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SABIEN TECHNOLOGY GROUP PLC

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

www.sabien-tech.co.uk

COMPANY INFORMATION

DIRECTORS	DR CLIVE MORTON OBE (CHAIRMAN) ALAN O'BRIEN GUS ORCHARD KARL MONAGHAN
SECRETARY	GUS ORCHARD
COMPANY NUMBER	5568060
REGISTERED OFFICE	34 CLARENDON ROAD WATFORD HERTS WD17 1JJ
WEBSITE	WWW.SABIEN-TECH.CO.UK
AUDITORS	KINGSTON SMITH LLP CHARTERED ACCOUNTANTS AND REGISTERED AUDITORS DEVONSHIRE HOUSE 60 GOSWELL ROAD LONDON EC1M 7AD
BANKERS	BARCLAYS BANK PLC 17 PLAINS ROAD MAPPERLEY NOTTINGHAM NG3 5LG
NOMINATED ADVISER AND BROKER	ARBUTHNOT SECURITIES LTD ARBUTHNOT HOUSE 20 ROPEMAKER STREET LONDON EC2Y 9AR
REGISTRARS	CAPITA REGISTRARS NORTHERN HOUSE WOODSOME PARK FENAY BRIDGE HUDDERSFIELD HD8 0LA
SOLICITORS	MOORE BLATCH 11 THE AVENUE SOUTHAMPTON HANTS SO17 1XF

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CHAIRMAN'S STATEMENT

I AM PLEASED TO REPORT ON THE RESULTS FOR SABIEN TECHNOLOGY GROUP PLC ("SABIEN", "THE COMPANY" OR "THE GROUP") FOR THE YEAR ENDED 30 JUNE 2009.

MARKET DEVELOPMENT

Sabien was set up in 2004 to commercialise M2G, an energy saving technology which reduces gas consumption in commercial boilers. In March 2009, Sabien obtained Underwriters Laboratories (UL) approval to sell M2G in the USA.

The opportunities for Sabien continue to be positive with increasing legislation, in particular the Carbon Reduction Commitment in the UK which becomes effective on 1 April 2010, volatile energy prices and commitments to reduce carbon emissions, all driving interest and demand for our products from public and private sector organisations.

PROGRESS TO DATE

Since the Company floated in 2006, it has worked hard to become a leader in the area of boiler energy efficiency. Pilot projects have been undertaken with a number of large organisations in order to show them the carbon and monetary efficiencies that can be obtained by using M2G. As I noted in my report last year, the results of the initial M2G pilot projects had resulted in an order from Aviva for £188k and the creation of a strong sales pipeline. Further pilot projects were carried out during the year and have again generated great interest. While it has taken longer than initially foreseen to turn this interest into orders, the Company believes that this interest will succeed in generating substantial future revenues.

Since the year end, orders have been received from two of the UK's leading telecommunication service providers for £168k and there has been a continued flow of business from new and existing customers.

Our list of blue-chip clients, both public and private sector, continues to grow despite the economic conditions prevalent during the course of the past year. During the year, M2G units were installed at Aviva, Virgin Media, the Department of Communities and Local Government, Derby and Keele Universities. We have also seen a large upturn in interest from Facilities Management companies whose customers require energy savings to be made and, as announced in August and September this year, we have entered into agreements and started a number of projects with organisations such as Serco, British Gas, Jones Lang LaSalle and Balfour Beatty.

FINANCIAL RESULTS

Turnover in the year was £675k compared with £681k for the same period last year. The turnover for the year to 30 June 2008 included £395k of sales to the Royal Bank of Scotland; as expected, sales in the year to 30 June 2009 to this client were minimal. The loss after taxation was £825k compared with £612k (as restated) in the same period in 2008.

At 30 June 2009, cash and cash deposits amounted to £525k (2008: £1.3m). Management of cash is important for the group and expenditure is strictly controlled.

Since the year end, in August 2009 the Company has successfully refinanced its short term debt to General Capital Venture Finance Ltd with a two year term loan from funds advised by Thames Valley Capital Ltd ("TVC"). As part of this transaction, the Company has granted warrants to TVC amounting to 10% of the enlarged share capital of the Company. This is explained in greater detail in the Notes to the Financial Statements.

Additionally in October 2009, in order to strengthen the balance sheet and provide additional working capital, the Group carried out a placing of shares which raised £1.475 million gross. £400,000 of this placing has been used to repay TVC's loan and this in turn has reduced the number of warrants granted by almost 50%.

STRATEGY

Sabien's strategy is to become the supplier of choice for private and public sector organisations that are faced with delivering on their energy and carbon strategies. The Company is continuing with this objective of delivering its commercially viable energy-efficiency technology both in the UK and overseas to a wider base of blue-chip clients.

The Company continues to invest in its brand which is providing a foundation for it to become recognised as a provider of leading energy-efficiency technology for multi-site organisations in both the public and private sectors. It has been approved for the London Green 500 initiative and has recently received ETV (Environment Technology Verification) status.

BOARD, MANAGEMENT AND PEOPLE

To ensure the Company has the right team in place, experienced sales and operations personnel have been recruited to ensure the on-going high levels of service we provide our customers. These positions are fully integrated into the business and the Company has the right structure and vision to ensure continued growth.

The Board remains confident that Sabien will experience strong growth by meeting the demands that both public and private organisations are now facing to reduce carbon emissions.

