

Development expenditure continued during the year focusing on new products, technology and integrations with the major platforms. We also have used our application programming interfaces (“APIs”) to provide data streaming capability which will enable the Company to derive a recurring income stream from B2B customers.

Since the year end the Company has announced successful integrations with Google Home, Control 4 and are a launch partner with the new Amazon V3 API.

Future Developments

The Directors will continue to expand Energenie MiHome within the resources internally generated and those obtained through capital markets, where necessary. Product development focus will be on selected new products to broaden the Energenie MiHome range and the introduction of two way communications on switches and sockets.

Strategy

The Company’s strategy is to continue to grow Energenie MiHome into what is an expanding smart home space. This will be with new and existing products both into the UK whilst also looking to expand into Europe using the distribution network of Exertis, Energenie MiHome’s distribution partner. The Company will also pursue other strategic partnerships in addition to those already in trial stage with Howz /EDF and Samsung.

Principle Risks and Uncertainties

Risks

Competitive Risks

The Company operates in a competitive market with changing technologies. We are always reviewing our product and technology offering in our development programme. The Integration with major systems providers is seen as a counter balance to this risk.

Exchange Rate Risks

The Company seeks to internal hedge this risk by buying and selling in US Dollars wherever possible.

Profit and Loss Account

For the year ended 31 May 2017

	2017	2016
	£	£
Turnover	3,745,780	3,295,766
Cost of sales	<u>(2,360,757)</u>	<u>(2,155,047)</u>
Gross profit	1,385,023	1,140,719
Administrative expenses	(1,493,715)	(1,367,882)
Other operating income	<u>-</u>	<u>2,184</u>
Operating loss	(108,692)	(224,979)
Interest receivable and similar income	133	164
Interest payable and similar expenses	<u>(26,662)</u>	<u>(42,724)</u>
Loss before taxation	(135,221)	(267,539)
Tax on loss	<u>143,059</u>	<u>185,645</u>
Profit/(loss) for the financial year	<u><u>7,838</u></u>	<u><u>(81,894)</u></u>

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

Statement of Comprehensive Income

For the year ended 31 May 2017

	2017	2016
	£	£
Profit/(loss) for the year	7,838	(81,894)
Other comprehensive income		
Currency translation differences	<u>-</u>	<u>12,072</u>
Total comprehensive income for the year	<u><u>7,838</u></u>	<u><u>(69,822)</u></u>

Balance Sheet
As at 31 May 2017

	£	2017 £	£	2016 £
Fixed assets				
Goodwill		10,500		16,250
Other intangible assets		<u>194,593</u>		<u>83,682</u>
Total intangible assets		205,093		99,932
Tangible assets		195,406		215,189
Investments		<u>101</u>		<u>101</u>
		400,600		315,222
Current assets				
Stocks	915,367		736,031	
Debtors - deferred tax	23,357		65,927	
Debtors - other	932,148		808,391	
Cash at bank and in hand	<u>162,442</u>		<u>343,203</u>	
	2,033,314		1,953,552	
Creditors: amounts falling due within one year	<u>(1,272,716)</u>		<u>(1,067,764)</u>	
Net current assets		<u>760,598</u>		<u>885,788</u>
Total assets less current liabilities		1,161,198		1,201,010
Creditors: amounts falling due after more than one year		(139,566)		(230,445)
Provisions for liabilities		<u>(27,246)</u>		<u>(30,257)</u>
Net assets		<u>994,386</u>		<u>940,308</u>
Capital and reserves				
Called up share capital		329,978		324,660
Share premium account		162,860		121,938
Profit and loss reserves		<u>501,548</u>		<u>493,710</u>
Total equity		<u>994,386</u>		<u>940,308</u>

The financial statements were approved by the board of directors and authorised for issue on 4 October 2017 and are signed on its behalf by:

Mr A J Tadd
Director

Statement of Changes in Equity
For the year ended 31 May 2017

	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 June 2015	<u>323,470</u>	<u>111,826</u>	<u>563,532</u>	<u>998,828</u>
Year ended 31 May 2016:				
Loss for the year	-	-	(81,894)	(81,894)
Other comprehensive income:				
Currency translation differences	<u>-</u>	<u>-</u>	<u>12,072</u>	<u>12,072</u>
Total comprehensive income for the year	-	-	(69,822)	(69,822)
Issue of share capital	<u>1,190</u>	<u>10,112</u>	<u>-</u>	<u>11,302</u>
Balance at 31 May 2016	324,660	121,938	493,710	940,308
Year ended 31 May 2017:				
Profit and total comprehensive income for the year	-	-	7,838	7,838
Issue of share capital	<u>5,318</u>	<u>40,922</u>	<u>-</u>	<u>46,240</u>
Balance at 31 May 2017	<u><u>329,978</u></u>	<u><u>162,860</u></u>	<u><u>501,548</u></u>	<u><u>994,386</u></u>

Statement of Cash Flows
For the year ended 31 May 2017

	£	2017 £	£	2016 £
Cash flows from operating activities				
Cash absorbed by operations		(192,657)		(18,100)
Interest paid		(26,662)		(42,724)
Income taxes refunded		<u>178,719</u>		<u>37,386</u>
Net cash outflow from operating activities		(40,600)		(23,438)
Investing activities				
Purchase of intangible assets	(128,630)		(104,593)	
Purchase of tangible fixed assets	(49,669)		(37,323)	
Proceeds from other investments and loans	1,012		(1,209)	
Interest received	<u>133</u>		<u>164</u>	
Net cash used in investing activities		(177,154)		(142,961)
Financing activities				
Proceeds from issue of shares	46,241		11,302	
Repayment of bank loans	(76,949)		170,538	
Payment of finance leases obligations	<u>(19,881)</u>		<u>(19,773)</u>	
Net cash (used in)/generated from financing activities		(50,589)		162,067
Net decrease in cash and cash equivalents		(268,343)		(4,332)
Cash and cash equivalents at beginning of year		<u>343,203</u>		<u>347,535</u>
Cash and cash equivalents at end of year		<u>74,860</u>		<u>343,203</u>
Relating to:				
Cash at bank and in hand		162,442		343,203
Bank overdrafts included in creditors payable within one year		<u>(87,582)</u>		<u>-</u>

Notes

1. Basis of Preparation

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value.

The financial information set out above does not constitute the Company's statutory accounts for the year ended 31 December 2016 but is derived from those accounts which contained an unqualified audit report.

2. Earnings per Share

	2017	2016
	p	p
Basic earnings / (loss) per ordinary share	0.0475	(0.5026)
Diluted earnings / (loss) per ordinary share	0.0424	(0.4692)

3. Availability of Report and Accounts

Copies of the Annual Report and Accounts will be available on the Company's website.

Notes to editors:

Sandal plc commenced business in 1996 and joined NEX in March 2015. The Company designs, develops and manufactures consumer electronics products. Its business is divided into two distinct product groups, PowerConnections, a long established wholesaler and reseller of a successful and patented range of converter plugs and power cables, and Energenie, which sells a newer product range that includes energy saving products, portable charging devices and the new Energenie MiHome range of products aimed at the "Home Automation" and "Internet of Things" marketplace.

The range of Energenie MiHome home automation products makes the remote operation of everyday household appliances and energy monitoring more accessible through integration with smartphone and tablet connectivity. The Energenie MiHome range is also integrated with the major players in the home automation market including Google Nest and Amazon Echo. Energenie MiHome products are available through a number of mainstream retailers including Amazon, Argos and Sainsbury's. In addition Energenie also offers Eco and electrical, travel and energy saving products for homes and offices, reducing energy usage and the Home Automation sector. It has store listings for its current products with several large retailers including Homebase, Maplin, Amazon, Screwfix, Toolstation and ASDA.

PowerConnections is a supplier to customers, in the UK and abroad, of single-phase electrical connection products. The products are manufactured in three partner factories in the Far East and have distributors worldwide for its range of patented converter plugs. The Company's product portfolio consists of International Power Leads, Rewireable Plugs, Converters and Connectors. These products are stocked in the Far East, Australia and UK.