2 March 2009

# Sabien Technology Group Plc
# (“Sabien”)

**Unaudited Interim Results for the period to 31 December 2008**

Sabien Technology Group (AIM: SNT), the manufacturer of the patented M2G energy saving devices, announces its interim results for the half year ended 31 December 2008:

**Highlights**

- European patent for M2G granted.
- Sales during the period were £351,000 (2007 - £500,000) which resulted in a loss before tax of £497,000 (2007 - £347,000). Sales to RBS Group in the period were, as expected, minimal (2007 - £358,000). The sales thus achieved in the period were nearly all to new clients.
- The number of pilot installations at multi site blue chip clients has increased significantly since last year which gives a greater degree of confidence about future revenues. Pilots conducted during this last heating season have exceeded client expectations and therefore the level of proposals to clients has also increased significantly.
- During the period the Group has won new orders for M2G from Aviva and Virgin Media for a total of £275,000 of which £245,000 has been reflected in revenue for the period.
- Cash at the end of the period was £876,000 (£1.3 million at 30 June 2008). The Group is constantly monitoring cash flow and is confident that the volume of projected sales will enable it to meet all short term obligations for the foreseeable future.

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

Despite the current economic conditions, energy efficiency continues to be an area of focus for our ever growing blue chip client base. The Group is seeing more interest than ever in its products and expects to be able to announce significant orders in the near future.

**For further information:**


| | |
|---|---|
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**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 pay back in fewer than two years.

# Chairman’s and Chief Executive’s report

## Market

The need to achieve both financial savings as well as an improved environmental profile is now standard practice in the Boardrooms of UK PLC. As noted below, the Green 500 programme has been created to set a global standard of environmental excellence and is targeting 500 of the largest business and public sector organisations in London to help with carbon saving. In the USA, the new president campaigned with climate change and energy issues at the top of his agenda.

Volatile energy prices and pending legislation are creating a more immediate imperative to reduce energy consumption and cut energy costs. The urgency to seek proven solutions is most definitely a key feature of the market and consequently companies are beginning to initiate and implement energy strategies to meet challenging energy reduction targets.

A number of customers are already using M2G including the Royal Bank of Scotland Group, Ford Motor Company, Bank of England, Institution of Mechanical Engineers, Investec Bank, Aviva, DEFRA, Lloyds TSB, Vodafone and Virgin Media. The M2G is Carbon Trust approved and qualifies for the Enhanced Capital Allowance Scheme.

## Operations

**Patent:**
The Group has recently been informed that it has been successful in its application for the grant of a European patent in respect of certain aspects of its M2G energy efficiency product. This is a major step forward for the Group as it represents a validation of the technology in use whilst affording it a level of protection.

**Project 10:**
In 2008, in order to help mitigate against delays in winning orders and to assist potential customers identify where they could make substantial energy savings with quick payback, we set in place our well publicised Project 10 initiative in which we agreed to install M2Gs at up to 3 sites in each of 10 large prospective customers and to monitor the results obtained from the M2Gs over the heating season and for periods of up to 3 months. At the end of the pilot period, a report is produced for each customer in which are presented the results of the pilot and the likely levels of savings in energy and CO2 emission savings that could be achieved if M2G were deployed over the clients’ estate of buildings.

As stated in the last Annual Report, we have repeated the Project 10 pilot exercise during the current winter heating season and currently have nine pilot projects running. These new Project 10 pilots generally run for one month. We believe that we will be in a position to announce initial orders arising from these pilots in the coming months.

**Green 500:**
During this period Sabien became an accredited Green 500 supplier. The Green 500 programme (http://www.green500.co.uk) is designed to target 500 of the biggest organisations in London. The primary focus of the scheme is to work with organisations with the greatest carbon saving potential. Therefore it is targeting large businesses and public sector organisations in London. Companies currently signed up to Green 500 include: Royal Mail Group, Marks and Spencer, GE, HSBC, John Lewis Partnership, and Carphone Warehouse. This is the first phase of Green 500, and in the long term the scheme may

extend to all organisations. It aims to set a global standard of environmental excellence which will set members apart as bastions of global organisational citizenship.

**USA:**

We have also made excellent progress with attaining Underwriters Laboratories ("UL") approval for M2G in the USA and it is expected that UL approval will be attained in March 2009. In tandem with this process our US distributor, Greffen Systems, has moved quickly to take advantage of the 2008/09 heating season and has installed 7 pilot projects across North America that collectively represents a useful sample of M2G's performance in the different climatic regions of North America. Greffen is now in the process of installing 5 more pilots.