DR CLIVE MORTON OBE

CHAIRMAN

28 OCTOBER 2009

CHIEF EXECUTIVE OFFICER'S REPORT

SABIEN TECHNOLOGY GROUP HIGHLIGHTS 2009

- Continuing implementation of Project 10
- £188k order from Aviva
- Orders from public sector including Department of Communities and Local Government, Keele University, South Derby District Council, Bradford City Council, Environment Agency and National Archives
- Orders from private sector including Aviva, Virgin Media, Marriott Hotels and Vodafone
- Received UL approval for M2G for sale in the USA
- £100k order from US distributor.

HIGHLIGHTS SINCE THE YEAR END

- Received first order from British Telecom for £118k
- Orders received from Marriott Hotels, Lubrizol, Keele University, RAF, Vodafone, Aston University and NHS
- Alliance Agreements for the distribution of M2G entered into with Jones Lang LaSalle, Serco, Balfour Beatty, British Gas
- Current prospective pipeline stands at 3,000 units
- £1.475 million raised through equity placing and all external debt repaid.

INTRODUCTION

I am pleased to present the Group's final results for the year ended 30 June 2009 during which, despite the tough economic conditions, the Group has continued to make steady progress in developing its reputation as a proven technology provider while also developing its direct and indirect sales capabilities. The Group continues to invest in its direct sales model and is expecting strong interest from companies forced to act in anticipation of the Government's challenging new Carbon Reduction Commitment legislation which comes into force in April 2010.

OVERVIEW

The Group has felt the effects of the economic downturn; however, we have adjusted our sales strategy to counteract these effects as much as possible. We recognised that in the current climate some of our major clients have been bought or sold or have used the downturn as an opportunity to reorganise their resources by downsizing which has resulted in job losses amongst decision makers and key influencers in these companies. This has had a knock on effect in terms of sales lead times for Sabien. However all clients in our pipeline have expressed their commitment to deploying M2G.

The Carbon Reduction Commitment ("CRC") is a mandatory cap and trade scheme starting in April 2010 requiring companies to purchase allowances from the government for their CO_2 emissions. All companies with half-hourly meters ("HHMs") whose electricity consumption during 2008 exceeded 6,000 MWh (a cost of around £500,000) will have to participate. A league table will be published each year showing the performance of each participant and the revenue raised from the sale of allowances will be "recycled" back to those with the best results. We expect the financial and economic drivers of the CRC to increase interest and deployment of our technology.

During the year, the business has received a number of significant orders from its direct sales channel while at the same time developing its indirect channels by entering into alliance agreements for the supply of M2G with Serco, British Gas, Balfour Beatty and Jones Lang LaSalle. Already we are beginning to receive customer enquiries and sales from these alliances. Our sales strategy will continue to focus on aligning ourselves with established service suppliers who have a ready made market in the demand for proven energy efficient technology.

In order to protect and drive shareholder value, we will continue our focus on delivering sales of M2G via our various sales channels here in the UK and in the US while managing our running costs and extracting maximum benefit from our cash utilisation. At the year end, the Group had £0.5 million in the bank and, as mentioned in the Chairman's statement, has raised a further £1.475m since then. With a cash utilisation of around £100k per month, the Group is confident that it has sufficient resources to attain profitability in the short to medium term.

PROJECT 10

Over the past two years, we have set in place our well publicised Project 10 initiative to help shorten the decision making process while overcoming buyer technology adoption issues. The project, which is paid for in full by our clients, has also been successful in terms of helping them identify where they could make substantial energy savings with quick payback. As part of this initiative, we agreed to install M2Gs at up to three sites in each of 10 large prospective customers and to monitor the results obtained from the M2Gs over the heating season for periods of up to three 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 CO_2 emissions that could be achieved if M2G was deployed over the client's estate of buildings.

As noted last year, Aviva placed an initial order with Sabien for M2G worth £188k. As part of the ongoing relationship with Aviva, we were asked during the year to provide a methodology for validating the savings achieved over the entire estate. We completed this exercise successfully and the results indicated that Aviva has been achieving overall savings of 12% with a payback of 56 weeks since the roll-out of the M2G product.

Other organisations have likewise been able to verify independently the level of savings achieved by M2G. The first phase roll-out of the British Telecom order comes as a direct result of a Project 10 pilot which delivered savings in energy consumption and CO_2 emissions of up to 36%. Sabien's measurement and monitoring package for calculating and verifying savings was independently observed and verified by AEA Technology, a leading energy and climate change consultancy which was retained by British Telecom.

Owing to the economic downturn and introduction of legislation we have noticed delays in the placing of orders from participants in the Project 10 programme. This has been brought about by spending moratoriums, introduction of CRC and further amendments, job losses and integration programmes; however, we are confident that substantial revenues will arise from the programme as we are in constant contact with all our prospective customers.

We will yet again be running the Project 10 pilot exercise this coming winter heating season and are already fully subscribed with a number of well-known UK multi-site organisations.

OPERATIONAL PROGRESS

We continue to develop and strengthen our technical expertise in the energy efficiency market and helping our customers reduce energy and carbon emissions.

During the year we received both confirmation of the grant of a European patent in respect of M2G (under number 1607820) and Underwriters Laboratories ("UL") certification to enable distribution of the M2G product in the US. As noted above, we have already received an order for £100k from our US distributor, Greffen Systems. Greffen's model has been to carry out pilot installations for a varied clientele ranging from banks to public sector entities. The US has not been immune from the economic downturn and Greffen has experienced delays in the placing of orders. However, they are confident of receiving orders in the months ahead.

