

Company No 05568060

Sabien Technology Group Plc
Annual Report and Consolidated Financial Statements
For the year ended 30 June 2013

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Company Information

DIRECTORS	Miriam Maes (Chairman) Alan O'Brien Gus Orchard Karl Monaghan Dr Martin Blake
SECRETARY	Gus Orchard
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BANKERS	National Westminster Bank Plc 72-74 High Street Watford Herts WD17 2GZ
NOMINATED ADVISER and BROKER	Westhouse Securities Limited Heron Tower 110 Bishopsgate London EC2N 4AY
REGISTRARS	Capita Asset Services Northern House Woodsome Park Fenay Bridge Huddersfield HD8 0LA
SOLICITORS	Moore Blatch LLP 11 The Avenue Southampton Hants SO17 1XF

Contents

Chairman & Chief Executive Officer's Report	3
Directors' Report	9
Corporate Governance	12
Remuneration Report	15
Directors' Responsibilities Statement	17
Independent Auditors' Report to the Members of Sabien Technology Group Plc	18
Consolidated Statement of Comprehensive Income	20
Consolidated and Company Statements of Financial Position	21
Consolidated and Company Cash Flow Statements	22
Consolidated Statement of Changes in Equity	23
Company Statement of Changes in Equity	24
Notes to the Consolidated Financial Statements	25

Chairman & Chief Executive Officer's Report

We are pleased to report on the results for Sabien Technology Group Plc ("Sabien", "the Company" or "the Group") for the year ended 30 June 2013

Sabien Technology Group highlights 2013

- Sales for the year £2.47m (2012: £2.47m)
- Operating margin 15.4% (2012: 10.5%)
- Pre-tax profits increase by 44% to £0.40m (2012: £0.28m)
- Contract for £1.30m awarded by SSE Contracting/PriDE for roll-out of M2G to the MOD
- Other contract wins in the 12 months included

Babcock Support Services (MOD), BNP Paribas Real Estate (Scottish Widows), BAE Systems Surface Ships, Carillion Services (MOD), Edmundson Electrical (Glasgow City Council), EDF Energy, Norland Managed Services (Nuffield Health) and Schneider Electric

- Sales from Alliance Partners increased to £2.02m (2012: £1.06m)
- Non-exclusive distribution agreement for USA and Europe signed with Fireye, Inc
- Net cash balance at 30 June 2013 was £1.36m (2012: £1.40m)
- Sales pipeline of £4.61m at 30 June 2013 (2012: £9.10m)

Highlights since the year end

- Lincolnshire County Council tender representing £2.2m of orders for installation of M2G at schools in the county over the next 4 years awarded to the Group
- Orders brought forward and received since 1 July 2013 total £0.74m
- Sales pipeline currently standing at c.£6.3m which includes over 90 blue chip private and public sector multi-site organisations
- Net cash balance at 30 September 2013 of £2.16m
- Proposed maiden final dividend of 0.25p per share

Introduction

The Group this year has again delivered a solid performance with the full year trading performance in line with market expectations despite having made a small loss in the first half year

Even though sales for the year were at the same level as the previous year, the operating margin increased to 15.4% and pre-tax profit at £401k was in line with market forecasts. In addition, the Group had an order book at 30 June 2013 of £0.5m which was substantially

higher than in the previous year. As a result the Group is well positioned for the current financial year. As a measure of the Board's confidence in the future it is introducing a progressive dividend policy and proposes to pay a maiden final dividend of 0.25p per share.

Our marketplace and business drivers

Sabien has continued to deliver its proven and trusted M2G boiler energy efficiency technology to customers that are looking for savings both in cost and CO₂ emissions within a payback period of generally less than 2 years. M2G reduces the cost of running gas and oil fired boilers and the associated carbon emissions by up to 35%.

The Group operates in a market where companies demand high standards of performance delivery including end to end project management, proven technology solutions with an estate-wide application and a record of delivering proven energy and carbon savings along with validation of the same.

We continue to win new business with blue-chip and public sector clients, while also securing from existing clients multiple repeat orders for our M2G technology.

History and market development

Sabien was set up in 2004 to commercialise M2G, a boiler energy efficiency technology, which reduces gas and oil consumption in commercial boilers. In May 2006, Sabien acquired the Intellectual Property and all commercial rights to M2G and floated on AIM in December 2006. In March 2009, Sabien obtained Underwriters Laboratories (UL) certification which enabled M2G to be sold in the USA.

Sabien is not reliant on government subsidies for the commercialisation of its M2G technology, unlike many products that are currently included in energy efficiency offerings, and is consequently not at risk of sudden changes in government policy or withdrawal of subsidies. One of the key drivers for the technology is a payback of under two years which eases access to capital expenditure budgets.

Financial results

Revenue in the year was £2.47m (2012: £2.47m). The profit before taxation was £0.40m (2012: £0.28m), an increase of 44%, and profit after taxation was £0.31m (2012: £0.52m).

The increase in profit before taxation is due to a combination of improved gross margin and a reduction in administrative expenses. The decrease in profit after taxation is due to the recognition of a notional tax charge being the utilisation of the deferred tax asset in the year compared with the initial recognition of the deferred tax asset in the previous year. The Group has available tax losses amounting to £1.23m. In future years, the Group will also benefit from the lower rates of corporation tax introduced under the Patent Box regime as, currently, all the Group's income derives from the exploitation of its M2G patent.

At 30 June 2013, cash and cash deposits amounted to £1.36m (2012: £1.40m). The Group has no external debt.

