

Amendments to IAS 12, 'Recognition of Deferred Tax Assets for Unrealised Losses'

The directors do not expect that the adoption of the Standards listed above will have a material impact on the Group in future periods except that IFRS 9 will impact both the measurement and disclosure of financial instruments and IFRS 15 may have an impact on revenue recognition and related disclosures. Beyond this, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 and IFRS 15 until a detailed review has been completed.

IFRS 16 is a significant change to lessee accounting and all leases will require balance sheet recognition of a liability and a right-of-use asset except short term leases and leases of low value assets. The effect on the Group in the future cannot be accurately quantified at this stage.

A number of IFRS and IFRIC interpretations are also currently in issue which are not relevant for the Group's activities and which have not therefore been adopted in preparing these financial statements.

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 £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
At 30 June 2017 Trade and other payables	156	-	-	-
At 30 June 2016 Trade and other payables	216	-	-	-

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 (2016: £1k).

- Currency Risk

The Group operates internationally through its distributorship arrangements in Europe and the US and is exposed to currency risk arising from the Euro and the US dollar. Currency 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 2017 Euro and US dollar exchange rates would have increased the Group's loss after tax by less than £1k (2016: £1k).

- Other 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 20 to the accounts in arriving at an estimated fair value in line with the requirements of IFRS2.

(iii) Going Concern

The key performance indicator for the Group is the conversion of its sales pipeline to revenue. The pipeline comprises business cases submitted to clients. The conversion of opening pipeline to sales revenue in the year amounted to 2.66% which was a significant reduction on the historical conversion rates. This was the result of the prolonged discussions with a number of large prospects.

Following the reduction in sales revenue the Group incurred a loss for the year of £1,621,000 and at the year end had cash reserves of £26,000. These conditions indicate the existence of a material uncertainty in respect of going concern. However, the directors are taking steps to address the uncertainty and which they expect will ultimately return the Group to profitability as set out below.

The Group continues to have substantive discussions with a number of parties who have received the P35 and P40 pilot reports. The Board is of the opinion that a number of these discussions will result in significant sales revenue.

In addition, the Board has significantly reduced the Group's cost base and improved the business model to develop a more predictable revenue stream. The Group has launched a new rental option for the M2G. The Group has received significant interest in this proposition and has now received notification of its first significant rental contract.

The Group is planning to undertake a further fundraising to improve the Group's working capital position and has received confirmation from the Company's Chairman, an existing large shareholder, that he will support the fund raise and subscribe for £100,000. This shareholder has also agreed to advance his subscription with no interest cost to support the Group until the fundraising is complete.

The cashflow forecasts based on the above prepared by the Directors 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. Consequently, the financial statements have been prepared on a 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 required in the Company's Statement of Financial Position as at the year end date, as detailed in note 13.

(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 2015, the Directors decided that it would be prudent not to recognise any deferred tax asset in the financial statements until recurring profitability is attained.

Given the loss for the year and the likelihood of the Company not returning to profitability in the current financial year, no deferred tax asset will be recognised in the financial statements for the year under review.

The tax losses available to offset against future taxable profits, subject to HMRC agreement, are estimated at £5.18m.

(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 Group'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 40% of the total and are analysed as follows:

Geographical information	Year		Year	
	ended 30		ended 30	
	June 2017	% of	June 2016	% of
	Sales	total	Sales	total
	revenue	revenue	revenue	revenue
	£'000		£'000	
UK	305	60	775	88
Other	204	40	104	12
Total	509	100	879	100

During the period, sales to the group's largest customers were as follows:

	Sales	% of total
	revenue	revenue
	£'000	
Customer 1	103	20
Customer 2	91	18
Customer 3	74	15
Customer 4	70	14
Customer 5	65	13

5. Operating loss

Operating loss is stated after charging/(crediting):

	Year ended 30	Year ended
	June 2017	30 June 2016
	£'000	£'000
Depreciation of property, plant & equipment	60	64
Amortisation of intangible assets	47	47
Profit on disposal of property, plant and equipment	(3)	-
Operating lease rentals – land and buildings	54	56
Profit on foreign exchange	-	(3)
Cost of inventories recognised as an expense	131	177