Since the year end, we have also achieved Environmental Technology Verification ("ETV"). ETV is a European Union initiative which provides technology users with reliable information about environmental performance so as to accelerate market acceptance of innovative technologies and is based on similar initiatives in the US and Canada.

To meet the increasing demand for our technology, we have contracted ROMEC, one of the UK's leading Facilities Management providers, to be our installation partner. Combined with Sabien's project management capabilities, the partnership enables us to deploy M2G anywhere in the UK regardless of the number of clients or the size of their estates.

TEAM DEVELOPMENT

I would like to thank my fellow directors and all the Company employees whose efforts have contributed to the progress of the company over the last twelve months. Their efforts and personal sacrifices have not gone unnoticed.

OUTLOOK

This last year has been challenging for the company but I believe we are better positioned than ever. We continue to win substantial contracts and, despite the difficulties mentioned above, our prospective pipeline for the installation of M2G's has grown from a low base this time last year to approximately 3,000 devices currently. This pipeline, together with the growth in our alliance network which contains some of the leading service suppliers in the UK is a strong endorsement of our technology and of our people. The introduction of the CRC legislation and the continued focus on managing utility spend will continue to create a great level of interest in our products and our internal forecasts indicate that 2009/10 may well be our breakthrough year.

ALAN O'BRIEN

CHIEF EXECUTIVE OFFICER

28 OCTOBER 2009

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2009

The directors present their report and the consolidated financial statements for the year ended 30 June 2009. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to 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.

In determining how amounts are presented within items in the income statement and balance sheet, the directors have had regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles or practice.

So far as each of the directors is aware at the time the report is approved:

- There is no relevant audit information of which the company's auditors are unaware, and
- The directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

PRINCIPAL ACTIVITIES

The principal activity of the Group during the year was the design, manufacture and sale of M2G, an energy saving product 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 Chief Executive Officer's Report.

KEY PERFORMANCE INDICATORS

FINANCIAL: The management's focus is on the development of the sales pipeline, the maintenance of healthy gross margins 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 407 units (2008: 587 units) and the gross profit margin was 85% (2008: 76%). The increase in gross profit margin was primarily due to a write-back of prior year provisions and margins in future should return to the 2008 level.

NON-FINANCIAL: The management is constantly aware of the need to recruit and retain key personnel. During the year, the Group recruited experienced technical staff who will enable it to achieve its aim as the supplier of choice for energy efficiency solutions.

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 composition of the Board has remained unchanged in the year. 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 is chaired by Clive Morton. The Board remains confident in the work of those committees and the overall system of governance.

RESULTS AND DIVIDENDS

The Group loss for the year, after taxation, amounted to £825k (2008: £612k loss as restated). In view of the cumulative losses, no dividend is proposed.

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. These include information systems, business continuity, financial control and health and safety. Each year, the Audit Committee receives a management letter from the Company's auditors.

The Group's principal financial instruments comprise cash and liquid resources, the main purpose of which is to fund the Group's activities. There are currently only a few transactions in foreign currency and these are not material in either volume or value. The Board of Directors is responsible for the risk management policies. The policies are implemented by the finance department which receives regular reports from within the Group to enable prompt identification of financial risks, thus enabling it to take appropriate action. The finance department has a policy and procedures manual that sets out specific guidelines for the management of foreign currency exchange risk, interest rate risk and credit risk. The Group does not hold any financial instruments that would be classified as held for trading under IAS39.

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			
		2009	%	2008	%
A. O'Brien	25 October 2005	11,700,000	44.0	11,700,000	44.0
G. Orchard	10 October 2006	100,000	0.4	nil	–
C. Morton	20 December 2006	500,000	1.9	400,000	1.5
K. Monaghan	1 September 2007	1,258,850	4.7	nil	–

SUBSTANTIAL SHAREHOLDINGS

At the date of this report, 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
SE Global SA	3,908,333	12.41
TVI 2 Limited	3,000,000	9.53
Noble AIM VCT plc	1,610,000	5.11

At the date of this report, there were 31,486,511 shares in issue. TVI 2 Limited also held 2,952,279 warrants which are convertible into ordinary shares at a price of 6.42p at any time after 7 February 2010.

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 2009, creditors' days were 21 days.

AUDITORS

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 28 October 2009 and signed on its behalf by:

GUS ORCHARD

COMPANY SECRETARY

CORPORATE GOVERNANCE

The Combined Code requires that disclosures be made on how the principles of the Code have been applied (known as "the appliance statement") and whether or not the Company has complied with these principles (known as "the compliance statement"). The Combined Code is intended to promote the principles of openness, integrity and accountability.

STATEMENT OF COMPLIANCE WITH THE CODE OF BEST PRACTICE 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 Principles of Good Governance and Code of Best Practice published by the Committee on Corporate Governance ("The Combined Code"). 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 Combined Code 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 eleven occasions. At the period end, the Board comprised four directors – two executive and two non-executive.

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 Combined Code, 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 Dr Clive Morton as Non-Executive Chairman and Mr Alan O'Brien as Chief Executive Officer.