Overview

Sabien performed well given the challenging business environment and ended the year with a record order book. This demonstrates that our customers continue to recognise the high quality and effectiveness of our M2G technology, project management and installation service offerings.

Profit before tax increased by 44% which is indicative of the Group's operational efficiency and consistent pricing model. The sales pipeline, which at 30 June stood at £4.6m, has since increased to £6.3m as at the date of this report

The pipeline value is a snapshot at a particular date. We are always refining the pipeline and this can result in movements up or down in value. It includes both sales opportunities with an indicated order date in the future and those where we have been asked to quote but where no order date has been indicated by the client. In our preliminary update in October 2012 we had reported a sales pipeline number of £9.1m. During the period under review, we have converted £2.5m and removed c£2.0m of quotations for a number of reasons including budgetary and tender delays and tender losses. Since 30 June 2013, we have added a net c£1.7m in new quotations.

The size of the sales pipeline is a key performance indicator as it gives an indication of the level of business that could be generated over the following 6 to 24 months. Sabien's experience is that it can take between 6 to 18 months for a customer enquiry to convert to a sales order. Management of this pipeline is a key priority of the Group and experienced business development personnel have been recruited to ensure a constant growth in new business, particularly in those market segments which the Group has identified as being the ones most likely to bring in more business in the future.

We announced earlier in the year that we signed a non-exclusive distribution agreement with Fireye, Inc. based in the USA, a leading manufacturer of flame safeguard controls and burner management systems for the supply of our UL-approved M2G boiler optimisation controller. The territories covered by the agreement include the U.S., the European Union, Switzerland, China, Japan and South Africa. The agreement creates an excellent opportunity for Sabien to access major overseas markets and we would expect the agreement with Fireye to make a material contribution to our revenue performance in 2014.

The Group continues to make progress with the successful conversion of its Project 10 (P10) M2G pilots, which we have carried out over the last few years, into commercial orders. More importantly, the broadening of our UK Alliance Partner programme has again proved very successful with orders being placed throughout the year for a variety of large customers, in particular for a number of sites for the Ministry of Defence (MOD).

The CRC (CRC Energy Efficiency Scheme) scheme continues to be a key focus for our clients as they mitigate the costs of the CRC. Sabien's M2G product is specifically aimed at providing a proven effective solution to the CRC problem for organisations which are affected by the CRC legislation. In the past year, the scheme has been simplified in order to cut down on administrative costs and red tape and is now more flexible and light-touch, saving participants money and helping them to save energy. Although the performance league table has been abolished, the Government will continue to publish participants' aggregated energy use and emission data. It has also pledged to review the effectiveness of the scheme in 2016 and to remove the tax element of the CRC as a "high priority" when public finances allow. Whilst the performance league table has been abolished, the fact that energy use and emissions data will still be published may provide some reputational drivers for the reduction of emissions.

In the Group's interim report, we stated that we anticipated delivering a full year trading performance in line with market expectations despite having made a small loss in the first half year. Even though sales at the year end were at the same level as in the previous year, operating margins improved and profitability was in line with market forecasts with the order book at £0.5m substantially higher than in the previous year.

Strategy

During the past year, the Sabien executive team recognised that to build on the Group's strengths and improve its financial performance, we needed to restructure and augment the business development function in order to enhance our sales capacity. Accordingly, the Group has recruited 3 new business development managers.

We will also be investing in organic product innovation on already identified new technology solutions for the heating and cooling market in the UK and overseas. We believe that this strategy of focusing on operational and business development excellence will improve returns from the sales opportunities presented to the business. Although this strategy has led to some additional costs, we expect these initiatives to materially strengthen our market position and drive our long-term sustainable profitable growth.

While we are rightly focusing primarily on the UK, we firmly believe there is a significant international opportunity for Sabien and M2G and we continue to look to grow revenues through international opportunities. Our strategic priorities are to build on our core business, to capitalise on the opportunities from existing client business, identify new business and continue to develop our indirect sales channels and where appropriate, expand our current territories and also enter new territories.

The key to our on-going strategy and future lies in our aims to

- Continue to focus on multi-site organisations (i.e. those with 50 or more buildings in their estate);
- Continue to attract new customers,
- Continue to offer our Project 10 piloting scheme;
- Continue improving our levels of project management, customer service and technical support to help our customers get the best business case results they need from their M2G roll out programs,
- Optimise our existing and new client sales potential by continuing to increase the level of M2G (post installation) validation information from as many relevant sources as possible,
- Maintain and expand our network of excellent alliance partners;
- Identify opportunities to add or acquire new products which will enter adjacent segments of the market, and
- Extend our geographic penetration

The objective of our strategy is to enhance shareholder value while remaining committed to maintaining our hard-earned reputation for excellence.

The Group has also identified the following key risks which could affect both the successful implementation of the strategy and future financial outcomes

- Downward pressure on gas prices
- Technology developments and competitive products
- Changes in legislation
- Supply chain issues, and
- Inability to meet customer demand

While some of these risks are outside the Group's control, the potential impact of the others is continuously monitored by the Group.

Project 10 (P10 - M2G piloting)

P10 is a piloting scheme, initiated in 2007, whereby we agree to install M2Gs at up to 3 sites in each of a number of large prospective customers, paid for by the client, and to monitor the results for a defined period, usually 4 weeks. At the conclusion of the pilot period, a report is produced for each customer in which the results of the pilot are presented along with an estimate of the likely levels of savings in energy and CO₂ emissions were M2G to be deployed over the customer's estate.

