Sigma Capital Group plc

Annual Report & Financial Statements
for the year ended 31 December 2014

PRS & Urban Regeneration Specialists

Contents

Company number 3942129

KEY POINTS

Operational:

- Significant progress made in the delivery of Sigma's Private Rented Sector ("PRS") strategy
- Two milestone events:
  - commencement of first phase of PRS Joint Venture with Gatehouse Bank plc – 927 new rental homes, with total development cost of £100m
  - strategic partnership signed with Grainger plc to create a large scale PRS portfolio focused on key English cities outside Greater London
- Share placing completed to raise £8.0m gross to support Sigma's next stage of development
- Sigma's non-PRS regeneration activities made encouraging progress
- Exit from historic venture capital activities completed

Financial:

- Results for 2014 in line with market expectations
- Revenues of £3.87m, including £0.61m from North Arran Way development ("NAW") (2013: £5.81m, including £3.69m from this development)
- Profit from operations of £0.19m (2013: loss of £0.36m) – represents £0.55m turnaround
- Profit before tax of £0.21m (2013: loss of £0.86m) - represents a £1.07m turnaround
- Basic earnings per share of 0.38p (2013: loss per share of 1.87p)
- Net assets per share increased to 17.4p (2013: 5.5p)
- Cash balances increased to £5.22m (2013: £1.07m)
- Board remains confident about growth prospects supported by long term macro drivers

Chairman's Statement

" Sigma made significant progress over 2014 as we focused on the delivery of our Private Rented Sector strategy. Most importantly, we achieved two milestone events both in November 2014 - the launch of construction of PRS homes under our Joint Venture with Gatehouse Bank and the signing of a major PRS partnership agreement with Grainger plc.

We believe that the scale of venture with Gatehouse, which is targeting a PRS portfolio of 6,600 new homes and our new relationship with Grainger firmly establishes Sigma as a leading participant in unlocking the PRS opportunity in the UK.

The new homes under both agreements will be built on land procured and developed by Sigma, through our local authority partnerships and house building partners. Looking ahead, we have set ourselves the target of delivering in excess of 10,000 new homes in the next five years, with these new homes comprising a mix of PRS, market for sale and social housing. We also expect to participate in these opportunities using the Group's own capital.

With our PRS Joint Venture with Gatehouse gaining momentum and our relationship with Grainger now underway, we are confident of further progress to come over 2015."

David Sigsworth
Chairman

We described 2013 as a turning point in Sigma Capital Group plc's ("Sigma" or "the Group" or "the Company") development as we focused on the delivery of our Private Rented Sector strategy. 2014 has been an equally important year for the Group, with the end of the year culminating in both the launch of construction of PRS homes under our Joint Venture with Gatehouse Bank plc ("Gatehouse") and the signing of a major PRS partnership agreement with Grainger plc ("Grainger"), the UK's largest listed residential property owner and manager. This agreement is for the creation of a large scale PRS portfolio outside Greater London and complements our Joint Venture with Gatehouse.

The first phase of PRS homes, with total development cost of approximately £100m was launched in November 2014, and will deliver new rental homes in the North West over a period of two years creating one of the first large scale PRS schemes in the UK. Some four months after the start of construction, the first tenants have already moved in with rental demand very strong, and construction currently remains ahead of schedule.

We are now actively engaged with Gatehouse in the preparation for the second phase of investment and delivery. We have also been working with Gatehouse to simplify and accelerate the delivery process as we further increase the number of houses and sites that we aim to deliver. We are currently targeting a PRS portfolio with Gatehouse of around 6,600 new rental homes, with a total development cost of £700m. We believe that the scale of this venture and our new relationship with Grainger firmly establishes Sigma as a leading participant in unlocking the PRS opportunity in the UK.

Under both the Gatehouse and Grainger partnerships, the new homes will be built on land procured and developed by Sigma, through our local authority partnerships and house building partners. We have set ourselves the target of delivering in excess of 10,000 new homes in the next five years, with these new homes comprising a mix of PRS, market for sale and social housing. We also expect to participate in these opportunities using the Group's own capital.

Whilst our core focus is centered on our PRS activities, our regeneration activities, which support the objectives of our local authority partners, continue to produce good results. These activities are focused on the delivery of a mix of residential homes, including social housing, retail, commercial and community facilities, including medical centres and schools. Our financial results for the year largely reflect this activity, with the benefits of our PRS activities to come through more fully in 2015 and beyond.

The shortage of housing and urgent requirement for new housing stock in the UK is well known and particularly acute set against a rising UK population, forecast to grow by 16% to 73m by 2035. The UK is also increasingly moving towards a rental market with the percentage of owner-occupied homes falling to 65%, its lowest level since 1988. This trend is expected to continue, underpinned by rising house prices and tighter mortgage regulation. These macro developments support Sigma's growth objectives and with our two major funding relationships and growing pipeline of opportunities, we are increasingly well positioned to deliver professionally managed and large scale PRS housing stock.

Placing

In April 2014, we completed a placing of ordinary shares to raise £8.0m before expenses in order to support our early mover advantage in the rented residential sector and to assist in the execution of large scale development opportunities. The placing at 70p per share comprised 11,428,571 new ordinary shares of 1p each and was supported by both existing and new institutional shareholders.

Results

The Group generated revenues of £3.87m for the financial year to 31 December 2014 (2013: £5.81m). These results include significant revenues from the NAW Development, completed in April 2014, which added £3.69m of income to results in 2013 and £0.61m of income to results in 2014. Excluding this development and discontinued venture capital activities, Group revenues increased by 96% to £3.24m (2013: £1.65m).

The Group moved into profitability with profit from operations of £0.19m (2013: loss £0.36m). This comprised a profit on operations of £0.58m from the Group's property activities (2013: loss of £0.02m) and a loss on operations of £0.39m (2013: loss of £0.34m) from venture capital and other holding company activities. As previously announced we completed Sigma's exit from its historic venture capital activities in the first half, leaving the Group wholly focused on its property-related operations.

Chairman's Statement
continued

Administrative expenses increased by 20% during the year, reflecting increased professional costs and one-off bonus payments resulting from the joint venture arrangements agreed during the year.

The profit before tax for the year was £0.21m (2013: loss before tax of £0.86m, which includes an exceptional cost of £0.53m arising from the purchase of the deferred share in Sigma Inpartnership). Basic earnings per share were 0.38p (2013: loss per share of 1.87p)

Net assets per share at the year-end increased to 17.4p (2013: 5.5p) and cash balances increased by 488% to £5.22m (2013: £1.07m). This largely reflects the placing completed in April 2014.

At this stage of Sigma's development, the Directors are not recommending the payment of a dividend for the year.

Operational Overview

In November 2014 we launched the first phase of our PRS Joint Venture with Gatehouse ("PRS Fund"), comprising 927 new rental homes across 14 sites in Greater Manchester and Liverpool, and the first tenants have already moved in. We are creating a mix of high quality 2, 3 and 4 bedroom houses and construction is currently underway on a total of six of the 14 sites, with the development of further sites scheduled to begin during spring and summer 2015. Construction is ahead of schedule and tenant demand is strong and generating higher than originally expected rents.

