sabien managingcarbon through energy reduction

7 February 2011

Sabien Technology Group Plc
("Sabien")

Unaudited Interim Results for the period to 31 December 2010

Sabien Technology Group (AIM: SNT), the manufacturer of the patented M2G energy saving devices, announces its interim results for the six month period ended 31 December 2010:

Highlights in the period

- Sales up 258% to £1,128k (£438k in 1st half 2009/10)
- Profit before tax of £185k (Loss £213k in 1st half 2009/10)
- £1,450k of sales orders already achieved in the first 6 months of this financial year; this equates to 149% of 2009/10 full year revenue
- £278k of orders received since 1 January 2011 giving total orders received for year to date of £1,728k which compares with 2009/10 full year revenue of £973k
- New orders for M2G received from public and private sector organisations including Corrigenda/Hampshire County Council, London Borough of Greenwich, Norland/Lloyds Banking Group Plc, Lincolnshire County Council and British Telecommunications Plc
- Cash at the end of the period was £912k (£965k at 30 June 2010)
- Sales pipeline of £5.7m up from £3.2m announced in November's update

Commenting on the results Dr Clive Morton, Chairman, and Alan O'Brien, Chief Executive Officer of Sabien said:

"This has been another period of solid progress for the Group, with a move to profit from our operations. The scale of improvement particularly for this period coupled with the consistency of project management has been duly noted by our clients and partners. The Sabien team has created an excellent, profitable base for our business to continue to grow and flourish. Our continued progress and move to profitability is proof of our business model when delivering at volume.

We now look forward to the second half of the financial year which has started well with sales orders to date currently standing at £1,728k and, whilst general economic conditions remain challenging, the focus continues to be on M2G technical sales through our established channels along with careful management of costs and working capital. All directors and staff are focused on ensuring that Sabien is a profitable business with strong growth based on delivering a world class service to our clients.

Sabien is now in a strong position and well placed for continued growth in the second half of the financial year. The sales pipeline now stands at c£5.7 million, an increase of £2.5 million since our last announcement in November 2010."

For further information:

Sabien Technology Group plc	020 7993 3700
Alan O'Brien - Chief Executive Officer	
Gus Orchard - Finance Director	
Altium (Nominated Adviser)	0845 505 4343
Adrian Reed	
Phil Frame	

About Sabien

Sabien was set up in 2004 to commercialise M2G, an energy saving technology which reduces gas consumption used in commercial boilers. In September 2007, Sabien launched M3G which reduces electricity consumption in commercial air-conditioning units. Both M2G and M3G are proven to reduce carbon and energy consumption by up to 35% with typical payback of under two years.

Sabien Technology Group Plc

Unaudited Condensed Group Statement of Comprehensive Income for the period ended 31 December 2010

	Notes	6 months to 31 December 2010 Unaudited £'000	6 months to 31 December 2009 Unaudited £'000	Year to 30 June 2010 Audited £'000
Revenue		1,128	438	973
Cost of Sales		(287)	(66)	(160)
Gross Profit		841	372	813
Administrative expenses		(660)	(695)	(1,322)
Operating Profit/(Loss)		**181**	**(323)**	**(509)**
Investment revenues		4	1	5
Other gains and losses	3	-	121	173
Finance costs		-	(12)	(13)
Profit/(Loss) before tax		185	(213)	(344)
Corporation tax	4	-	-	-
Profit/(Loss) for the period attributable to equity holders of the parent company		**185**	**(213)**	**(344)**
Other comprehensive income				
Transfer from Shares to be issued		-	18	18
Transfer to Retained earnings		-	-	(18)
Other comprehensive income for the period		**-**	**18**	**-**
Total comprehensive income for the period		**185**	**(195)**	**(344)**
Earnings/(Loss) per share in pence – basic	5	0.6p	(0.8p)	(1.2p)
Earnings/(Loss) per share in pence - diluted	5	0.6p	(0.8p)	(1.2p)