P10 is still available and very much part of our on-going new contract generation strategy and as the business continues to grow, many initial P10 clients continue to place further orders with us while we are also awarded new contracts as a result of successful new P10 pilots. The business focus has now widened to simultaneously mobilise nationwide M2G contracts and piloting directly with clients and indirectly with companies via our Alliance Partners.

The Group has seen a noticeable increase in the number of M2G orders from referrals, Alliance Partners and clients that haven't required a pilot. This rise has been aided by an increase in M2G brand awareness, technology acceptance and a reputation for delivering an excellent standard of project management in the industry. The successful conversion of our P10 M2G pilots into orders and subsequent repeat orders has proven to be the main catalyst behind our increase in profitability during this financial year.

Operational progress

During the period under review Sabien continued to develop its Alliance Partner programme with £2.02m of total sales for the period coming from indirect sales channels, an increase from £1.06m in 2012. Orders were received from a number of leading UK Utility and Facility Management Companies including SSE Contracting, Babcock Support Services, Norland Managed Services, Edmundson Electrical, BNP Paribas Real Estate, Carillion Services, EDF Energy, Advanced Energy Management Systems and Amey Business Systems.

We expect further growth from all channels for the year ending 30 June 2014. The sales process for this channel requires a degree of support and technical assistance from our own business development and operations teams. Indirect partners include major international Facility Management companies, Energy Utilities, Product Specifiers and Energy Consultants.

We continue to participate in trade shows, exhibitions and webinars and have generated a large volume of sales prospects from these. Sabien's name continues to be increasingly recognised in the sector of energy efficiency and the number of prospects that contact us directly as a result of client referrals and our marketing efforts has increased materially.

As noted in last year's report, we continue to look at ways in which we can improve our internal operations, systems and sales and marketing capabilities. This year we invested in our core Customer Management System which enables us to develop our prospects, improve business reporting and manage the installations of M2G. Since the year end, and in line with our on-going strategy to concentrate on certain business segments, we have also recruited more sales personnel who have many years experience within the energy sector.

Overseas expansion

During the year, the Group appointed another distributor in the USA, Fireye Inc., and CCM Energy Solutions Pty Ltd as its distributor in Australia. Fireye is part of the United Technologies Group and is established as world leader in flame safeguard controls not only in the USA but also in Asia, South Africa and throughout Europe. The Group's existing US distributor, Greffen Systems, Inc., continues to sell into the US market and placed a small order with the Group during the year. Gas prices in the USA fell during the year due to the

impact of fracking and prices are not expected to recover for some time and this has had an impact on M2G sales in that country CCM Energy Solutions is a specialist consultancy that provides tailored boiler room solutions for a wide range of companies and institutions throughout Australia

We have a clear plan for the business in Europe and the USA and we are committed to its execution The company is continuing to receive meaningful expressions of interest from Clients, Technology Specifiers and Facility Management companies on becoming distributors for M2G in their respective geographical territories

The Group has no plans to open points of presence overseas Our strategy is to appoint reputable companies with proven in-house technical expertise and experienced management with an extensive client portfolio who can make a meaningful contribution to Sabien's financial performance.

Dividend policy

As a measure of the Board's confidence in the future it is introducing a progressive dividend policy and proposes to pay a maiden final dividend of 0.25p per share.

Board, management and people

During the year, Dr Clive Morton retired as chairman and non-executive director of the Company With effect from the date of the Annual General Meeting, Ms Miriam Maes, who had been appointed as a non-executive director on 17 October 2012, was appointed as Chairman

On behalf of the Board, we would like to take this opportunity to thank the Sabien team for their hard work and effort as well as our shareholders, customers and suppliers for their confidence and support throughout the year

We have a fantastic team of people who uniquely blend experience in engineering, manufacturing, project management, channel development and innovation. Our highly skilled team is capable of building on the Group's position as a leader in the manufacturing and sale of boiler optimisation controls. It is important that we continue to attract and retain the best talent

Outlook

The Group has made a good start to the new financial year and since 1 July 2013 has received orders totalling £0.3m in addition to the orders of £0.5m already in place at 30 June 2013, all of which will be recognised as revenue in the first half of the current financial year

The Board believes the current economic climate will continue to create significant medium and long-term growth opportunities for Sabien, both in the UK and overseas We believe that our strategy has created a strong base from which we can continue to develop and we look forward with confidence to delivering long-term value for our shareholders.



Miriam Maes
Chairman
23 October 2013



Alan O'Brien
Chief Executive Officer

Directors' Report

For the year ended 30 June 2013

The directors present their report and the consolidated financial statements for the year ended 30 June 2013. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

Principal Activities

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

Review of Business

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

Key Performance Indicators

Financial The management's focus is on the development of the sales pipeline, the maintenance of a healthy gross margin and prudent cost control. The two main performance indicators are unit sales and maintenance of a healthy gross profit margin. During the year, the group sold 1,437 units (2012: 1,445 units) and the gross profit margin was 72% (2012: 70%). The gross margin increase was due to factors that are not expected to be repeated in future years, it being the Group's expectation that gross margin will reduce as the volume of business generated by indirect partners continues to grow. Overhead costs in the year decreased by just over 4%.

Reputation: The Group believes that its reputation for its project management and its delivery of its products on time and within budget is key to its continuing business success. Management is always looking at improving the quality of the Group's performance and will continue to invest in products and solutions to enable it to maintain and enhance its reputation.

Personnel The management is constantly aware of the need to recruit and retain key personnel. Since the year end, the Group has further strengthened its business development team.