6. Investment revenue

	Year ended	Year ended 30
	30 June 2017	June 2016
	£'000	£'000
Interest receivable	3	2

7. Auditors' remuneration

	Year ended 30 June 2017 £'000	Year ended 30 June 2016 £'000
Fees payable to the Company's auditors for:		
- the audit of the Company's annual accounts	10	10
Fees payable to the Company's auditors for other services to the Group:		
- the audit of the Company's subsidiary	18	16
Total audit fees	28	26
Fees payable to the Company's auditors for:		
- taxation compliance services	5	4
- other services	5	2
Total other fees	10	6

8. Staff costs

	Year ended 30 June 2017 £'000	Year ended 30 June 2016 £'000
Wages and salaries	1,199	1,180
Social security costs	129	135
	1,328	1,315

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

	Year ended 30 June 2017 Nos.	Year ended 30 June 2016 Nos.
Directors	5	5
Administration	18	18
	23	23

9. Corporation tax

	Year ended 30 June 2017 £'000	Year ended 30 June 2016 £'000
Current tax	30	-
Total tax credit for the year	30	-
Loss before tax	(1,651)	(1,620)
Tax on loss on ordinary activities at standard UK corporation tax rate of 20% (2016: 20%)	(330)	(324)
Expenses not deductible for tax purposes	1	1
Depreciation in excess of capital allowances	11	(9)
Tax losses carried forward	318	332
Current tax	-	-

The tax credit represents the receipt of tax credits on qualifying R&D expenditure.

Deferred tax:

As detailed in note 3 (v) above, in 2015 the Group reviewed the carrying value of the deferred tax asset recognised in previous years and decided that it would be prudent to derecognise the total asset in view of the uncertainty as to the timing of 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 £5,181k (2016: £3,687k) which at the standard tax rate would equate to £1,036k (2016: £660k).

10. Earnings per share

The calculation of earnings per share is based on the loss for the year attributable to equity holders of £1,621k (2016: £1,620k loss) and a weighted average number of shares in issue during the period of 71,504,867 (2016: 43,088,200). At the year end, options over 557,437 shares (2016: 2,145,667) were in issue but have not been taken into account in calculating diluted earnings per share as they are anti dilutive.

11. Property, plant and equipment

Group	2017	2016
	£'000	£'000
Cost		
At 1 July	313	206
Additions	1	117
Disposals	(25)	(10)
At 30 June	289	313
Depreciation		
At 1 July	192	138
Charge for the year	60	64
Reversed on disposals	(22)	(10)
At 30 June	230	192
Net Book Value		
At 30 June 2017	59	121
At 30 June 2016	121	68

The Company held no property, plant and equipment at 30 June 2017 and 2016.

12. Intangible assets

Group	2017	2016
	£'000	£'000
Intellectual Property		
Cost		
At 1 July and 30 June	943	943
Amortisation		
At 1 July	482	435
Charge for the year	47	47
At 30 June	529	482
Net Book Value		
At 30 June 2017	414	461
At 30 June 2016	461	508

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 13, no adjustment to the carrying value is proposed this year.

The remaining amortisation period for Intellectual Property is 9 years. The Company held no intangible assets at 30 June 2017 and 2016.

13. Investment in subsidiaries

Company	2017	2016
	£'000	£'000
Cost		
At 1 July	4,904	3,601
Additions	1,220	1,303
At 30 June	6,124	4,904
Impairment provision		
At 1 July	-	-
Charge for year	(2,523)	-
At 30 June	(2,523)	-
Net Book Value		
At 30 June 2017	3,601	4,904
At 30 June 2016	4,904	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%

On 29 June 2017, Sabien Technology Limited issued 1 Ordinary share at £1,220k to the Company.

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 ten 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% (2016: 9.6%) applied to the cash flow projections is derived from the Group's weighted average cost of capital. An average growth rate of 8% (rental revenue growth rate 156%) (2016: 75%) has been applied over the ten years of the cash flow forecast. The consequence is that the value in use falls below the carrying value resulting in an impairment of £2.523m.

14. Inventories

Group	2017	2016
	£'000	£'000
Goods held for resale	133	221

The Company held no inventories at 30 June 2017 and 2016.