THE REMUNERATION COMMITTEE

The Remuneration Committee, which is composed of the non-executive directors and chaired by Dr Clive Morton, 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 Company 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's Statement and the Chief Executive Officer's Report of Operations which contain 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 ongoing 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;
- To ensure that the remuneration policies adopted by the company give due regard to any legal requirements, the provisions and recommendations in the combined code 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;
- 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 are eligible for re-election at the Annual General Meeting, are as follows:

	Notice period
A. O'Brien	6 months
G. Orchard	6 months
C. Morton	3 months
K. Monaghan	3 months

DIRECTORS' REMUNERATION DURING THE PERIOD (AUDITED)

Executive directors	Salaries and fees £'000
A. O'Brien	136
G. Orchard	90

Non-executive directors	Salaries and fees £'000
C. Morton	30
K. Monaghan	25
Total	**281**

SABIEN TECHNOLOGY GROUP SHARE OPTION PLAN (AUDITED)

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

The following directors have been granted options to subscribe for the following ordinary shares:

	Date of award	Number of shares	Exercise price
A. O'Brien	14 December 2006	500,000	52p
G. Orchard	14 December 2006	346,152	52p
K. Monaghan	12 October 2007	100,000	50p

The mid-market price of the company's shares at the end of the financial year was 5.5p.

DR CLIVE MORTON OBE

CHAIRMAN OF THE REMUNERATION COMMITTEE

28 OCTOBER 2009

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 2009 which comprise the Consolidated Income Statement, the Consolidated and Company Balance Sheets, 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 (IFRS) 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 Sections 495 to 497 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 9, 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 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.

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 2009 and of the group's loss for the year then ended;
- The group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- The parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion:

- The 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 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.

JOHN STANIFORTH (SENIOR STATUTORY AUDITOR)

FOR AND ON BEHALF OF KINGSTON SMITH LLP, STATUTORY AUDITOR

DEVONSHIRE HOUSE
60 GOSWELL ROAD
LONDON EC1M 7AD

28 OCTOBER 2009

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

		2009		2008	
	Notes	£'000	£'000	£'000	£'000 as restated
Revenue			675		681
Cost of sales			(102)		(164)
Gross profit			573		517
Other income	9		26		102
Distribution costs			(201)		(211)
Administrative expenses (as previously reported)		(1,178)		(1,233)	
Prior year adjustment	5	–		147	
Administrative expenses (as restated)			(1,178)		(1,086)
Finance costs (as previously reported)		(45)		(155)	
Prior year adjustment	5	–		221	
Finance costs (as restated)	10		(45)		66
Loss before tax	6		(825)		(612)
Corporation tax	11		–		–
Loss for the year attributable to equity holders of the parent company			(825)		(612)
Loss per share in pence – basic and diluted	12		(3.1)		(2.3)

The notes on pages 22 to 35 form part of these financial statements.

CONSOLIDATED AND COMPANY BALANCE SHEET

AS AT 30 JUNE 2009

	Notes	Group 2009 £'000	Group 2008 £'000 as restated	Company 2009 £'000	Company 2008 £'000 as restated
ASSETS					
Non-current assets					
Property, plant and equipment	14	34	47	–	–
Intangible assets	15	864	1,175	–	–
Investment in subsidiaries	16	–	–	544	1,024
Total non-current assets		898	1,222	544	1,024
Current assets					
Inventories	17	137	121	–	–
Trade receivables	18	118	151	–	–
Other current assets	18	44	58	133	256
Cash and cash equivalents	19	525	1,274	510	1,264
Total current assets		824	1,604	643	1,520
LIABILITIES					
Current liabilities					
Trade and other payables	20	35	24	(3)	–
Short term provisions	20	574	135	518	24
Total current liabilities		609	159	515	24
Non-current liabilities					
Long-term borrowings	21	–	451	–	451
Long-term provisions	21	222	527	222	527
Total non-current liabilities		222	978	222	978
Net assets		891	1,689	450	1,542
EQUITY					
Equity attributable to equity holders of the parent					
Share capital	22	1,329	1,329	1,329	1,329
Other reserves		1,649	1,622	2,420	2,392
Retained (losses)/earnings		(2,087)	(1,262)	(3,299)	(2,179)
Total equity		891	1,689	450	1,542

The financial statements were approved and authorised for issue by the board on 28 October 2009 and were signed on its behalf by:

ALAN O'BRIEN
CHIEF EXECUTIVE OFFICER

GUS ORCHARD
FINANCE DIRECTOR

The notes on pages 22 to 35 form part of these financial statements.

CONSOLIDATED AND COMPANY CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

	Group		Company	
	2009 £'000	2008 as restated £'000	2009 £'000	2008 as restated £'000
Cash flows from operating activities				
Loss before taxation	(825)	(612)	(1,120)	(759)
Adjustments for:				
Depreciation and amortisation	40	1	-	-
Impairment provision	288	1,350	1,280	2,261
Reduction in long term provisions	(287)	(1,350)	(287)	(1,350)
Finance income	(26)	(102)	(57)	(162)
Finance expense	45	(66)	45	(66)
Transfers to equity reserves	27	21	28	22
Decrease/(Increase) in trade and other receivables	47	(73)	123	(2)
Decrease in inventories	(16)	(50)	-	-
Increase/(Decrease) in trade and other payables	450	(63)	491	(23)
Cash generated from operations	(257)	(944)	503	(79)
Corporation taxes recovered/(paid)	-	13	-	-
Net cash (outflow)/inflow from operating activities	(257)	(931)	503	(79)
Cash flows from investing activities				
Investment in subsidiary company	-	-	(800)	(900)
Purchase of property, plant and equipment	(4)	(15)	-	-
Finance income	26	102	57	162
Net cash generated by/(used in) investing activities	22	87	(743)	(738)
Cash flows from financing activities				
(Repayment of)/proceeds from long term borrowings	(514)	(30)	(514)	(30)
Net cash from financing activities	(514)	(30)	(514)	(30)
Net increase/(decrease) in cash and cash equivalents	(749)	(874)	(754)	(847)
Cash and cash equivalents at the beginning of the year	1,274	2,148	1,264	2,111
Cash and cash equivalents at the end of the year	525	1,274	510	1,264