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 full 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 was chaired up to 30 November 2012 by Dr Clive Morton and is currently chaired by Minam Maes. The Board remains confident in the work of those committees and the overall system of governance.

Results and Dividends

The Group profit for the year, after taxation, amounted to £312k (2012: £521k). The Directors recommend a final dividend of 0.25p per Ordinary share to be paid on 29 November 2013 to Ordinary shareholders on the register at 1 November 2013.

Risk Management Objectives and Policies

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 key business risks are set out below:

Reputational – the Group has a good reputation not only for the quality of its M2G product but also for its ability to manage large scale project roll-outs within strict timescales agreed with customers and with the minimum of disruption to those customers' operations. The Group works hard to ensure that this positive reputation is maintained by investing in on-going training for its staff and in new tools for the administration of project roll-outs.

Commercial – the Group operates in a competitive market and faces competition for its M2G product from alternative technologies and products that claim to compete with it but which are technically inferior and sold at a lower price. The risk is mitigated by the recognition in the market of the quality of the M2G product, the breadth of the customer base and the added services that the Group supplies through its management of the installation process.

Economic – the Group is subject to the same economic risks that other businesses have been subject to during the economic downturn. The Group sells into both the public and private sectors and monitors the mix of its customers to ensure that it does not rely on any one particular sector or sub-sector for its revenue.

Employee – the Group recognises that retention of its key staff is essential for its future prospects. It has entered into contractual arrangements with all key personnel and has designed and implemented share incentive schemes to encourage staff loyalty.

Financial – the Group has a specific exposure to credit risk, with lesser exposure to interest rate and exchange rate fluctuations. The directors seek to manage these risks by working closely with customers, suppliers and financiers in order to maintain good working relationships.

The risks outlined above are not an exhaustive list of those faced by the Group and are not intended to be presented in any order of priority.

The Group holds bi-monthly Management Meetings at which, inter alia, business risks are reviewed and any areas that are causing concern are discussed. A plan of action to resolve issues is then put in place.

Directors

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

	Date of appointment	Ordinary shares of 5p each			
		2013	%	2012	%
A O'Brien	25 October 2005	11,700,000	37.2	11,700,000	37.2
G Orchard	10 October 2006	100,000	0.3	100,000	0.3
C Morton	20 December 2006	-	-	500,000	1.6
K Monaghan	1 September 2007	1,258,850	4.0	1,258,850	4.0

Dr Clive Morton retired as a Director on 30 November 2012. There has been no change in Directors' holdings since the year end.

Neither Miriam Maes nor Martin Blake have a beneficial interest in the Company's issued share capital.

Substantial Shareholdings

At 24 September 2013, the Company had been notified that (other than Directors) the following were interested in 3% or more of the issued capital of the Company:

	Number of Ordinary shares	% of issued share capital
Amati Global Investors	4,892,000	15.54
Jupiter Asset Management	2,414,333	7.67
Legal & General Investment Management	1,904,153	6.05
Alliance Trust	1,450,581	4.61
TVI 2 Limited	1,450,000	4.61
Brewin Dolphin	1,055,802	3.35

At the date of this report, there were 31,486,511 shares in issue. TVI 2 Limited also held 1,518,356 warrants which are convertible into Ordinary shares at a price of 64p at any time after 7 February 2010 for a period of 5 years from 7 August 2009.

Group's Policy for Payment of Creditors

It is the Group's policy to agree appropriate terms and conditions in advance for its suppliers and to make payment in accordance with those terms and conditions, provided that the supplier has complied with them.

On average the Group pays undisputed amounts to its trade creditors within 30 days. At 30 June 2013, creditors' days were 14 days (2012: 7 days).

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 23 October 2013 and signed on its behalf by:



Gus Orchard
Company Secretary

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 has taken steps to comply with the requirements of the code 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 ten occasions. At the period end, the Board comprised five directors – two executive and three non-executive. Although the non-executive directors may not be regarded as strictly independent in terms of the Code, due to their having been granted options, albeit at an insignificant level, the Board considers that they act independently and professionally at all times and bring a wide experience at a senior level of business operations and strategy and have an expanse of knowledge and expertise gained from other areas of business and public life, both at home and overseas.

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

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

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

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

Board appointments

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

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

Chairman and Chief Executive Officer

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

The Remuneration Committee

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

The Audit Committee

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

Re-election of Directors

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

Shareholder relations

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

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

Accountability and audit

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

Internal control

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

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

Remuneration Report

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

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

The components of remuneration are

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

Service contracts

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

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

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

Directors' remuneration during the period (audited)

	Salaries and fees £'000	Taxable benefits £'000	Total 2013	Total 2012
Executive directors				
A.O'Brien	136	1	137	137
G Orchard	90	3	93	93
Non-executive directors				
M Maes	18	-	18	-
C Morton	14	-	14	30
K Monaghan	25	-	25	25
M.Blake	25	-	25	25
Total	308	4	312	310

Fees paid to C Morton and K.Monaghan were paid to The Morton Partnership and Ashling Capital LLP 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 2012 and 30 June 2013	Exercise price	Date from which exercisable	Expiry Date
A O'Brien	14/12/06 01/04/10	500,000 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	50 0p 54 5p	12/10/10 01/04/13	12/10/17 01/04/20
M Blake	25/11/10	91,743	54 5p	25/11/13	25/11/20
M Maes	30/10/12	91,743	54 5p	30/10/15	30/10/22
Total		1,270,009			

In addition, C Morton, who retired from the Board on 30 November 2012, had 55,046 options at 1 July 2012 which were granted on 1 April 2010 and which are exercisable from 1 April 2013. The expiry date for these options is 30 November 2015.