Sabien Technology Group Plc

Unaudited Condensed Group Balance Sheet as at 31 December 2010

	Notes	31 December 2010 Unaudited £'000	31 December 2009 Unaudited £'000	30 June 2010 Audited £'000
Non-current assets				
Property, plant and equipment		11	24	16
Other intangible assets		719	839	744
Total non-current assets		730	863	760
Current assets				
Inventories		152	167	128
Trade and other receivables		605	290	295
Cash and cash equivalents		912	1,069	965
Total current assets		1,669	1,526	1,388
Total Assets		2,399	2,389	2,148
Current liabilities				
Trade and other payables		271	157	220
Total current liabilities		271	157	220
Non-current liabilities				
Long-term provisions		-	184	-
Total non-current liabilities		-	184	-
Total Liabilities		271	341	220
Net assets		2,128	2,048	1,928
SHAREHOLDERS' EQUITY				
Share capital	6	1,574	1,574	1,574
Other reserves		2,782	2,756	2,767
Retained earnings/(losses)		(2,228)	(2,282)	(2,413)
Total equity		2,128	2,048	1,928

Sabien Technology Group Plc

Unaudited Condensed Group Cash Flow Statement for the period ended 31 December 2010

	6 months to 31 December 2010 Unaudited £'000	6 months to 31 December 2009 Unaudited £'000	Year to 30 June 2010 Audited £'000
Cash flows from operating activities			
Profit/(loss) before taxation	185	(213)	(344)
Adjustments for:			
Depreciation and amortisation	33	35	64
Exceptional gains	-	-	(247)
Impairment provision	-	-	74
Finance income	(4)	-	(5)
Finance expense	-	12	13
Transfers to/(from) equity reserves	15	(29)	18
(Increase) in trade and other receivables	(310)	(128)	(133)
(Increase)/decrease in inventories	(24)	(30)	9
Increase/(decrease) in trade and other payables	51	(55)	33
Cash used in operations	(54)	(408)	(518)
Net cash (outflow) from operating activities	(54)	(408)	(518)
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	(3)	-	-
Finance income	4	-	5
Net cash generated by investing activities	1	-	5
Cash flows from financing activities			
Proceeds from share placement	-	1,399	1,399
Proceeds from long term borrowings	-	400	400
(Repayment of) long term borrowings	-	(840)	(840)
Finance expense	-	(7)	(6)
Net cash from financing activities	-	952	953
Net (decrease)/increase in cash and cash equivalents	(53)	544	440
Cash and cash equivalents at beginning of period	965	525	525
Cash and cash equivalents at end of period	912	1,069	965

Sabien Technology Group Plc

Unaudited Condensed Group Statement of Changes in Equity as at 31 December 2010

	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 2009	**1,329**	**2,268**	**(771)**	**92**	**60**	**(2,087)**	**891**
Loss for the period 1 July 2009 to 31 December 2009	**-**	**-**	**-**	**-**	**-**	**(213)**	**(213)**
Issue of share capital (net of expenses)	245	1,154	-	-	-	-	1,399
Debit to equity for reduction in Shares to be Issued	-	-	-	(36)	-	-	(36)
Transfer to other comprehensive income	-	-	-	(18)	-	18	-
Employee share option scheme – value of services provided	-	-	-	-	7	-	7
Balance at 31 December 2009	**1,574**	**3,422**	**(771)**	**38**	**67**	**(2,282)**	**2,048**
Loss for the period 1 January 2010 to 30 June 2010	-	-	-	-	-	(131)	(131)
Employee share option scheme – value of services provided	-	-	-	-	11	-	11
Balance at 30 June 2010	**1,574**	**3,422**	**(771)**	**38**	**78**	**(2,413)**	**1,928**
Profit for the period 1 July 2010 to 31 December 2010	-	-	-	-	-	185	185
Employee share option scheme – value of services provided	-	-	-	-	15	-	15
Balance at 31 December 2010	**1,574**	**3,422**	**(771)**	**38**	**93**	**(2,228)**	**2,128**

Sabien Technology Group Plc

Notes to the Financial Statements for the period ended 31 December 2010

1. Accounting policies

The interim financial information has not been audited or reviewed by the auditors and does not constitute statutory accounts for the purpose of Sections 434 and 435 of the Companies Act 2006.

The financial information in this document has been prepared using accounting principles generally accepted under International Financial Reporting Standards and is consistent with those used in the preparation of the most recent annual financial statements.

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.

The directors have, at the time of approving the interim financial statements, a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future and have accordingly prepared these financial statements on a going concern basis.

The interim 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 balance sheet and statement of comprehensive income includes the financial statements of the Company and its subsidiaries at 31 December 2010. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits 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 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. 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 balance sheet 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 has taken advantage of section 131 of the Companies Act 1985 and sections 612 and 613 of the Companies Act 2006 and has debited the difference arising on the merger with Sabien Technology Limited to a merger reserve.