The notes on pages 22 to 35 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2009

	Share capital £'000	Share premium £'000	Merger reserve £'000	Shares to be issued £'000	Share based payment reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 July 2007	1,329	2,268	(771)	92	12	(650)	2,280
Changes in equity for year							
Loss for the year as previously reported	-	-	-	-	-	(980)	(980)
Prior year adjustment (note 5)	-	-	-	-	-	368	368
Loss for the year as restated	-	-	-	-	-	(612)	(612)
Employee share option scheme – value of services provided	-	-	-	-	21	-	21
Balance at 30 June 2008 as restated	1,329	2,268	(771)	92	33	(1,262)	1,689
Balance at 30 June 2008 as previously reported	1,329	2,268	(771)	92	33	(1,630)	1,321
Prior year adjustments (see above)	-	-	-	-	-	368	368
Balance at 30 June 2008 as restated	1,329	2,268	(771)	92	33	(1,262)	1,689
Changes in equity for year							
Loss for the year	-	-	-	-	-	(825)	(825)
Employee share option scheme – value of services provided	-	-	-	-	27	-	27
Balance at 30 June 2009 carried forward	1,329	2,268	(771)	92	60	(2,087)	891

The notes on pages 22 to 35 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2009

	Share capital £'000	Share premium £'000	Shares to be issued £'000	Share based payment reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 July 2007	1,329	2,268	92	12	(1,420)	2,280
Changes in equity for year						
Loss for the year	–	–	–	–	(980)	(980)
Prior year adjustment (note 5)	–	–	–	–	221	221
Loss for the year as restated					(759)	(759)
Employee share option scheme – value of services provided	–	–	–	21	–	21
Balance at 30 June 2008 as restated	1,329	2,268	92	33	(2,179)	1,542
Balance at 30 June 2008 as previously reported	1,329	2,268	92	33	(2,400)	1,321
Prior year adjustment (see above)	–	–	–	–	221	221
Balance at 30 June 2008 as restated	1,329	2,268	92	33	(2,179)	1,542
Changes in equity for year						
Loss for the year	–	–	–	–	(1,120)	(1,120)
Employee share option scheme – value of services provided	–	–	–	28	–	28
Balance at 30 June 2009 carried forward	1,329	2,268	92	60	(3,299)	450

The notes on pages 22 to 35 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

GENERAL INFORMATION

The Company is incorporated in the United Kingdom 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").

(I) 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 Company has raised £1.475m via a placing to the market after the year end. The directors therefore feel 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.

(II) BASIS OF CONSOLIDATION

The consolidated balance sheet and income statement includes the financial statements of the Company and its subsidiaries at 30 June 2009. 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 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.

(III) 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

(IV) 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.

(V) FIXED ASSET INVESTMENTS

Fixed asset investments are stated at cost less any provision for impairment in value.

(VI) DEFERRED CONSIDERATION

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

(VII) INVENTORIES

Inventories are valued at the lower of average cost and net realisable value.

(VIII) 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. The Group's financial assets are disclosed in notes 18 and 19. Impairment testing of trade receivables is described in note 18.

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 XI 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.

(IX) 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.

(X) 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.

(XI) 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.

(XII) TRADE PAYABLES

Trade payables are recognised at fair value.

(XIII) 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.

(XIV) SHARE-BASED PAYMENTS

The Group has applied the requirements of IFRS 2 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.

(XV) 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.

(XVI) 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.

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 income statement, 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.

(XVII) STANDARDS, AMENDMENT AND INTERPRETATIONS EFFECTIVE IN 2009

The Company has adopted the following new and amended IFRS and IFRIC interpretations during the year:

IFRS 7, 'Financial Instruments: Disclosures', and the complementary amendment to IAS 1, 'Presentation of Financial Statements – Capital Disclosures', requires disclosures that enable users of the financial statements to evaluate the significance of the Company's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements and have not had an impact on the classification and valuation of the Company's financial instruments.

IFRIC 8, 'Scope of IFRS 2', requires IFRS 2 to be applied to any arrangements in which the entity cannot identify specifically some or all of the goods received, in particular where equity instruments are issued for consideration which appear to be less than fair value. The interpretation has no impact on the financial position or performance of the Company.

IFRIC 10, 'Interim Financial Reporting and Impairment', prohibits the impairment losses recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost to be reversed at a subsequent balance sheet date. As the Company had no impairment losses previously recognised in an interim period, the interpretation had no impact on the financial position or performance of the Company's financial statements.

IFRIC 11, 'IFRS 2 – Group and Treasury Share Transactions', provides guidance on whether share-based transactions involving group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies. This interpretation does not have an impact on the Company financial statements.