The performance of the M2G has proven to be consistent and successful across each of the USA pilot locations with savings delivered in the best cases being circa 25%. We look forward to updating shareholders when these pilot projects convert into firm orders.

**Indirect Channels:**

In the first half of this year we also began working on marketing to indirect channels with a number of contacts made with leading UK Energy and Facility Management Companies in order to leverage their relationships with their substantial blue chip multi-site client base. We expect a number of alliance partnerships will result from these discussions.

**Current Trading:**

In the first half of the year, customer interest in piloting M2G has remained very strong with our two new P10 initiatives being fully subscribed for the 2008/09 heating season. In total Sabien has now completed 20 pilot installations (100 buildings), the large majority of which are at multi site blue chip clients. The outcomes from these pilot installations have recorded significant savings in carbon and energy and have therefore been received very positively by clients. While progress to sales has been slower than anticipated, the indications of potential firm orders leads us to remain confident on prospects for the second half of this year. We look forward to updating shareholders on progress over the coming months.

**Cash**

At 31 December, the Group had cash in hand of £876,000. The Group is constantly monitoring cash flow and is confident that the volume of projected sales will enable it to meet all short term obligations for the foreseeable future.

**Dr Clive Morton and Alan O Brien**

**Sabien Technology Group Plc**

**Unaudited Condensed Group Income Statement for the period ended 31 December 2008**

| | Notes | 6 months to 31 December 2008 Unaudited £'000 | 6 months to 31 December 2007 Unaudited £'000 | Year to 30 June 2008 Audited £'000 |
|---|---|---|---|---|
| **Revenue** | | 351 | 500 | 681 |
| Cost of Sales | | (80) | (108) | (164) |
| Gross Profit | | 271 | 392 | 517 |
| Other income | | 24 | 60 | 102 |
| Distribution costs | | (144) | (122) | (211) |
| Administrative expenses | | (608) | (600) | (1,233) |
| Finance costs | | (40) | (77) | (155) |
| Loss before tax | | (497) | (347) | (980) |
| Corporation tax recovery | | - | - | - |
| **Loss for the period attributable to equity holders of the parent company** | | (497) | (347) | (980) |
| Loss per share in pence – basic and diluted | 2 | (1.9p) | (1.3p) | (3.7p) |

**Sabien Technology Group Plc**

**Unaudited Condensed Group Balance Sheet**

| | Notes | 31 December 2008 Unaudited £'000 | 31 December 2007 Unaudited £'000 | 30 June 2008 Audited £'000 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | | 39 | 49 | 47 |
| Other intangible assets | | 987 | 2,444 | 1,028 |
| | | 1,026 | 2,493 | 1,075 |
| **Current assets** | | | | |
| Inventories | | 157 | 130 | 121 |
| Trade receivables | | 152 | 82 | 151 |
| Other current assets | | 27 | 100 | 58 |
| Cash and cash equivalents | | 876 | 1,909 | 1,274 |
| | | 1,212 | 2,221 | 1,604 |
| **Current liabilities** | | | | |
| Trade and other payables | | 106 | 106 | 24 |
| Short term borrowings | 3 | 467 | - | - |
| Short term provisions | | 86 | 193 | 135 |
| **Total current liabilities** | | 659 | 299 | 159 |
| **Non-current liabilities** | | | | |
| Long-term borrowings | 3 | - | 437 | 451 |
| Long-term provisions | | 741 | 2,035 | 748 |
| **Total non-current liabilities** | | 741 | 2,472 | 1,199 |
| **Net assets** | | 838 | 1,943 | 1,321 |
| **SHAREHOLDERS' EQUITY** | | | | |
| Share capital | 4 | 1,329 | 1,329 | 1,329 |
| Other reserves | | 1,636 | 1,611 | 1,622 |
| Retained earnings/(losses) | | (2,127) | (997) | (1,630) |
| **Total equity** | | 838 | 1,943 | 1,321 |