In February 2015, together with Gatehouse and our lettings partner Direct Lettings Ltd, we also launched a dedicated bespoke lettings brand "DIFRENT" which will be used for all rental units constructed under the PRS Fund.

This first phase of the PRS Fund is being built on land procured and developed by Sigma through its existing local authority partnerships with Liverpool City Council and Salford City Council, and its house building partner, Countryside Properties (UK) Ltd ("Countryside"). The second and further phases are now under discussion with Gatehouse. Each phase will deliver an initial transaction fee to Sigma as well as development management fees. On completion of the new homes, Sigma earns recurring asset management fees and will retain a share of the net disposal profits on the assets, subject to a minimum return to investors.

In November 2014, we also announced a strategic partnership with Grainger for delivery of larger PRS sites in excess of 100 homes, in the regions of England. Under the terms of the agreement, Sigma has granted Grainger the exclusive option for an initial four year term to acquire development opportunities of 100 units or more sourced by Sigma. In addition to sourcing development opportunities, Sigma expects to act as development manager on the majority of projects. Sigma will earn a profit share on each housing development, split into a sourcing fee and a development management fee. We are now actively engaged in the delivery of the first site and expect this relationship to grow during 2015.

To support our plans for the delivery of PRS homes in the UK, we are actively looking to source new opportunities in new cities and regions for our model.

The Group's regeneration activities, which support our local authority partners, continued to make progress. We completed the delivery of a major new retail and office development at NAW in North Solihull in early 2014. The financial benefit of this substantial development was principally felt in 2013. The development has helped to fulfill Solihull Metropolitan Borough Council's regeneration plans for a 1,000 acre area in North Solihull. Our role included securing planning permission, five key pre-lettings and the forward sale of the development. We also procured the construction contract and finance for the build phase. Over the year, we completed the delivery of 80 new homes on a six acre site in the Higher Broughton area of Salford with our partner Countryside as part of our Salford Partnership. All the homes were pre-sold prior to finalisation of construction. Together with our house building partner, Countryside, we are currently delivering in excess of 350 new market for sale homes on two sites in Liverpool with more to come in 2015. These support Liverpool City Council's ambitious plans for new housing stock across the City. In March 2015, with Countryside we have also commenced the delivery of a phase of 56 units for social housing on behalf of Liverpool Mutual Homes. Sigma's remuneration from these developments is governed by the terms of the relevant partnership agreements and is in addition to the income now being generated from our growing PRS model.

Board changes

There have been a number of Board changes in the year. In March 2014, following Sigma's exit from its historic venture capital activities, Mark Hogarth, Investment Director, stepped down from the Board. In September 2014, as we ceased the Winchburgh development contract, our Scottish Residential Development Director, John Hamilton who had prime responsibility for this contract also stepped down from the Board.

In January 2015, Malcolm Briselden, who joined Sigma as Group Financial Controller in April 2012, was appointed as Finance Director following the retirement of Marilyn Cole.

On behalf of the Board, I am delighted to welcome Malcolm to his new position on the Board. I also wish Marilyn a very happy retirement after her 15 years as Sigma's Finance Director - her dedication and wise counsel have been invaluable. I also extend our thanks to Mark and John for their contribution to Sigma.

Staff

Particular thanks is due to all Sigma staff members for the major success that has been achieved this year. Sigma has transformed its business to lead the way in the delivery of PRS homes and this could not have been achieved without the skill, hard work and dedication of all our staff. Everyone should be proud of what they have achieved and I look forward to the future with confidence as we continue to grow and expand the business.

Outlook

We believe we have created a robust PRS model, capable of significant growth and have been first to market with a viable model of scale in PRS delivery in the UK. Macro trends underpin our confidence with unparalleled demand for the underlying product, ever growing shortage of housing delivery in the UK and a growing appetite amongst investors to participate in this sector.

In particular, reflecting the acute under-supply of new housing since 2008, local authorities across England are keen to discuss new housing investment and delivery. Our track record of both PRS and non-PRS housing delivery in the North West of England, and the key PRS relationships we have established, position us strongly as we engage with local authorities for housing delivery across additional regions in England.

With our PRS Joint Venture with Gatehouse progressing well underway and gaining momentum, and our relationship with Grainger now underway, we are confident of further progress to come over 2015.

David Sigsworth
Chairman

28 April 2015

Strategic Report

The Directors have pleasure in presenting their Strategic Report for the year ended 31 December 2014.

Principal activity

Sigma, together with its subsidiaries, is a property group principally focused on the PRS sector but with both residential and commercial activities within its urban regeneration and property asset management sectors.

Sigma is a public limited liability company incorporated in England. It acts as a holding company and at 31 December 2014 had four principal wholly owned subsidiaries:

> Sigma Capital Property Limited ("SCP")

> Sigma Inpartnership Limited ("SIP")

> Strategic Property Asset Management Limited ("SPAM")

> Sigma Technology Investments Limited ("STI")

The Group's PRS activities are carried out by its subsidiary SCP. Its first joint venture with Gatehouse Bank plc commenced in November 2014 with the start of construction of 927 homes for the private rental market. A strategic partnership was also agreed with Grainger plc for PRS development opportunities of 100 units or more.

The Group's property regeneration activities are largely carried out by its subsidiary, SIP, which undertakes large scale property-related regeneration projects, working as a bridge between public and private sector organisations. Founded in 2000 and operating from offices in Manchester, SIP has three established partnerships, with Liverpool City Council, Salford City Council and Solihull Metropolitan Borough Council. The partnerships hold option arrangements with each local authority partner for the delivery of a mix of residential, commercial, education and health schemes.

Most of the Group's property management activities outside PRS and its local authority relationships are undertaken by SPAM. Through SPAM, the Group acts as property manager for its remaining historic property limited partnership, SI Property Limited Partnership No 7. This partnership holds the investment in the City Wharf development in Aberdeen. The Group has a 19.3% holding in SI Property Limited Partnership No 7, although this investment was written down to nil in 2009.

As anticipated, the Group completed the exit from its venture capital management activities in early 2014. The Group still has an interest in one venture capital fund and the investment is held in STI.

Key strategy

Our core strategy is to utilise our property and capital raising expertise whilst working with our established local authority partnerships and house building partners, along with our funding partners, to build on our initial PRS activities. Another key part of our strategy is to progress the land that is under our control by accessing funding to accelerate the delivery of residential regeneration developments and commercial developments. This strategy allows us to grow our income and profit and increase the proportion of the Group's business that is contracted, which provides for a more stable and predictable income stream.

The PRS model is the key component of our strategy for 2015 and beyond. The initial joint venture with Gatehouse, which commenced in November 2014, together with our new strategic partnership with Grainger provides us with a strong platform for growth in this sector. Sigma's strategy is to extend its geographic coverage for its PRS model beyond its existing local authority partnerships to other cities in the UK and to extend it to other tenures such as social housing.