(XVIII) STANDARDS, AMENDMENTS AND INTERPRETATIONS EFFECTIVE IN 2008 BUT NOT RELEVANT

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 July 2008 but they are not relevant to the Company's operations:

- IFRS 4, Insurance contracts;
- IFRIC 7, applying the restatement approach under IAS 29, financial reporting in hyperinflationary economies;
- IFRIC 9, Reassessment of embedded derivatives;
- IFRIC 12, Service Concession Arrangements;
- IFRIC 14, IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction.

(XIX) STANDARDS, AMENDMENTS AND INTERPRETATIONS TO EXISTING STANDARDS THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN ADOPTED EARLY BY THE GROUP AND COMPANY

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 July 2009 or later periods, but the Company has not adopted them early:

- IAS 23 (Amendment), 'Borrowing Costs' (effective from 1 January 2009);
- IFRS 8, 'Operating Segments' (effective from 1 January 2009);
- IFRS 3 (revised) Business Combination (effective from 1 July 2009).

The directors anticipate that the adoption of these Standards in future periods will have no material impact on the financial statements of the Company except for additional segment disclosures when IFRS 8 comes into effect for periods commencing on or after 1 January 2009.

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 at bank;
- 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 balance sheet, 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 equivalent on the basis of expected cash flow. At the balance sheet 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 balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due in less than one 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 2009				
Trade and other payables and accruals	126	–	–	–
Convertible loan notes	483	–	–	–
At 30 June 2008				
Trade and other payables and accruals	159	–	–	–
Convertible loan notes	–	451	–	–

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).

(IV) INTEREST RATE RISK

The Group invests its surplus cash in a spread of fixed rate short term bank deposits to minimise risk and maximise flexibility. In doing so it limits its exposure to fluctuations in interest rates that are inherent in such a market. Overall risk is not regarded as significant and the effect of a one percentage point decrease in the average interest rate during the year would have resulted in an increase in post tax loss for the year of £8k (2008: £17k).

(V) 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 2009 Euro and US dollar exchange rates would have increased the Group's loss after tax by less than £1k (2008: £Nil).

(VI) PRICE RISK

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

(VII) 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.

(VIII) 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

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.

(II) SHARE-BASED PAYMENTS

The Group and Company have applied the requirements of IFRS2 Share-based Payments. The Group and Company issue 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 and Company'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.

(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 therefore believe that the assumption that the Group is a going concern is valid. The financial information has therefore been prepared 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 necessary in the Company's balance sheet as at the balance sheet date.

(V) DEFERRED TAX ASSETS

Management judgement is required to determine the amount of deferred tax assets 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. No deferred tax asset was held at the balance sheet date (2008: £Nil) as it is not deemed probable that losses will be relieved in the short term.

(VI) INTELLECTUAL PROPERTY AND LONG TERM PROVISIONS

As a result of a review by the directors of the unit sales likely to arise over the next year, the value of Intellectual Property has been deemed to have been impaired and a provision of £288k has been made (see note 15). The Provision for Deferred Consideration has been reduced by £287k. In 2008, a reduction was made in the Provision for Deferred Consideration for £1,350k and a similar adjustment was made to the value of Intellectual Property and Investment in Subsidiaries (see note 21).

4. SEGMENTAL REPORTING

Based on risks and returns, the directors consider that the primary reporting format is by business segment which is the supply of energy efficiency products. 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. However, no geographical segment represents more than 10% of revenue and is therefore not reportable.

5. PRIOR YEAR ADJUSTMENT

The prior year adjustment has arisen as a result of a recalculation of amortisation and interest charges which should have been processed in the year to 30 June 2008 as a result of the impairment review carried out at that date.

	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000
Group		
Correction of error in calculation of amortisation of Intellectual Property	–	147
Correction of error in calculation of interest in respect of deferred consideration	–	221
Increase in retained earnings	–	368
Company		
Correction of error in calculation of interest in respect of deferred consideration	–	221
Increase in retained earnings	–	221

6. LOSS BEFORE TAX

The loss before tax is stated after charging/(crediting):

	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000
Depreciation of owned tangible fixed assets	17	15
Amortisation of intangible assets	23	(14)
Operating lease rentals, land and buildings	31	28

7. AUDITORS' REMUNERATION

	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000
Fees payable to the Group's auditor for the audit of the Group's annual accounts	20	21
Fees payable for other non–audit services	4	2
	24	23

8. STAFF COSTS

	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000
Wages and salaries	765	708
Social security costs	86	77
	851	785

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

	Year ended 30 June 2009 Nos.	Year ended 30 June 2008 Nos.
Directors	4	4
Administration	9	8
	13	12

9. FINANCE INCOME

	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000
Interest receivable	26	102

10. FINANCE EXPENSE

	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000
Interest payable (as previously reported)	45	155
Prior year adjustment (note 5)	-	(221)
Interest payable as restated	45	(66)

11. CORPORATION TAX

	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000 as restated
Current tax	–	–
Deferred tax	–	–
Total tax recovery for the year	–	–
The tax recovery for the year can be reconciled to the loss per the income statement as follows:		
Loss before tax	(825)	(612)
Tax on loss on ordinary activities at standard UK corporation tax rate of 21% (2008: 20%)	(173)	(122)
Expenses not deductible for tax purposes	3	11
Capital allowances in excess of depreciation	1	-
Other short term timing differences	152	84
Unrelieved tax losses	17	27
Current tax recovery	–	–

No provision has been made to recognise a deferred tax asset as future profitability is uncertain.