The mid-market price of the Company's shares at the end of the financial year was 27.75p.



Miriam Maes
Chairman of the Remuneration Committee
23 October 2013

Directors' Responsibilities Statement

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

Company law requires the directors to prepare such financial statements for each financial year. Under that law, the directors have prepared the group and parent financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

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

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

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

Directors' responsibility statement

We confirm to the best of our knowledge that:

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

23 October 2013



Finance Director
Gus Orchard

23 October 2013

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

We have audited the Group and Company financial statements (the "financial statements") of Sabien Technology Group Plc for the year ended 30 June 2013 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Cash Flow Statements, the Consolidated and Company Statements of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 17, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion

- The financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 June 2013 and of the Group's profit for the year then ended,
- The group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union, and

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

Opinion on other matters prescribed by the Companies Act 2006

In our opinion

- The part of the Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- The information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- Adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent company financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- Certain disclosures of directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit



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

Devonshire House
60 Goswell Road
London EC1M 7AD

Date: 23 October 2013

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2013

	Notes	2013 £'000	2012 £'000
Revenue		2,471	2,470
Cost of sales		(699)	(753)
Gross profit		1,772	1,717
Administrative expenses		(1,391)	(1,457)
Operating profit	5	381	260
Investment revenues	6	20	18
Profit before tax		401	278
Tax (charge)/credit	9	(89)	243
Profit for the year attributable to equity holders of the parent company		312	521
Total comprehensive income for the year		312	521
Earnings per share in pence – basic	10	1.0	1.6
Earnings per share in pence – diluted	10	0.9	1.5

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

The notes on pages 25 to 42 form part of these financial statements.

Consolidated and Company Statements of Financial Position

As at 30 June 2013

Company Reg No: 05568060

	Notes	Group		Company	
		2013 £'000	2012 £'000	2013 £'000	2012 £'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	76	38	-	-
Intangible assets	13	602	650	-	-
Investment in subsidiaries	14	-	-	3,601	3,601
Total non-current assets		678	688	3,601	3,601
Current assets					
Inventories	15	200	292	-	-
Trade and other receivables	16	1,081	234	55	55
Deferred tax	9	194	283	-	-
Cash and cash equivalents	17	1,357	1,402	1,042	1,147
Total current assets		2,832	2,211	1,097	1,202
TOTAL ASSETS		3,510	2,899	4,698	4,803
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables	18	431	156	24	24
Total current liabilities		431	156	24	24
EQUITY					
Equity attributable to equity holders of the parent					
Share capital	19	1,574	1,574	1,574	1,574
Other reserves		200	176	200	176
Retained earnings		1,305	993	2,900	3,029
Total equity		3,079	2,743	4,674	4,779
TOTAL EQUITY AND LIABILITIES		3,510	2,899	4,698	4,803

The financial statements were approved and authorised for issue by the Board on 23 October 2013 and were signed on its behalf by



Alan O'Brien
Chief Executive Officer



Gus Orchard
Finance Director

The notes on pages 25 to 42 form part of these financial statements

Consolidated and Company Cash Flow Statements

For the year ended 30 June 2013

	Group		Company	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Cash flows from operating activities				
Profit/(loss) before taxation	401	278	(129)	2,881
Adjustments for				
Depreciation and amortisation	72	61	-	-
Decrease in impairment provision	-	-	-	(3,014)
Finance income	(20)	(18)	(17)	(22)
Transfers to equity reserves	24	30	24	30
(Increase)/decrease in trade and other receivables	(847)	197	-	467
Decrease/(increase) in inventories	92	(145)	-	-
Increase/(decrease) in trade and other payables	275	(32)	-	(3)
Cash (used in)/generated from operations	(3)	371	(122)	339
Corporation taxes recovered/(paid)	-	-	-	-
Net cash (outflow)/inflow from operating activities	(3)	371	(122)	339
Cash flows from investing activities				
Purchase of property, plant and equipment	(62)	(20)	-	-
Finance income	20	18	17	22
Net cash (used in)/generated by investing activities	(42)	(2)	17	22
Net (decrease)/increase in cash and cash equivalents	(45)	369	(105)	361
Cash and cash equivalents at the beginning of the year	1,402	1,033	1,147	786
Cash and cash equivalents at the end of the year	1,357	1,402	1,042	1,147

The notes on pages 25 to 42 form part of these financial statements

Consolidated Statement of Changes in Equity

For the year ended 30 June 2013

	Share capital	Share premium	Merger reserve	Shares to be issued	Share based payment reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 July 2011	1,574	3,422	(771)	38	108	(2,179)	2,192
Changes in equity for year							
Profit for the year	-	-	-	-	-	521	521
Merger reserve transferred to retained earnings	-	-	771	-	-	(771)	-
Cancellation of share premium	-	(3,422)	-	-	-	3,422	-
Employee share option scheme – value of services provided	-	-	-	-	30	-	30
Balance at 30 June 2012	1,574	-	-	38	138	993	2,743
Changes in equity for year							
Profit for the year	-	-	-	-	-	312	312
Employee share option scheme – value of services provided	-	-	-	-	24	-	24
Balance at 30 June 2013	1,574	-	-	38	162	1,305	3,079

The notes on pages 25 to 42 form part of these financial statements

Company Statement of Changes in Equity

For the year ended 30 June 2013

	Share capital	Share premium	Shares to be issued	Share based payment reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 July 2011	1,574	3,422	38	108	(3,274)	1,868
Changes in equity for year						
Profit for the year	-	-	-	-	2,881	2,881
Cancellation of share premium	-	(3,422)	-	-	3,422	-
Employee share option scheme – value of services provided	-	-	-	30	-	30
Balance at 30 June 2012	1,574	-	38	138	3,029	4,779
Changes in equity for year						
Loss for the year	-	-	-	-	(129)	(129)
Employee share option scheme – value of services provided	-	-	-	24	-	24
Balance at 30 June 2013	1,574	-	38	162	2,900	4,674

The notes on pages 25 to 42 form part of these financial statements.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

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 the Group is a going concern and have accordingly prepared these financial statements on a going concern basis.