Overview of the business

Private Rented Sector residential portfolio

Private Rented Sector residential portfolio

Our PRS model which has been designed to address the need for new homes in the UK allows us to move residential land assets with planning predominately from local authority partnerships to our fund structure. The key advantage of this for local authorities is that they are able to deliver large scale high quality housing quickly, meeting an urgent social need, with the PRS model delivering houses typically at five to six times the rate of those built 'for sale'. In addition, local authorities also benefit from council tax receipts on the new homes and from the Government's new homes bonus. Typically, local authorities' wider regeneration objectives are also boosted. The faster timescales are also attractive to house builders who can work with us on the delivery of PRS units to reduce their risk on certain sites. We are now beginning to see PRS site opportunities from both local authorities and the house building sector. The initial focus of our PRS activity with both Gatehouse and Grainger, is on the regions of England outside Greater London. Accordingly, Sigma is not currently seeking sites in Greater London.

Joint Venture with Gatehouse Bank plc

In November 2014, construction commenced on the first phase of 927 new privately rented residential properties comprising a mix of high quality family homes and apartments on 14 sites in the North West of England - ten in Greater Manchester and four in the Liverpool area. The new homes are being built by Countryside and construction is scheduled to be completed in approximately two years with a total development cost of c. £100 million. Direct Lettings Limited (part of the Shepherd Direct Group), with whom Sigma has a well-established association, are managing all lettings.

This first phase of homes is built on land procured by Sigma and is underpinned by our existing three local authority partnerships. Gatehouse, a leading London-based Shariah compliant investment bank with a real estate portfolio worth in excess of £1 billion across the UK and US, is delivering the equity element of the venture whilst Barclays Bank plc is providing the debt financing.

The first homes have now been completed with the first tenants having moved in. On-going rental demand is strong and the majority of properties scheduled for release over the coming months have already been pre-let or reserved. A new brand, "DIFRENT", has also been launched which will support the PRS Fund platform and be utilised for the rental of all units across this and further phases with Gatehouse therefore creating a national lettings brand.

Sigma is fully engaged with Gatehouse on the next phase of delivery and is currently exploring with them more efficient financial structures for the quicker delivery of the future phases.

The PRS Fund generates fees for the Group through each stage of its life. An upfront fee is paid on commencement of construction, a management fee is paid quarterly over the duration of the delivery period and a quarterly asset management fee is paid once the properties are completed. Sigma will also retain a share of the net disposal profits on the assets subject to a minimum return to investors. In addition, Sigma has made a loan to the PRS Fund in respect of the first phase which may be converted to equity conditional on the final construction costs of the initial investments.

Strategic Partnership with Grainger plc

In November 2014, Sigma entered into a major strategic partnership with Grainger, the UK's largest listed residential property owner and manager, to create a large-scale PRS portfolio across the key cities of England outside Greater London. Under the terms of the agreement, Sigma has granted Grainger the exclusive option for an initial four year term to acquire development opportunities of 100 units or more sourced by Sigma. This agreement is complementary to the PRS Fund established with Gatehouse.

Sigma has created a significant pipeline of opportunity through its local authority relationships and house building partners, which can be utilised over the course of the relationship with Grainger.

Grainger will appraise each development opportunity individually and we are in the process of delivering the first site with a gross development cost in excess of £18m. A number of further sites have already been identified which we are looking to progress with Grainger.

At present, Grainger expects to fully own the initial developments sourced by Sigma, although in the future it may also seek to syndicate its investment to third party investors, including Sigma. In addition to sourcing development opportunities, the Group expects to act as development manager on the majority of projects. The Group will earn a profit share on each housing development, split into a sourcing fee and a development management fee.

Strategic Report
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Urban regeneration

Liverpool Partnership (also referred to as Regeneration Liverpool)

Our Liverpool Partnership is a limited liability partnership formed in 2007 between SIP and Liverpool City Council. The partnership was given an initial ten year option over a 60 acre residential development site, known as Norris Green, which had outline planning consent for around 800 new homes, with a total development value of c. £120 million. The partnership was established with the flexibility to develop additional sites at the discretion of Liverpool City Council and over the last two years, Liverpool City Council has increased the number of sites under option. Key sites added are Gateacre, the former Queen Mary school site and Lime Street/Knowledge Quarter.

In 2012, we formed a joint venture company with a major local commercial property development company, Neptune Developments Limited, to help accelerate the delivery of the commercial regeneration projects in Liverpool. In 2013, we established a second joint venture company with house building specialist, Countryside, to assist us in the delivery of residential regeneration projects in the City.

Land in the Liverpool Partnership can be developed using any one of the following three ways: by the Liverpool Partnership (with SIP earning a management fee and participating in a profit share); by SIP (with SIP earning a fee and an agreed priority profit); or by the Liverpool Partnership selling a site on the open market, with SIP earning a percentage of the sales price achieved. At least 20% of the land must be disposed of by sale on the open market. The majority of the land will be developed by SIP through our venture companies with Countryside and Neptune Developments Limited.

Residential Projects

The regeneration of the site at Norris Green has made much progress and the upturn in the residential market has been helpful in bringing forward additional phases. The completion of our PRS Fund with Gatehouse has also been extremely positive for the regeneration effort.

We have now completed the first three phases at Norris Green, delivering 202 units and have delivered 83 of the 170 units on the fourth phase. There are 20 PRS units within the fourth phase, all of which have now been completed. Lettings demand has been strong with all 20 units let at the asking rents. Sales of the new homes are also progressing well at a rate of four per month.

Phase five, consisting of a further 56 affordable units on behalf of Liverpool Mutual Homes, commenced in March 2015 and will be built by our joint venture company Countryside Sigma Limited. The gross development cost ("GDC") of this fifth phase is c. £6.4 million.

Phase six will commence on site in May and consists entirely of 132 units for the PRS Fund and has a GDC cost of c. £13.5 million.

By the end of May, we will have built or will be contracted on 560 of the 828 master planned units. This is real transformational change for the scheme over the last 12 months.

Construction on the former Queen Mary School site, which is approximately one mile from Norris Green, commenced in January 2015. The detailed consent is for 200 new homes with 64 designated homes for our PRS Fund. The balance of 136 homes for sale are being constructed by our affiliate Countryside Sigma Limited. Infrastructure and remediation works are underway and we expect the first completed units in the summer of this year. We expect all the PRS units to be completed by the end of 2015.

Detailed planning consent on our large private for sale site at Gateacre, a 19 acre former secondary school site was submitted in March 2015. The application is for 200 new family homes ranging from two and three bedroom town houses up to five bedroom executive detached homes. There have been extensive pre-planning discussions with the Liverpool City Council and several community consultation events. Development is forecast to commence in the second half of 2015.

Commercial Projects

The Liverpool Partnership secured a land option agreement to develop three key sites within the Knowledge Quarter in March 2013. This is a major flagship mixed-use opportunity to the south and east of Lime Street railway station in the centre of Liverpool, with a development value for the initial three to five year phase of c. £96 million. Together with our commercial joint venture company, we are initially bringing forward a development scheme for Lime Street Eastern Terrace and the former ABC cinema to be followed by the redevelopment of the Mount Pleasant Car Park as part of the redevelopment strategy for the wider area.