12. LOSS PER SHARE

The calculation of loss per share is based on the loss for the year attributable to equity holders of £825k (2008: £612k as restated) and a weighted average number of shares in issue during the period of 26,570,511 (2008: 26,570,511). At the year end options over 1,333,622 shares were in issue. These options have not been taken into account in calculating loss per share as they are anti-dilutive.

13. LOSS ATTRIBUTABLE TO THE MEMBERS OF THE PARENT COMPANY

As permitted by the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements. The loss dealt with in the accounts of the Parent Company is £1,120k (2008: £759k as restated).

14. PROPERTY, PLANT AND EQUIPMENT

Group	2009 £'000	2008 £'000
Cost		
At 1 July	69	54
Additions	4	15
At 30 June	73	69
Depreciation		
At 1 July	(22)	(7)
Charger for the year	(17)	(15)
At 30 June	(39)	(22)
Net Book Value		
At 30 June 2009	34	47
At 30 June 2008	47	47

The company held no property, plant and equipment at 30 June 2009 and 2008.

15. INTANGIBLE ASSETS

Group	2009 £'000	2008 £'000 as restated
Intellectual property		
Cost		
At 1 July	1,305	2,655
Adjustment to carrying value (note 21)	(288)	(1,350)
At 30 June	1,017	1,305
Amortisation		
At 1 July as previously reported	(277)	(144)
Prior year adjustment (note 5)	147	–
At 1 July as restated	(130)	(144)
Charge for the year (2008 as previously reported)	(23)	(133)
Prior year adjustment (note 5)	–	147
Charge for the year (2008 as restated)	(23)	14
At 30 June as restated	(153)	(130)
Net Book Value		
At 30 June 2009	864	1,175
At 30 June 2008 (as restated)	1,175	2,511

Intellectual property represents the rights to the M2G product acquired from the inventors. As a result of a review by the directors of the unit sales likely to arise over the next year, the carrying value of Intellectual Property has been reduced by £288k and a similar adjustment has been made to the value of the Provision for Deferred Consideration. In 2008 the Provision for Deferred Consideration was reduced by £1,350k and a similar adjustment made to the value of Intellectual Property and Investment in Subsidiaries (see notes 16 and 21).

The remaining amortisation period for Intellectual Property is 17 years.

16. INVESTMENT IN SUBSIDIARIES

Company	2009 £'000	2008 £'000
Cost & Net Book Value		
At 1 July	3,163	3,613
Additions	800	900
Adjustment to carrying value (note 21)	(288)	(1,350)
At 30 June	3, 675	3,163
Impairment Provision		
At 1 July	(2,139)	(1,228)
Provision for impairment	(992)	(911)
At 30 June	(3,131)	(2,139)
At 30 June 2009	544	1,024
At 30 June 2008	1,024	2,385

Details of the subsidiary undertakings at the balance sheet date are as follows:

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

During the year, the Company converted £800k of debt owed by its subsidiary, Sabien Technology Limited, to equity. A further provision for impairment has been made by the Company to reflect the net asset position of Sabien Technology Limited at 30 June 2009. As a result of a review by the directors of the unit sales likely to arise over the next year, the Provision for Deferred Consideration was reduced by £288k (2008: £1,350k) and a similar adjustment was made to the value of Intellectual Property and Investment in Subsidiaries (see notes 15 and 21).

17. INVENTORIES

Group	2009 £'000	2008 £'000
Goods held for resale	137	121

18. TRADE AND OTHER RECEIVABLES

	2009 Group £'000	2008 Group £'000	2009 Company £'000	2008 Company £'000
Trade receivables	118	151	–	–
Other receivables	8	8	–	–
Prepayments and accrued income	36	50	–	4
Amounts owned by Group undertakings	–	–	133	252
	162	209	133	256

Other receivables comprise deposits.

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 2009, trade receivables of £19k (2008: £15k) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2009 £'000	2008 £'000
Up to 3 months	99	136
3 to 6 months	19	15
More than 6 months	–	–
	118	151

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

	2009 £'000	2008 £'000
Pounds sterling	85	134
Euros	4	17
US Dollars	29	–
	118	151

19. CASH AND CASH EQUIVALENTS

	2009 Group £'000	2008 Group £'000	2009 Company £'000	2008 Company £'000
Cash and cash equivalents	525	1,274	510	1,264

20. TRADE AND OTHER PAYABLES

	2009 Group £'000	2008 Group £'000	2009 Company £'000	2008 Company £'000
Trade payables	4	8	2	4
Social security and other taxation	31	16	(5)	(4)
Convertible loan notes	483	–	483	-
Accruals and deferred income	91	135	35	24
	609	159	515	24

Convertible loan notes were previously shown under long term liabilities and represent the discounted amount payable to General Capital Venture Finance ("GCVF") Limited in respect of notes bearing a zero coupon. The draw-down on the facility at the balance sheet date was £500,000. GCVF has the right at any time or times prior to the third anniversary of Admission (the "Repayment Date") to call for the conversion of the amount outstanding under the Facility into Ordinary Shares at the Placing Price (52p). The Facility is not repayable in advance by the Company without the consent of GCVF. If the Facility has not been converted into Ordinary Shares by the Repayment Date, the Facility is repayable on demand. By a guarantee dated 14 December 2006, Sabien agreed to guarantee to GCVF the Company's liability under the Facility Agreement. The Sabien Guarantee falls within the security granted by Sabien to GCVF under an existing Guarantee and Debenture which gave a fixed and floating charge debenture over all of the Company's assets in favour of GCVF as security for the Facility. Convertible loan notes have been discounted from the anticipated settlement date at the rate of 7%; the balance of £92k is reflected in equity as Shares to be Issued. The interest charged against income in the year amounted to £32k.