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

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

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

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

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

IFRS contain specific guidance to be followed where a transaction falls outside the scope of IFRS. This guidance is included at paragraphs 10 to 12 of IAS 8.

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

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

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

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

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

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

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

Office equipment, fixtures and fittings	4 years
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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 16 and 17. Impairment testing of trade receivables is described in note 17.

Financial Liabilities

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

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

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

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

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

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

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

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

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interest in joint ventures, except where the Group is able to control the reversal of the temporary difference and it

is probable that the temporary difference will not reverse in the foreseeable future

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

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

n) **Accounting basis and standards**

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

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 July 2012 and have been applied to the financial information presented:

- Improvements to IFRSs 2010 - This is the third set of amendments published under the IASB's annual improvements process and incorporates minor amendments to seven standards and interpretations. The amendments are effective for annual periods beginning on or after 1 January 2012.
- IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24 (revised), 'Related party disclosures', issued in 2003. The revised IAS 24 is required to be applied from 1 January 2012 and clarifies and simplifies the definition of a related party. The Group has applied the revised standard from 1 July 2012 which requires the Group and the Parent Company to disclose any transactions between its subsidiaries.

The following new standards, amendments to standards and interpretations to published standards are mandatory the first time for accounting periods beginning on or after 1 July 2012, but are not currently considered to be relevant to the Group (although they may affect the accounting for future transactions and events):

- Amendment to IFRS 1, 'Presentation of Financial Statements' on 'Other Comprehensive Income'. The amendment confirms the treatment of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is before the date of transition to IFRSs.
- Amendments to IFRS 7 'Financial Instruments Disclosures'. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.
- Amendment to IAS 12, 'Income taxes' 'Deferred tax accounting for investment property at fair value'. IAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale.

It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40 Investment Property. The amendment provides a practical solution to the problem by introducing a presumption that recovery of the carrying amount will, normally, be through sale.

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial period beginning on or after 1 July 2012 and have not been early adopted.

- IFRS 9, 'Financial instruments', issued in November 2009 and effective from 1 January 2015. IFRS 9 represents the first phase of the IASB's project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. It sets out the classification and measurement criteria for financial assets and liabilities and requires all financial assets, including assets currently classified under IAS 39 as available for sale, to be measured at fair value through profit and loss unless the assets can be classified as held at amortised cost. Qualifying equity investments held at fair value may have their fair value changes taken through other comprehensive income by election.
- IFRS 10, 'Consolidated Financial Statements', effective from 1 January 2013. This standard builds on existing principles by identifying the concept of control as the determining factor in which an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess.
- IFRS 11, 'Joint arrangements', effective from 1 January 2013. This standard establishes principles for financial reporting by parties to a joint arrangement.
- IFRS 12, 'Disclosure of interests in other entities', effective from 1 January 2013. This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles.
- IFRS 13, 'Fair value measurement', effective from 1 January 2013. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.
- IAS 1, 'Other Comprehensive Income', effective from 1 January 2013. The main change resulting from these amendments is a requirement for entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. The amendments do not address which items are presented in other comprehensive income.
- Amendment to IAS 12, 'Income taxes'. Deferred tax accounting for investment property at fair value', effective from 1 January 2013. IAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount.

of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40 Investment Property. The amendment provides a practical solution to the problem by introducing a presumption that recovery of the carrying amount will, normally, be through sale.

- IAS 19 (Revised), 'Employee Benefits' effective from 1 January 2013. These amendments are intended to provide a clearer indication of an entity's obligations resulting from the provision of defined benefit pension plan and how those obligations will affect its financial position, financial performance and cash flow.
- IAS 27 (Revised), 'Separate Financial Statements' (Revised), effective from 1 January 2013 has the objective of setting standards to be applied in accounting for investments in subsidiaries, joint ventures, and associates when an entity elects, or is required by local regulations, to present separate (non-consolidated) financial statements.
- IAS 28 (Revised), 'Associates and Joint Ventures' (Revised), effective from 1 January 2013 prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.
- Amendment to IAS 32, 'Offsetting Financial Assets and Liabilities', effective from 1 January 2013 clarifies that the tax effect of a distribution to holders of equity instruments should be accounted for in accordance with IAS 32.

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 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 2013				
Trade and other payables	431	-	-	-
At 30 June 2012				
Trade and other payables	156	-	-	-

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 decrease in post-tax profit for the year of £1k (2012: £1k).

- Foreign Exchange Risk

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

An increase of one percentage point in the average 2013 Euro and US dollar exchange rates would have decreased the Group's profit after tax by less than £1k (2012: £1k)

- Price Risk

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

Capital risk management

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

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

Fair value estimation

Holding trade receivables and payables at book value less impairment provision is deemed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows

at the current market interest rate that is available to the group for similar financial instruments

3. Critical accounting estimates and judgements

Sources of Estimation Uncertainty

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

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

(i) Revenue Recognition

No significant criteria are required by the Group in regard to revenue recognition that are not covered by the accounting policy.