Construction of the St John Bosco secondary school site at Stonebridge, with a development cost of c. £18 million completed in August 2014, ready for the new school year commencing September. We are pleased to report that this project won the Royal Institute of British Architects North West Region award for Building of the Year 2015.

Salford Partnership (also known as Higher Broughton Partnership)

The Salford Partnership is our partnership with Salford City Council and Royal Bank of Scotland.

Housing developer Countryside completed construction of 80 new family homes on a six acre site in April 2014. The development realised a base fee of £400,000 for Sigma spread over 2012 and 2013 and generated a profit share of £240,000 in 2014 as all the units were sold.

Sigma is working closely with Salford City Council to bring additional land for delivery for PRS. A total of four sites and 206 units will be developed as part of the initial phase of our PRS Fund with Gatehouse and we are in the process of reviewing more.

North Solihull Partnership

The Partnership was set up in 2007 by Solihull Metropolitan Borough Council, Bellway Homes, West Mercia Housing Association and SIP with the remit to coordinate and deliver the regeneration of an area of circa 1,000 acres in North Solihull. The key objectives of the Partnership are to deliver new and replacement housing stock, ten new or refurbished primary schools and five new village centres incorporating neighbourhood council, medical and retail facilities. Our key role is the provision of development management services, including strategic development planning, coordination and procurement of development works, in return for agreed fees for these services. Thereafter there are specific sites which we have the right to develop directly on a commercial basis.

The schools programme is well advanced with four completed and a further two on site due for completion in mid 2015. The remaining four schools will be comprehensive refurbishments of existing facilities.

We have been involved in the redevelopment of two Village Centres during the year. Acting as development manager at Chelmund's Cross, we completed the procurement and delivery of a £6 million contract for new infrastructure which will enable further phases of development including the construction of an Enterprise Centre.

At the second village centre at NAW, SIP completed the development and sale of a new 30,000 sq ft neighborhood retail and office scheme in March 2014. The sale allowed us to repay the Growing Places loan secured to fund the construction of the building. SIP earned fees and development profit c. £144,000 and £180,000 respectively, most of which was recognised in 2013.

We continue to work with NHS England, Solihull Council and the local GPs on the plans for the development of a new medical practice building at Smiths Wood, which will enable the two existing GP practices to merge and benefit the local community. After some delays due to the reorganisation of NHS England, we are now aiming to commence development in the fourth quarter of 2015.

We are also working with our partners on the early strategic planning stages of Kingshurst, the third village centre to be redeveloped. We anticipate providing further development management services on infrastructure improvements to the village centre that will in turn provide some direct development opportunities for SIP to undertake during 2016 and 2017.

We are also actively in discussions with the council in relation to land for PRS development.

City Wharf, Aberdeen

Sigma continues to provide asset management services to SI Limited Partnership No. 7 and its lender National Asset Management Agency ("NAMA"). During 2014 we completed the refurbishment of the vacant office accommodation in Exchequer House, successfully negotiated an uplift in the rent for the Grosvenor Casino (in relation to the rent review that fell due in late 2013), and secured a further letting of one of the vacant leisure units to Pure Gym who have expanded their existing facility within the development. Principal letting terms on a further retail unit have also been agreed with legal completion due in the next few weeks. NAMA is currently in the process of the disposal of the loans in respect of this asset and we await further developments in this regard.

Historic property management contracts

The property management contract with Regenco Trading Limited ("Regenco") for the management of Winchburgh development in Scotland ceased at the end of September 2014 reflecting the focus of our efforts on large scale residential and regeneration activities in England.

The Placing

The placing of new shares to raise £8 million gross was completed in April 2014 and gives the Group enhanced financial strength to execute the large-scale projects in which it is currently involved. In particular, this financial strength will enable the Group to: fund pre-development spend and thereby accelerate the development of existing projects; make equity investment in current and future projects so providing Sigma with greater participation in returns; and

Strategic Report
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demonstrate intent to our PRS partners and local authority partnerships.

Venture Capital activities

During the first half of 2014, the management of the last of the venture funds, Sigma Sustainable Energy Fund II, was transferred to Shackleton Ventures Limited together with the remaining business advisory contracts of certain of the investee companies and also disposed of its residual interest in the fund assets. Sigma continues to be a limited partner in one venture fund which was transferred in the prior year with its investment in the fund held by STI.

Financial Review of 2014

The Group's revenue decreased by 33% to £3,868,000 (2013: £5,808,000) due to the large impact on revenue in 2013 from NAW (2014: £604,000, 2013: £3,690,000). Excluding the revenue both from NAW and from the discontinued venture capital activities, other property revenue increased by 96% to £3,245,000 (2013: £1,652,000). Gross profit increased by 42% to £3,208,000 (2013: £2,257,000). Excluding the NAW and the discontinued venture capital activities gross profit increased by 90% to £3,147,000 (2013: £1,652,000).

The Group made a trading profit in the year of £16,000 (2013: trading loss £409,000), with property activities driving the turnaround generating a trading profit of £576,000 (2013: trading loss of £18,000). The discontinued venture capital activities generated a trading loss of £179,000 (2013: trading loss £75,000) and the trading profit was also adversely impacted by the costs incurred by the holding company on Group matters. Full detail of the results for the year by business segment is given in note 3 to the financial statements.

Administrative costs increased by 20% to £3,192,000 (2013: £2,666,000), with the rise principally reflecting increased legal and professional costs. The legal and professional costs were higher as a result of the two joint venture arrangements entered into during the year. There was also an increase in employment costs of 12% mainly due to the payment of one-off bonuses following the signing of the two joint venture agreements. Excluding these bonuses, employment costs only rose by 1%.

The Group made a profit from operations of £186,000 (2013: loss £355,000) benefitting from an unrealised profit on investments of £171,000 (2013: loss £28,000) offset by a small loss on disposal of equity investments of £1,000 (2013: profit £82,000). Overall the Group made a net profit in the year of £214,000 (2013: net loss of £856,000). The results in the prior year were adversely affected by an exceptional item of £531,000 being the excess of the price paid for the deferred share in SIP over the deferred consideration provided for in 2012.

Net assets of the Group increased to £10,620,000 at 31 December 2014 (31 December 2013: £2,636,000) benefiting from the share placing which raised £7.63 million net of expenses. Net assets at 31 December 2014 were equivalent to 17.4p per share (31 December 2013: 5.5p per share).

Balance sheet

The principal items in the balance sheet are goodwill of £533,000 (2013: £533,000), the investment in the venture capital fund of £502,000 (2013: £520,000), other unquoted securities £171,000 (2013: £nil), two loans to the PRS Fund totalling £3,500,000 (2013: £nil) and cash of £5,220,000 (2013: £1,070,000).