Since the year end, this loan has been repaid (see Post Balance Sheet events Note 26).

21. LONG TERM LIABILITIES

	2009 Group £'000	2008 Group £'000	2009 Company £'000	2008 Company £'000
Convertible loan notes	–	451	–	451
Deferred consideration	222	527	222	527
	222	978	222	978

The deferred consideration arises from the acquisition of Sabien Technology IP Limited (formerly Taran Systems Limited) in May 2006. The consideration is payable dependent upon unit sales for a period of four years from the date of acquisition and the amount recognised is based on the directors' assessment of unit sales likely in the four years following acquisition. The initial estimates of the deferred consideration liability are revised as additional information becomes available with a corresponding adjustment being made to intellectual property.

As a result of a review by the directors of the unit sales likely to arise over the next year, the Provision for Deferred Consideration has been reduced by £288k and a similar adjustment has been to the value of Intellectual Property (note 15). In 2008, the Provision for Deferred Consideration was reduced by £1,350k and a similar adjustment was made to the value of Intellectual Property and Investment in Subsidiaries (see notes 15 and 16).

Deferred consideration has been discounted from the anticipated settlement date at the weighted average cost of capital prevailing at the acquisition date of 9.56%. The interest charged against income in the year amounted to £45k.

In November 2008, the Company transferred £31k from the bank account held in the joint names of the Company and the vendor to the vendor solely.

At 30 June 2009, the Company had made a payment of £42k into a bank account held in the joint names of the Company and the vendor of Sabien Technology IP Limited in respect of the liability arising from sales in the third year. This amount is shown under Cash and Cash Equivalents in the balance sheet.

22. SHARE CAPITAL

	2009 £'000	2008 £'000
Authorised 50,000,000 Ordinary shares of 5p each (2009 and 2008)	2,500	2,500
Allotted, called up and fully paid 26,570,511 Ordinary shares of 5p each (2009 and 2008)	1,329	1,329

Share options (see note 24)

At the balance sheet date, the following options had been granted

Date of Grant	At 1 July 2008	Forfeits	At 30 June 2009	Exercise price	Exercisable from	Exercisable to
14 December 2006	1,461,534	(326,922)	1,134,612	52p	December 2009	December 2016
11 July 2007	99,010	–	99,010	50.5p	July 2010	July 2017
12 October 2007	100,000	–	100,000	50p	October 2010	October 2017
Total	1,660,544	(326,922)	1,333,622			

23. OPERATING LEASE COMMITMENTS

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

Group	Land & buildings 2009 £'000	Land & buildings 2008 £'000
Expiry date:		
Within one year	–	7
Between two and five years	61	85

24. 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 22 for details of options in issue at the balance sheet 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:

	2009	2008
Share price at date of grant	50.5p	50-50.5p
Exercise price at date of grant	50p	50-50.5p
Weighted average fair value	5p	5p
Volatility	30%	30%
Expected life	3 years	3 years
Risk free interest rate	6%	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 £27k arising from the share based payments noted above in the income statement for the year ended 30 June 2009 and this has been credited to Other Reserves in the balance sheet.

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

	Number 2009	Weighted average exercise price 2009	Number 2008	Weighted average exercise price 2008
Balance at beginning of the financial year	1,660,544	51.79p	1,461,534	52.00p
Granted during the year	–	–	199,010	50.25p
Cancelled during the year	(326,922)	52.00p	–	
Balance at end of the financial year	1,333,622	51.74p	1,660,544	51.79p
Weighted average remaining contractual life	7.6 years		8.6 years	

25. 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 above in the Remuneration Report. The Company has entered into service agreements with Dr Clive Morton and Karl Monaghan 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, the Company made working capital loans to its subsidiaries of £693k and converted £800k of these and existing loans to equity. At the year end, the amount outstanding was £133k.

26. POST BALANCE SHEET EVENTS

On 7 August 2009, the Company entered into an arrangement with TVI 2 Limited ("TV2") and General Capital Venture Finance Limited ("GCVF") whereby TV2 advanced the Company £400k which was used to repay with GCVF's agreement their loan of £500k, which had been scheduled for repayment in December 2009 (see note 20). The loan from TV2 is repayable in 2 years and bears interest at 8% p.a. If the loan is not repaid by 7 February 2010, there is a further £85k premium added to the principal amount.

In addition to the loan from TV2, the Company has granted warrants over 10% of its adjusted capital to TV2 which are exercisable as to 75% after 7 February 2010 and as to the remainder after 7 May 2010 at a price of 6.6p (subsequently adjusted to 6.42p). If the £400k loan from TV2 is repaid by 7 February 2010, the number of warrants is reduced by 50%; if the loan is repaid by 7 May 2010, the number of warrants is reduced by 25%.

On 14 October 2009, the Company announced that it had raised £1.475m by way of a placing agreement with shareholders. 4,916,000 ordinary shares of 5p were issued at a price of 30p. The funds will be used to strengthen the balance sheet and improve working capital. On 26 October 2009, the Company repaid the loan from TV2 thus triggering the reduction in the number of warrants.

FOR MORE INFORMATION

Contact Sabien Technology on **0800 082 1818**

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