(ii) Share-based Payments

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

(iii) Going Concern

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

(iv) Impairment of Assets

In line with the going concern assumption, based on their best estimate of likely future developments within the business, the directors consider that an impairment provision against the carrying value of Investment in Subsidiaries is not necessary in the Company's Statement of Financial Position as at the year end date. In the previous year, the impairment provision of £3,014k brought forward was released to profit and loss.

(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 view of the Company's profitability in the year under review and having reviewed the strength of the sales pipeline and forecast profitability, the directors believe that it is prudent to recognise a deferred tax asset in respect of

tax losses that will be available for offset against future taxable income. This deferred tax asset is reduced by the notional amount of tax losses used in calculating the current year tax charge. Accordingly, the deferred tax asset has been reduced by £89k in the results for the year under review.

(vi) Intellectual Property

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

4. Segmental reporting

Based on risks and returns, the directors consider that the primary reporting business format is by business segment which is currently just the supply of energy efficiency products, as this forms the basis of internal reports that are regularly reviewed by the Company's chief operating decision maker in order to allocate resources to the segment and assess its performance. Therefore the disclosures for the primary segment have already been given in these financial statements. The secondary reporting format is by geographical analysis by destination. Non-UK revenues amounted to 3% of the total and are analysed as follows:

Geographical information	Sales revenue £'000	% of total revenue
UK	2,386	97
Other	85	3
Total	2,471	100

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

	Sales revenue £'000	% of total revenue
Customer 1	775	31%
Customer 2	253	10%
Customer 3	248	10%

5. Operating profit

Operating profit is stated after charging:

	Year ended 30 June 2013 £'000	Year ended 30 June 2012 £'000
Depreciation of owned tangible fixed assets	24	14
Amortisation of intangible assets	48	47
Operating lease rentals – land and buildings	21	24

6. Investment revenues

	Year ended 30 June 2013 £'000	Year ended 30 June 2012 £'000
Interest receivable	20	18

7. Auditors' remuneration

	Year ended 30 June 2013 £'000	Year ended 30 June 2012 £'000
Fees payable to the Company's auditors for:		
- the audit of the Company's annual accounts	11	10
Fees payable to the Company's auditors for other services to the Group.		
- the audit of the Company's subsidiary	13	9
Total audit fees	24	19
Fees payable to the Company's auditors for:		
- taxation compliance services	4	4
- other services	1	6
Total other fees	5	10

8. Staff costs

	Year ended 30 June 2013 £'000	Year ended 30 June 2012 £'000
Wages and salaries	779	790
Social security costs	86	88
	865	878

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

	Year ended 30 June 2013 Nos	Year ended 30 June 2012 Nos
Directors	5	5
Administration	9	10
	14	15

9. Corporation tax

	Year ended 30 June 2013 £'000	Year ended 30 June 2012 £'000
Current tax	-	-
Deferred tax	89	(243)
Total tax charge/(credit) for the year	89	(243)

The tax charge for the year can be reconciled to profit as follows:

Profit before tax	401	278
Tax on profit on ordinary activities at standard UK corporation tax rate of 20% (2012 20%)	80	56
Expenses not deductible for tax purposes	6	(97)
Capital allowances in excess of depreciation	(6)	(2)
Other short term timing differences	-	93
Unrelieved tax losses	9	10
Tax losses utilised	(89)	(60)
Current tax	-	-

Deferred tax:

A deferred tax asset has been recognised in respect of £971k of available losses brought forward (2012 £1,416k) as the Directors believe that it is probable that the Group will continue to be sufficiently profitable in the future to be able to utilise these losses. 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 £258k (2012: £108k) which at the standard tax rate would equate to £52k (2012: £21k)

10. Dividends

	Year ended 30 June 2013 £'000	Year ended 30 June 2012 £'000
Proposed final dividend for the year ended 30 June 2013 of 0.25p per share (2012: nil)	79	-

11. Earnings per share

The calculation of earnings per share is based on the profit for the year attributable to equity holders of £312k (2012: £521k) and a weighted average number of shares in issue during the period of 31,486,511 (2012: 31,486,511). At the year end, warrants for 1,518,356 shares (2012: 1,518,356) and options over 2,074,410 shares (2012: 2,045,670) were in issue. Both have been taken into account in calculating diluted earnings per share.

12. Profit attributable to the members of the Parent Company

As permitted by section 408 of the Companies Act 2006, the Income Statement of the Parent Company is not presented as part of these financial statements. The (loss)/profit dealt with in the accounts of the Parent Company is £(129)k (2012: £2,881k). There is no other comprehensive income in the Parent Company.

13. Property, plant and equipment

Group	2013 £'000	2012 £'000
Cost		
At 1 July	94	82
Additions	62	20
Disposals	(2)	(8)
At 30 June	154	94
Depreciation		
At 1 July	56	50
Charge for the year	24	14
Reversed on disposals	(2)	(8)
At 30 June	78	56
Net Book Value		
At 30 June 2013	76	38
At 30 June 2012	38	32

The Company held no property, plant and equipment at 30 June 2013 and 2012.

At 30 June 2013, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £nil (2012: £17k)

14. Intangible assets

Group	2013	2012
	£'000	£'000
Intellectual Property		
Cost		
At 1 July and 30 June	943	943
Amortisation		
At 1 July	293	246
Charge for the year	48	47
At 30 June	341	293
Net Book Value		
At 30 June 2013	602	650
At 30 June 2012	650	697

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

The remaining amortisation period for Intellectual Property is 13 years. The Company held no intangible assets at 30 June 2013 and 2012.