The goodwill relates to the acquisition of SIP and is reviewed each year for impairment. The investment is in one venture capital fund which holds investments in 8 companies (2013: 14 companies). The unquoted security is an investment in Nandi Proteins Ltd ("Nandi") which the Group has held for some years. During the year, certain third parties invested a substantial amount into Nandi and the value of the Group' investment reflects the price paid by those third parties. The loans to the PRS Fund comprise two loans of £2,000,000 and £1,500,000 which were key for the PRS Fund to commence. The loan of £2,000,000 is expected to be repaid in 2015 and the loan of £1,500,000 is expected to be repaid over the period to the end of 2016.

The Group's current assets exceed its current liabilities by £8,015,000 (2013: £1,061,000). The Group has no long term liabilities.

Cash flow

The Group's cash balances increased by £4,150,000 to £5,220,000 (2013: increased by £46,000 to £1,070,000). The cash outflow from operating activities of £131,000 (2013: £494,000). The cash inflows from the issue of shares was £7,747,000 (2013: £33,000) offset by cash outflow in respect of other investing activities of £3,466,000 (2013: £507,000).

Key performance indicators

With the transfer of the remaining fund activities over the year, the key performance indicators are concentrated on the property activities.

The Group's key performance indicators include:

	2014 £'000	2013 £'000	Change
Revenue - continuing property activities excluding extraordinary revenue from NAW	3,245	1,652	+96%
Revenue – all property activities	3,849	5,342	-28%
Operating profit/(loss) – property activities	576	(18)	594
Realised (loss)/profit on disposal of equity investments	(1)	82	(83)
Unrealised profit/(loss) on revaluation of investments	171	(28)	199
Group operating profit/(loss)	186	(355)	541
Cash balances	5,220	1,070	+488%

Principal risks and uncertainties

The specific financial risks of price risk, interest rate risk and credit risk are discussed in the notes to the financial statements. The broader risks – financial, operational, cash flow and personnel - are considered below.

The principal financial risk relates to the housing market where a deterioration in the macro-economic outlook, the cyclical nature of residential market and a fall in house prices may affect Sigma's income and its ability to raise finance for housing projects. The Group manages these risks by keeping abreast of any trends so that any likely down turn is anticipated, maintaining good funding relationships, ensuring a reputation of building a good quality product and having diversity in its income streams. An additional financial risk to the business is the recovery of the two loans in respect of the PRS Fund. Sigma is the development manager in respect of the PRS Fund and has implemented substantial cost control and monitoring procedures. The loans are expected to be repaid in full during

2015 and 2016. A further financial risk is a reduction in the value of the Group's investment in the venture capital fund and in the unquoted security. This risk is mitigated to a certain extent as the funds are invested in eight underlying companies. In addition, the fund manager is also focused on ensuring that the companies remain properly funded whilst working with them on exit strategies.

The principal operational risks of the business reside around management's ability to secure new contracted property income streams from both residential and commercial property initiatives. The launch of the PRS Fund has significantly increased the proportion of the Group's contracted revenue compared with one-off income streams.

Where the Group undertakes property developments on its own balance sheet, development risk is managed by maintaining close control of pre-contract costs and by limiting the number of early stage developments financed by the Group at any one time.

The main cash flow uncertainties of the business centre around the timing of property project development fees, the receipt of profits arising out of the partnerships and the timing of the repayment of the loans provided in respect of the PRS Fund.

The Group is dependent on its Executive Directors and senior management for its success. There can be no assurance that the Group will be able to retain the services of these key personnel although historically the turnover of senior staff has been low. Incentives for senior staff include share options and carried interest in joint ventures and managed funds.

Employees

The Directors believe that employees are fundamental to the Group's success and are committed to the involvement and development of staff at all levels. The Group continues to keep its employees informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved effectively through regular informal meetings. There is an employee share scheme which is open to all employees.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort will be made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Signed by the order of the directors

GF Barnet
Chief Executive Officer

28 April 2015

Directors

David Sigsworth
Non-executive Chairman (Age 68)

David spent over ten years as a main board director of FTSE 100 utility companies and most recently on the board of Scottish and Southern Energy plc. David is actively involved in the sustainable energy sector and holds several associated non-executive directorships. David is also the Chairman of the Sigma Sustainable Energy Fund II.

Graham Barnet
Chief Executive Officer (Age 51)

Graham co-founded Sigma Technology Management Limited in 1997. A qualified lawyer, Graham worked for Noble Grossart Limited, Edinburgh Financial Trust Limited and Shepherd & Wedderburn, specialising in corporate finance and corporate law, prior to forming his own company in 1994. This company, Merchant Investments Limited, was a specialist consultancy involved in the management of businesses both in the traditional and technology sectors.

Graeme Hogg
Chief Operating Officer (Age 49)

Graeme has worked in the property and property finance sector throughout his career. He has worked on major commercial and residential development projects and has seven years of international experience in the areas of property development and fund management. Graeme co-founded Sigma Inpartnership with Duncan Sutherland in late 2000 and was instrumental in the creation of its three regeneration partnerships.

Marilyn Cole, FCA
Finance Director and Company Secretary (Age 60) (Resigned 31 December 2014)

Marilyn joined Sigma in January 2000. She spent the early part of her career with Deloitte Haskins & Sells and Pannell Kerr Forster where she specialised in corporate finance work. Prior to joining Sigma, Marilyn was Finance Director of Northamber plc.

Malcolm Briselden, ACMA
Finance Director and Company Secretary (Age 47) (Appointed 1 January 2015)

Malcolm is a chartered management accountant who joined the company as Group Financial Controller in April 2012. Prior to Sigma, Malcolm spent nine years at The Premier Property Group Limited, the commercial property arm of Murray International Holdings Limited.

John Hamilton, RICS
Property Development Director (Age 56) (Resigned 29 September 2014)

John is a chartered surveyor with over 30 years' industry experience. In his career he has worked in private practice and with a number of the UK's leading house builders. Most recently before joining Sigma, John was Technical Director at Miller Homes. John is responsible for Sigma's interests in the residential development market.

Gwynn Thomson, RICS
Property Investment Director (Age 47)

Gwynn has over 22 years' experience in the property markets with his particular specialism being in commercial property investment. Prior to joining Sigma, Gwynn was a director of investment and valuation at DTZ.

Duncan Sutherland
Regeneration Director (Age 63)

Duncan co-founded Sigma Inpartnership with Graeme Hogg in 2000 and has been key in developing the partnership model with local government partners. Duncan works closely with government promoting this innovative approach to achieving regeneration. Duncan is also a Non-Executive Director of Scottish Canals and a Non-Executive Director of High Speed Two (HS2) Limited.

Mark Hogarth
Investment Director (Age 41)
(Resigned 19 March 2014)

Mark joined Sigma in February 2002 and was appointed to The Board in March 2007. As Investment Director, Mark has been involved in sourcing and reviewing investment and disposal proposals for Sigma's Venture funds. Mark was previously with Anderson Business Consulting where he worked with blue chip clients on a range of technical, strategic and business issues.

William MacLeod
Executive Director (Age 49)

Bill has over 25 years' experience of property investment, including real estate investment management. Previous positions include Managing Director at Cushman & Wakefield Investors and Director at ING Real Estate Investment Management. Based in London, Bill is also Managing Director of Torrin Asset Management, his own management business.