15. Trade and other receivables

	2017	2016	2017	2016
	Group	Group	Company	Company
	£'000	£'000	£'000	£'000
Trade receivables	21	130	-	-
Other receivables	61	79	6	9
Amounts owed by group undertakings	-	-	63	60
	82	209	69	69

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 2017, the Group had no receivables which were considered to be impaired and against which a full provision has been made. Trade receivables of £1k (2016: £nil) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2017	2016
	£'000	£'000
Up to 3 months	20	130
3 to 6 months	1	-
More than 6 months	-	-
	21	130

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

	2017	2016
	£'000	£'000
Pounds sterling	66	200
Euros	16	9
	82	209

16. Cash and cash equivalents

	2017	2016	2017	2016
	Group	Group	Company	Company
	£'000	£'000	£'000	£'000
Cash and cash equivalents	26	235	14	215

17. Trade and other payables

	2017	2016	2017	2016
	Group	Group	Company	Company
	£'000	£'000	£'000	£'000
Trade payables	39	49	3	10
Social security and other taxation	17	27	(11)	(10)
Accruals and deferred income	100	140	30	42
	156	216	22	42

18. Share capital

	2017	2016
	£'000	£'000
Allotted, called up and fully paid		
110,254,867 New Ordinary shares of 0.5p each (2016: nil)	551	-
Ordinary shares of 5p (2016: 44,004,867)	-	2,200
44,004,867 Deferred shares of 4.5p each (2016: nil)	1,980	-
Total	2,531	2,200

At a general meeting of the Company held on 13 July 2016, the Ordinary shares of 5p each were split into 44,004,867 New Ordinary shares of 0.5p each and 44,004,867 Deferred shares of 4.5p each. The Deferred shares have no right to receive notice of attendance or vote at any general meetings of the company and no right to receive any dividend or other distribution.

On 16 September 2016, the Company raised £750k (gross) by the issue of 18,750,000 New Ordinary shares of 0.5p each at a price of 4p per share. Net proceeds after expenses amounted to £704k.

On 19 April 2017, the Company raised £475k (gross) by the issue of 47,500,000 New Ordinary shares of 0.5p each at a price of 1p per share. Net proceeds after expenses amounted to £443k.

Share options (see note 20)

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

Date of Grant	At 1 July 2016 and 30 June 2017	Exercise price	Exercisable from	Exercisable to
12 October 2007	100,000	50.0p	October 2010	October 2017
1 April 2010	330,694	54.5p	April 2013	April 2020
25 November 2010	91,743	54.5p	November 2013	November 2020
31 October 2014	35,000	54.5p	October 2017	October 2024
Total	557,437			

1,588,230 share options were cancelled or lapsed in the year under review.

19. Operating lease commitments

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

Group	Land & buildings	
	2017	2016
	£'000	£'000
Expiry date:		
Within one year	60	60
Between two and five years	30	149
	90	209

The Company had no commitments under non-cancellable operating leases at 30 June 2017 and 2016.

20. 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 18 for details of options in issue at the year end date. There are no performance conditions attached to these options. No options were granted in the financial year.

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:

	2017	2016
Share price at date of grant	-	39.0p
Exercise price at date of grant	54.5p	54.5p
Weighted average fair value	-	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 £1k (2016: £3k) arising from the share based payments noted above in profit and loss for the year ended 30 June 2017 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 2017	Weighted average exercise price 2017	Number 2016	Weighted average exercise price 2016
Balance at beginning of the financial year	2,145,667	52.98	2,272,410	52.98p
Granted during the year	-	-	-	-
Cancelled during the year	(1,588,230)	-	(126,743)	-
Balance at end of the financial year	557,437	53.70	2,145,667	52.98p
Weighted average remaining contractual life	2.7 years	-	2.1 years	-

21. 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 Bruce Gordon 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 £102k (2016: £106k) by way of management charges by Sabien Technology Group Plc, its parent company. Sabien Technology Limited repaid £99k during the year in respect of these working capital loans and at the year end the amount outstanding was £63k (2016: £60k).

At the year end, the Group was owed £nil (2016: £1k) by Gus Orchard, a Director of the Company in the year, in respect of a season ticket loan.