15. Investment in subsidiaries

Company	2013	2012
	£'000	£'000
Cost		
At 1 July and 30 June	3,601	3,601
Impairment Provision		
At 1 July	-	3,014
Provision for impairment reversal	-	(3,014)
At 30 June	-	-
Net Book Value		
At 30 June 2013	3,601	3,601
At 30 June 2012	3,601	587

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

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

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

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

The pre-tax discount rate of 9.6% applied to the cash flow projections is derived from the Group's weighted average cost of capital. A growth rate of 14% has been applied in each of the 5 years of the cash flow forecast and a nil growth rate applied thereafter.

A sensitivity analysis has not been performed as the current value in use significantly exceeds the carrying value at 30 June 2013.

16. Inventories

Group	2013	2012
	£'000	£'000
Goods held for resale	200	292

The Company held no inventories at 30 June 2013 and 2012.

17. Trade and other receivables

	2013	2012	2013	2012
	Group	Group	Company	Company
	£'000	£'000	£'000	£'000
Trade receivables	1,030	161	-	-
Other receivables	51	73	9	11
Amounts owed by Group undertakings	-	-	46	44
	1,081	234	55	55

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 2013, the Group had no receivables which were considered to be impaired and against which a full provision has been made (2012: £40k). Trade receivables of £18k (2012: £16k) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2013	2012
	£'000	£'000
Up to 3 months	1,012	145
3 to 6 months	2	16
More than 6 months	16	-
	1,030	161

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

	2013	2012
	£'000	£'000
Pounds sterling	1,064	218
Euros	17	16
	1,081	234

18. Cash and cash equivalents

	2013	2012	2013	2012
	Group	Group	Company	Company
	£'000	£'000	£'000	£'000
Cash and cash equivalents	1,357	1,402	1,042	1,147

19. Trade and other payables

	2013	2012	2013	2012
	Group	Group	Company	Company
	£'000	£'000	£'000	£'000
Trade payables	47	26	-	-
Social security and other taxation	194	34	(10)	(10)
Accruals and deferred income	190	96	34	34
	431	156	24	24

20. Share capital

	2013	2012
	£'000	£'000
Allotted, called up and fully paid		
31,486,511 Ordinary shares of 5p each (2012: 31,486,511)	1,574	1,574

Share warrants

On 7 August 2009, the Company granted 2,952,279 warrants to TVI 2 Limited, exercisable at 6 6p each over a period of five years. Subsequent to the repayment of the loan to TVI 2 Limited in October 2009, the number of warrants granted was reduced to 1,518,356 and they are now exercisable at a price of 6 42p each. These warrants represent 4.6% of the enlarged share capital including Ordinary shares potentially to be issued under the Warrant instrument.

Share options (see note 22)

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

Date of Grant	At 1 July 2012 and 30 June 2013	Exercise price	Exercisable from	Exercisable to
14 December 2006	1,134,609	52 0p	December 2012	December 2016
11 July 2007	99,010	50 5p	July 2013	July 2017
12 October 2007	100,000	50 0p	October 2013	October 2017
1 April 2010	557,305	54 5p	April 2013	April 2020
25 November 2010	91,743	54.5p	November 2013	November 2020
30 October 2012	91,743	54 5p	October 2015	October 2022
Total	2,074,410			

91,743 share options were granted in the year under review

21. Operating lease commitments

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

Group	Land & buildings	
	2013 £'000	2012 £'000
Expiry date:		
Within one year	22	20
Between two and five years	52	73
	74	93

22. Share based payments

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

Under this scheme, directors and employees hold options to subscribe for 5p ordinary shares in Sabien Technology Group Plc at prices based on the mid-market price on the day preceding the relevant share option grant. See note 19 for details of options in issue at the year end date. There are no performance conditions attached to these options.

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

	2013	2012
Share price at date of grant	34 5p	31p
Exercise price at date of grant	54 5p	54 5p
Weighted average fair value	3p	5p
Volatility	30%	30%
Expected life	3 years	3 years
Risk free interest rate	4.75%	6%

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 £24k arising from the share based payments noted above in profit and loss for the year ended 30 June 2013 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 2013	Weighted average exercise price 2013	Number 2012	Weighted average exercise price 2012
Balance at beginning of the financial year	2,045,670	52 70p	2,045,670	52 70p
Granted during the year	91,743	54 50p	-	-
Cancelled during the year	(63,003)	54 50p	-	-
Balance at end of the financial year	2,074,410	52.72p	2,045,670	52 70p
Weighted average remaining contractual life	4.9 years		5.3 years	

23. Related party transactions

Key management 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 are the directors of Sabien Technology Group Plc. Information regarding their remuneration is given in the Remuneration Report. During the year, the Company had entered into service agreements with Dr Clive Morton, Karl Monaghan, Dr Martin Blake and Ms Miriam Maes with entities either controlled by them or in which they have an interest as shareholders. Fees are paid in accordance with those agreements.

During the year, Sabien Technology Limited was charged £80k (2012: £76k) by way of management charges and £nil (2012: £8k) by way of interest on the intercompany loans by Sabien Technology Group Plc, its parent company. Sabien Technology Limited repaid £78k during the year in respect of these working capital loans and at the year end the amount outstanding was £46k (2012: £44k).

At the year end, the Group was owed £1k (2012: £nil) by Gus Orchard, a Director of the Company, in respect of a season ticket loan.