James McMahon
Non-executive Director (Age 66)

Jim is a former senior partner in PricewaterhouseCoopers and was a founder partner of West Coast Capital with Sir Tom Hunter in 2001. He has many years' experience in private equity, retail and public companies including Office Shoes, Booker plc, Flying Brands plc and Prestbury Group.

The two non-executive Directors are the members of the Audit Committee and the Remuneration Committee. James McMahon is chairman of the Audit Committee and David Sigsworth is chairman of the Remuneration Committee.

Advisers

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Malcolm Briselden, ACMA
Oxford Place
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Manchester
M1 6EQ

Trading address
41 Charlotte Square
Edinburgh EH2 4HQ

Registrars
Capita IRG plc
The Registry
34 Beckenham Road
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Auditor
Chantrey Vellacott DFK LLP
Russell Square House
10-12 Russell Square
London WC1B 5LF

Nominated Adviser and Broker
Nplus1 Singer Capital Markets Limited
One Bartholomew Lane
London EC2N 2AX

Financial PR
KTZ Communications
No. 1 Cornhill
London EC3V 3ND

Directors' Report

The Directors present their annual report on the affairs of the Group, together with the audited financial statements and auditor's report, for the year ended 31 December 2014.

Results and dividends

The Group made a profit for the year of £214,000 (2013: loss £856,000). The directors do not recommend the payment of a dividend (2013: nil). The directors are confident of the prospects of the Group for the current year.

Review of the business and future developments

The Directors are required to present an extended business review reporting on the development and performance of the Group and the Company during the year and their positions at the end of the year. This requirement is met by the Chairman's Statement and the Strategic Report on pages 2 to 11.

Directors

The current Directors of the Company are listed on pages 12 and 13, all of whom held office during the year except where indicated otherwise. Details of Directors' interests in share options and in shares are given in the Directors' Remuneration Report on pages 16 and 17.

Risk factors

Information on the Group's financial risk management objectives and policies relating to market risk, credit risk and liquidity risk is provided in note 1 to the financial statements. The broader risks of the business are considered in the Strategic Report.

Treasury activities and financial instruments

The Group's financial instruments comprise cash, equity investments plus other items such as trade debtors and trade creditors that arise directly from its operations. At 31 December 2014, the Group had positive cash balances of £5,220,000 (2013: £1,070,000) and had a short term loan of £nil (2013: £3,171,000).

The Group's policy is to keep surplus funds on short term and instant access deposit to earn the prevailing market rate of interest. The Group's policy is only to borrow funds if such funds are needed to develop specific assets in which case the loan is secured against that asset and is held within the subsidiary company undertaking the development. The Group does not give cross guarantees from other companies within the Group.

It is the Group's policy not to speculate in derivative financial instruments. The Company is not exposed to significant foreign exchange risks as transactions in foreign currency are minimal.

Directors' indemnity insurance

The Group held a Directors and Officers insurance policy in place throughout the year in respect of the Company and the Group's subsidiaries.

Political donations

No political contributions were made during the year (2013: £nil).

Going concern

During the current year the Group raised £8,000,000 gross from a placing of the Company's shares and had a bank balance of £5,220,000 at the end of the year, therefore has considerable financial resources for the size of its current business activities.

The income generated by the Group's PRS activities, regeneration partnerships and other property activities comprises both contracted revenue and one-off income streams. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully. After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Corporate governance

Although not required to do so, the Company seeks within the practical confines of being a small company to act in compliance with the principles of good governance and the code of best practice as contained in the UK Corporate Governance Code.

The Board meets regularly to determine the policy and business strategy of the Group and has adopted a schedule of matters that are reserved as the responsibility of the Board. The Chief Executive Officer leads the development of business strategies within the Group's operations. The Board consists of six executive Directors and two non-executive Directors. The Board considers that there is an appropriate balance between the executives and non-executives and that no individual or small group dominates the Board decision making. The Board's members have a wide range of expertise and experience and it is felt that concerns may be addressed to the non-executive Chairman.

The Board has delegated certain authorities to committees, each with formal terms of reference. The whole Board acts as a Nomination Committee.

The non-executive Directors are the members of the Audit Committee. It meets at least twice a year to consider the scope of the annual audit, interim financial statements and to assess the effectiveness of the Group's system of internal controls. Given the size of the Group, the Audit Committee considers an internal audit function is not currently justified. The Audit Committee is chaired by James McMahon.

The non-executive Directors are the members of the Remuneration Committee. It meets at least once a year to determine Company policy on senior executive remuneration, to make detailed recommendations to the Board regarding the remuneration packages of the executive Directors and to consider awards under the Group's option schemes and carried interest arrangements. The Chief Executive Officer is consulted on remuneration packages and policy but does not attend discussions regarding his own package. The remuneration and terms and conditions of the appointment of non-executive Directors are determined by the Board. The Remuneration Committee is chaired by David Sigsworth.

The Board has considered mechanisms by which the business and the financial risks facing the Group are managed and reported to the Board. The principal business and financial risks have been identified and the control procedures that are in place to manage those risks have been documented. This document is subject to review by the Board and is updated on a regular basis. The Board acknowledges its responsibility for reviewing the effectiveness of the systems that are in place to manage risk and to provide reasonable but not absolute assurance with regard to the safeguarding of the Group's assets against misstatement or loss.

The key elements of the system of internal control are:

> Clear definition of delegated authorities and preparation of annual budgets for Board approval.

> Close involvement of senior management in the day to day business of the Group.

> Regular reporting of business performance to the Board and the review of results against budget.

Awareness of relevant audit information

At the date of this report and insofar as each of the Directors is aware:

> There is no relevant audit information of which the auditor is unaware.

> The Directors have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

A resolution to re-appoint Chantrey Vellacott DFK LLP as auditor will be proposed at the Annual General Meeting.

By order of the Board

Malcolm Briselden, ACMA
Company Secretary

28 April 2015

Directors' Remuneration Report

Directors' remuneration

The two non-executive Directors comprise the members of the Remuneration Committee. David Sigsworth chairs the committee. The Remuneration Committee decides the remuneration policy that applies to executive Directors.

Salaries and benefits

The Remuneration Committee meets at least once a year in order to consider and set the remuneration packages for executive Directors. The remuneration packages are benchmarked to ensure comparability with companies of a similar size and complexity. Remuneration comprises basic salary and, for most directors, pension contributions to the Director's personal pension scheme, and benefits in kind. In addition, certain directors are paid a car allowance or receive a contribution to their travel expenses. Remuneration also includes share options and carried interest as detailed below. An analysis of remuneration by Director is given in note 8 of these financial statements.

Contracts of service

G Barnet has a one-year rolling service agreement with the Company. The other executive Directors have service agreements with a three-month notice period.

Directors' interests – interests in share options

Details of options held by Directors who were in office at 31 December 2014 are set out below.