**Sabien Technology Group Plc**

**Unaudited Condensed Group Cash Flow statement**

| | Notes | 6 months to 31 December 2008 | 6 months To 31 December 2007 | Year To 30 June 2008 |
|---|---|---|---|---|
| | | £'000 | £'000 | £'000 |
| **Cash flows from operating activities** | | | | |
| Loss before taxation | | (497) | (347) | (980) |
| Adjustments for: | | | | |
| Depreciation and amortisation | | 50 | 74 | 148 |
| Impairment provision | | - | - | 1,350 |
| Reduction in long term provisions | | - | - | (1,350) |
| Finance income | | (24) | (60) | (102) |
| Finance expense | | 40 | 77 | 155 |
| Transfers to equity reserves | | 14 | 10 | 21 |
| (Increase)/decrease in trade and other receivables | | 30 | (33) | (73) |
| (Increase)/decrease in inventories | | (36) | (59) | (50) |
| Increase/(decrease) in trade and other payables | | 33 | 78 | (63) |
| Increase in short term borrowings | | 451 | - | - |
| **Cash generated from operations** | | 61 | (260) | (944) |
| Interest paid | | - | - | - |
| Corporation taxes paid | | - | - | 13 |
| **Net cash (outflow)/inflow from operating activities** | | 61 | (260) | (931) |
| | | | | |
| **Cash flows from investing activities** | | | | |
| Purchase of property, plant and equipment and intangible assets | | (1) | (9) | (15) |
| Finance income | | 24 | 60 | 102 |
| **Net cash generated by/(used in) investing activities** | | 23 | 51 | 87 |
| | | | | |
| **Cash flows from financing activities** | | | | |
| (Repayment of) long term borrowings | | (482) | (30) | (30) |
| **Net cash from financing activities** | | (482) | (30) | (30) |
| | | | | |
| Net (decrease)/increase in cash and cash equivalents | | (398) | (239) | (874) |
| Cash and cash equivalents at beginning of period | | 1,274 | 2,148 | 2,148 |
| **Cash and cash equivalents at end of period** | | 876 | 1,909 | 1,274 |

**Sabien Technology Group Plc**

**Unaudited Condensed Group Statement of Changes in Equity**

| | 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 2007 | 1,329 | 2,268 | (771) | 92 | 12 | (650) | 2,280 |
| Loss for the period 1 July 2007 to 31 December 2007 | - | - | - | - | - | (347) | (347) |
| Employee share option scheme – value of services provided | - | - | - | - | 10 | - | 10 |
| Balance at 31 December 2007 | 1,329 | 2,268 | (771) | 92 | 22 | (997) | 1,943 |
| Loss for the period 1 January 2008 to 30 June 2008 | - | - | - | - | - | (633) | (633) |
| Employee share option scheme – value of services provided | - | - | - | - | 11 | - | 11 |
| Balance at 30 June 2008 | 1,329 | 2,268 | (771) | 92 | 33 | (1,630) | 1,321 |
| Loss for the period 1 July 2008 to 31 December 2008 | - | - | - | - | - | (497) | (497) |
| Employee share option scheme – value of services provided | - | - | - | - | 14 | - | 14 |
| Balance at 31 December 2008 | 1,329 | 2,268 | (771) | 92 | 47 | (2,127) | 838 |

**Sabien Technology Group Plc**

## Notes to the Financial Statements

### 1. Basis of Preparation of Financial Information

The interim financial information has not been audited or reviewed by the auditors and does not constitute statutory accounts for the purpose of Section 240 of the Companies Act 1985.

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 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 income statement includes the financial statements of the Company and its subsidiaries at 31 December 2008. The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up for the 6 months to 31 December 2008. 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 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 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 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.
*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 k 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) **Trade Receivables**
Trade receivables 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.

j) **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.

k) **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 income statement for the period.

l) **Trade payables**: Trade payables are recognised at fair value.

m) **Revenue recognition**: Revenue is recognised upon delivery of goods and services supplied by the Group. Delivery is deemed to have occurred upon delivery of goods either to a customer site or to a customer's incumbent facilities manager. 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.

n) **Share-based payments**: The Group has applied the requirements of IFRS2 Share-based Payment. 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.

o) **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 income statement on the straight line basis over the lease term.

p) **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 balance sheet date.

## 2. 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.

Due to the loss incurred in the period under review, the dilutive securities have no effect as at 31 December 2008.

| | 6 months ended 31 December 2008 | 6 months ended 31 December 2007 | Year to 30 June 2008 |
|---|---|---|---|
| | £'000 | £'000 | £'000 |
| Earnings for the period | (497) | (347) | (980) |
| Weighted average number of shares in issue | 26,570,511 | 26,570,511 | 26,570,511 |
| Earnings per share - basic | (1.9p) | (1.3p) | (3.7p) |

## 3. Short term borrowings

Short term borrowings comprise the convertible loan notes payable to General Capital Venture Finance ("GCVF") in respect of notes bearing a zero coupon. If these have not been converted into Ordinary Shares by the repayment date (20 December 2009), they are repayable on demand. These borrowings were shown under Long Term Borrowings in prior period financial statements.

## 4. 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 | £1,328,526 | 26,570,511 |

## 5. 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.