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

Office equipment, fixtures and fittings	4 years

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

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

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

- At the end of the first full financial year following acquisition
- 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 balance sheet 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.

Financial Liabilities

The Group has two categories of financial liabilities which are trade payables and other short term monetary liabilities and compound financial instruments (see note j below). 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 balance sheet date.

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) **Compound financial instruments**

Compound financial instruments issued by the Group comprise convertible loan notes. The liability component of the instrument is initially recorded at the fair value of a similar instrument which does not have an equity component. The difference between the net proceeds and the fair value is recorded as the equity component and recognised directly in equity. Subsequent to initial recognition, the liability component is measured at amortised cost using the effective interest method and the amortisation charge arising recorded in the statement of comprehensive income for the period.

k) **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.

l) **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.

The group has also applied the requirements of IFRS2 to the measurement of fair value of warrants granted.

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

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

o) **Standards, amendment and interpretations effective in 2010**

The following new and amended standards, and interpretations are mandatory for the first time for the financial year beginning 1 July 2010 but not currently relevant to the group (although they may affect the accounting for future transactions and events):

- IFRIC 19, 'Extinguishing financial liabilities with equity instruments', effective 1 July 2010
- IAS 1 (amendment), 'Presentation of financial statements'. The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current.
- IAS 36 (amendment), 'Impairment of assets', effective 1 January 2010. The amendment brings the standard in line with IFRS 8 'Operating Segments'.
- IFRS 2 (amendments), 'Group cash-settled share-based payment transactions', effective form 1 January 2010. The amendment clarifies accounting for share-based transactions between group entities.
- IFRS 5 (amendment), 'Non-current assets held for sale and discontinued operations'. The amendment clarifies disclosures to be made in respect of disposal groups.
- 'Classification of rights issues' (amendment to IAS 32), effective 1 February 2010
- Improvements to IFRSs (May 2010), certain elements effective 1 July 2010

IFRS in issue but not applied in the current financial statements

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

- Revised IAS 24 (revised), 'Related party disclosures', effective 1 January 2011

- IFRS 9, 'Financial instruments', effective 1 January 2013
- 'Prepayments of a minimum funding requirement' (amendments to IFRIC 14), effective 1 January 2011
- Improvements to IFRSs (May 2010), various effective dates

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

2. 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 less than 5% of total revenues for the period and are therefore not reportable.

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

	Sales revenue £'000	**% of total revenue**
Customer 1	457	41
Customer 2	222	20
Customer 3	139	12

3. Other gains and losses

	6 months to 31 December 2010 £'000	**6 months to 31 December 2009 £'000**	**Year to 30 June 2010 £'000**
Gain on settlement of convertible loan	-	159	159
Less cost of warrants	-	(38)	(38)
Gain on reversal of loan note provision	-	-	126
Intellectual property impairment provision	-	-	(74)
Total other gains	**-**	**121**	**173**

4. Taxation

No deferred tax asset has been recognised as future profitability is uncertain. In view of the tax losses available, there is no charge for taxation in the period.

5. Earnings per share (EPS)

The calculation of the basic earnings per share is based on the earnings attributable to the ordinary shareholders, divided by the weighted average number of shares in issue in the period.

	6 months to 31 December 2010 £'000	6 months to 31 December 2009 £'000	Year to 30 June 2010 £'000
Profit/(Loss) for the period	185	(213)	(344)
Basic:			
Weighted average number of shares in issue	31,486,511	27,975,082	29,847,844
Earnings/(Loss) per share - basic	0.6p	(0.8p)	(1.2p)
Diluted:			
Weighted average number of shares	32,662,837	27,975,082	29,847,844
Earnings/(Loss) per share - diluted	0.6p	(0.8p)	(1.2p)

At the period end, warrants for 1,518,336 shares and options over 2,045,670 shares were in issue.

6. Share capital

The Company's authorised and issued ordinary share capital, at the date of this Balance Sheet is:

	Amount	Number of Ordinary Shares
Authorised	£2,500,000	50,000,000
Issued and fully paid:		
At 31 December 2010, 31 December 2009 and 30 June 2010	£1,574,326	31,486,511

7. Seasonality

The business of the Group is not seasonal and there are no substantial and recurring variations between the results in the first half-yearly period compared to the second half-year.