Director	Date of grant	Number	Exercise price	Exercise date	Expiry date
GF Barnet	28.11.13	114,286	26.25p	28.11.16 – 27.11.23	27.11.23
GF Barnet	19.11.14	250,000	68.00p	19.11.17 – 18.11.24	18.11.24
G Hogg	29.07.11	250,000	7.50p	29.07.14 – 28.07.21	28.07.21
G Hogg	28.11.13	82,857	26.25p	28.11.16 – 27.11.23	27.11.23
G Hogg	19.11.14	264,503	68.00p	19.11.17 – 18.11.24	18.11.24
W MacLeod	28.11.13	114,286	26.25p	28.11.16 – 27.11.23	27.11.23
D Sigsworth	30.04.08	100,000	25.0p	30.04.08 – 29.04.18	29.04.18
D Sutherland	29.07.11	131,500	7.50p	29.07.14 – 28.07.21	28.07.21
D Sutherland	28.11.13	42,857	26.25p	28.11.16 – 27.11.23	27.11.23
D Sutherland	19.11.14	64,503	68.00p	19.11.17 – 18.11.24	18.11.24
G Thomson	05.05.11	250,000	8.00p	05.05.14 – 04.05.21	04.05.21
G Thomson	28.11.13	38,095	26.25p	28.11.16 – 27.11.23	27.11.23
G Thomson	19.11.14	200,000	68.00p	19.11.17 – 18.11.24	18.11.24

Options over 779,006 ordinary shares of 1p each were granted to Directors during the year. During the year D Sutherland exercised an option over 118,500 shares at 7.50p per share. Details of the Company's option schemes are set out in note 21 to the financial statements.

The market price of the Company's shares at 31 December 2014 was 56.5p. The range of market prices during the year was 41p to 91p.

Carried interest arrangements

Two of the Directors have been allocated a share of the carried interest assigned to Sigma arising from the historic venture funds. Current estimates are that no value is attributable to this carried interest.

Five of the Directors have been allocated a share of the carried interest assigned to Sigma arising from investment in the PRS joint venture with Gatehouse. As the project only commenced in November 2014 the value attributable to this carried interest is currently unknown.

Directors' interests - interests in shares

Directors in office at 31 December 2014 had the following interests in the ordinary shares of 1p each of the Company:

	2014 Number	2013 Number
GF Barnet	**7,548,237**	7,548,237
GR Hogg	**536,496**	513,429
W MacLeod	**766,000**	766,000
D Sigsworth	**411,971**	411,971
G Thomson	**142,857**	142,857
D Sutherland	**133,299**	–

All of the above interests are beneficial except for 735,000 shares (2013: 735,000 shares) held by Graham Barnet as trustee for two of his children. On 8 January 2014, John Hamilton, a former director, sold 89,500 ordinary shares of 1p each to his self-invested personal pension with Standard Life, of which he is trustee and sole beneficiary. On 17 January 2014, Graeme Hogg sold 95,000 ordinary shares of 1p each in the Company to his self-invested personal pension of which he is trustee and sole beneficiary. On the 18th November 2014, Duncan Sutherland exercised options over 118,500 ordinary shares of 1p each. On the 26 November 2014 he sold 117,649 ordinary shares of 1p each with 117,559 shares sold to his self-invested personal pension of which he is trustee and sole beneficiary. Both pension fund holdings are included in the Directors' interests shown above. There were no dealings in the Company's shares by any of the Directors between 31 December 2014 and 28 April 2015.

D Sigsworth
Chairman

28 April 2015

Statement of Directors' Responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the Group and Parent Company financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing those financial statements, the Directors are required to:

> select suitable accounting policies and then apply them consistently;

> present information, including accounting policies, in a manner that provides relevant, reliable, comparable, understandable information;

> provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and

> prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records sufficient to show and explain company transactions and which disclose with reasonable accuracy at any time the financial position of the Company and the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Independent Auditor's Report to the Shareholders of Sigma Capital Group plc

We have audited the financial statements of Sigma Capital Group plc for the year ended 31 December 2014 which comprise the Consolidated Comprehensive Income Statement, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Cash Flow Statements and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all of the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on 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 31 December 2014 and of the group's profit for the year then ended;

> the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;

> 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; and

> the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and 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.

Neil Tustian
(Senior Statutory Auditor)
for and on behalf of CHANTREY VELLACOTT DFK LLP
Chartered Accountants and Statutory Auditor
Russell Square House
10-12 Russell Square
London
WC1B 5LF

28 April 2015

Consolidated Comprehensive Income Statement

for the year ended 31 December 2014

	Notes	2014 £'000	2013 £'000
Revenue from services	3	**3,868**	5,808
Cost of sales	4	**(660)**	(3,551)
Gross profit		**3,208**	2,257
Realised (loss)/profit on disposal of equity investments		**(1)**	82
Unrealised profit/(loss) on the revaluation of investments	15	**171**	(28)
Administrative expenses	5	**(3,192)**	(2,666)
Profit/(loss) from operations		**186**	(355)
Finance income	6	**28**	10
Profit on disposal of interest in Frontier IP		**-**	110
Share of loss of Frontier IP	14	**-**	(90)
Exceptional items	7	**-**	(531)
Profit/(loss) before tax		**214**	(856)
Taxation	9	**-**	-
Profit/(loss) for the year		**214**	(856)
Profit/(loss) per share attributable to the equity holders of the Company:			
Basic profit/(loss) per share	10	**0.38p**	(1.87)p
Diluted profit/(loss) per share	10	**0.37p**	(1.87)p

There were no comprehensive gains or losses in either year other than those included in the comprehensive income statement. The accompanying notes are an integral part of this consolidated comprehensive income statement. The Company has elected to take the exemption under section 408 of the Companies Act 2006 to not present the Company income statement. The loss for the Company for the year was £338,000 (2013: £1,299,000). In the prior year the principal reason for the loss in the year was a provision against amounts due from subsidiary companies of £1,100,000.

Consolidated Balance Sheet
at 31 December 2014

	Notes	2014 £'000	2013 £'000
Assets			
Non-current assets			
Goodwill and other intangibles	11	**579**	596
Property and equipment	12	**18**	19
Financial assets at fair value through profit and loss	15	**673**	520
Trade and other receivables	16	**1,335**	-
		2,605	1,135
Current assets			
Trade receivables	16	**178**	651
Other current assets	16	**3,549**	5,000
Trading investments	17	**-**	2
Cash and cash equivalents		**5,220**	1,070
		8,947	6,723
Total assets		**11,552**	7,858
Liabilities			
Current liabilities			
Trade and other payables	18	**932**	2,051
Loan	19	**-**	3,171
Total liabilities		**932**	5,222
Net assets		**10,620**	2,636
Equity			
Called up share capital	20	**612**	483
Share premium account	20	**12,952**	5,334
Capital redemption reserve		**34**	34
Merger reserve		**(249)**	(249)
Capital reserve		**(7)**	(7)
Retained earnings		**(2,722)**	(2,959)
Equity attributable to equity holders of the Company		**10,620**	2,636

The accompanying notes are an integral part of this consolidated balance sheet.

Company Balance Sheet
at 31 December 2014

	Notes	2014 £'000	2013 £'000
Assets			
Non-current assets			
Property and equipment	12	**1**	2
Investment in subsidiaries	13	**2,921**	2,921
Trade and other receivables	16	**154**	100
		3,076	3,023
Current assets			
Trade receivables	16	**5,157**	389
Other current assets	16	**56**	1,051
Cash and cash equivalents		**3,018**	208
		8,231	1,648
Total assets		**11,307**	4,671
Liabilities			
Current liabilities			
Trade and other payables	18	**1,340**	2,136
Total liabilities		**1,340**	2,136
Net assets		**9,967**	2,535
Equity			
Called up share capital	20	**612**	483
Share premium account	20	**12,952**	5,334
Capital redemption reserve		**34**	34
Retained earnings		**(3,631)**	(3,316)
Total equity		**9,967**	2,535

The accompanying notes are an integral part of this balance sheet.

The financial statements on pages 20 to 45 were approved by the Board of Directors and authorised for issue on 28 April 2015 and were signed on its behalf by:

GF Barnet
Chief Executive Officer

28 April 2015

Registered number 3942129

Consolidated Statement of Changes in Equity

for the year ended 31 December 2014

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Merger reserve £'000	Capital reserve £'000	Retained earnings £'000	Total equity £'000
At 1 January 2013	456	4,481	34	(249)	(7)	(2,118)	2,597
Issue of shares	27	898	-	-	-	-	925
Cost of share issue	-	(45)	-	-	-	-	(45)
Loss for the year	-	-	-	-	-	(856)	(856)
Share-based payments	-	-	-	-	-	15	15
At 31 December 2013	483	5,334	34	(249)	(7)	(2,959)	2,636
Issue of shares	129	7995	-	-	-	-	8,124
Cost of share issue	-	(377)	-	-	-	-	(377)
Profit for the year	-	-	-	-	-	214	214
Share-based payments	-	-	-	-	-	23	23
At 31 December 2014	**612**	**12,952**	**34**	**(249)**	**(7)**	**(2,722)**	**10,620**

Company Statement of Changes in Equity

for the year ended 31 December 2014

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total equity £'000
At 1 January 2013	456	4,481	34	(2,032)	2,939
Issue of shares	27	898	-	-	925
Cost of share issue	-	(45)	-	-	(45)
Loss for the year	-	-	-	(1,299)	(1,299)
Share-based payments -	-	-	15	15	
At 31 December 2013	483	5,334	34	(3,316)	2,535
Issue of Shares	129	7,995	-	-	8,124
Cost of share issue	-	(377)	-	-	(377)
Loss for the year	-	-	-	(338)	(338)
Share-based payments	-	-	-	23	23
At 31 December 2014	**612**	**12,952**	**34**	**(3,631)**	**9,967**

Consolidated and Company Cash Flow Statements

for the year ended 31 December 2014

	Notes	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
Cash flows from operating activities					
Cash used in operations	24	**(131)**	(494)	**(4,955)**	(621)
Net cash used in operating activities		**(131)**	(494)	**(4,955)**	(621)
Cash flows from investing activities					
Disposal of shares in Frontier IP		**-**	276	**-**	276
Purchase of property and equipment		**(12)**	(14)	**-**	(2)
Purchase of financial assets at fair value through profit and loss		**(1)**	(20)	**-**	-
Disposal of financial assets at fair value through profit and loss		**19**	127	**-**	-
Loans to PRS Fund		**(3,500)**	-	**-**	-
Long term loan		**-**	28	**-**	-
Disposal of trading investments		**-**	100	**-**	-
Interest received and other financial income		**28**	10	**18**	1
Net cash (invested in)/generated from investing activities		**(3,466)**	507	**18**	275
Cash flows from financing activities					
Issue of shares		**7,747**	33	**7,747**	33
Net cash generated from financing activities		**7,747**	33	**7,747**	33
Net increase in cash and cash equivalents		**4,150**	46	**2,810**	(313)
Cash and cash equivalents at beginning of year		**1,070**	1,024	**208**	521
Cash and cash equivalents at end of year		**5,220**	1,070	**3,018**	208

The accompanying notes are an integral part of this cash flow statement.

Accounting policies
for the year ended 31 December 2014

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of accounting

The financial statements have been prepared on a going concern basis. The business model of the Group together with the principal risks and uncertainties are set out in the Strategic Report and the Group's financial risk management is covered in note 1. The progress of the Group since the balance sheet date is described in the Chairman's Statement and Strategic Report. During the year the Group raised £8,000,000 gross from a placing of the Company's shares and had a bank balance of £5,220,000 at the end of the year, therefore has considerable financial resources for the size of its current business activities.

The financial statements of the Group and the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union.

The financial statements have been prepared on the historical cost basis, except where IFRS requires an alternative treatment. The principal variations from historical cost relate to financial instruments (IAS 39).

The International Accounting Standards Board and the International Financial Reporting Interpretations Committee have issued the following standards and interpretations with an effective date after the date of these financial statements and which have not been early adopted:

Effective 1 January 2015:

> IFRS 9 Financial Instruments

> IFRS 14 Regulatory Deferral Accounts

The impact of the adoption of these standards and interpretations on the Group's financial statements in the period of initial application has not been quantified, but is not expected to be material.

Basis of consolidation

The Group financial statements consolidate the financial statements of Sigma and its subsidiary undertakings. The Group has taken advantage of the exemption under IFRS 1 *First-time Adoption of International Financial Reporting Standards* not to adopt IFRS 3 retrospectively and hence has used merger accounting for STM which was first consolidated into the Group in 2000. All other subsidiary undertakings are consolidated using acquisition accounting from the date of acquisition.

Under acquisition accounting, the cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. The direct costs of acquisition are recognised immediately as an expense.

The Group has an interest in three limited partnerships which undertake property regeneration, the North Solihull Partnership, the Salford Partnership and the Liverpool Partnership (together "the Partnerships"). The Group has a 49.805% share of any profits that might arise in the North Solihull Partnership through its 25% holding in the General Partner of this partnership and through a wholly owned subsidiary which acts as a limited partner. The Group has a 32.99% share of any profits that might arise in the Salford Partnership through its 25% holding in the General Partner of this partnership, through a wholly owned subsidiary which acts as a limited partner and through three other wholly owned subsidiaries. The Group has a 0.01% share of any profits that might arise in the Liverpool Partnership through a wholly owned subsidiary. The Directors consider that the Group neither exercises control nor has the potential to control the Partnerships and acts in a commercial capacity as project manager, development manager and developer of the underlying projects undertaken by the Partnerships.

The Group has a 25.1% interest in Countryside Sigma Limited ("CSL") a residential housing developer also engaged in the sourcing and provision of affordable housing for housing associations and other registered social landlords. The Group earns profits on residential developments depending on the size of each development. The Directors consider that the Group neither exercises control nor has the potential to control CSL. As at the 31 December 2014, the net assets of CSL were immaterial and have therefore not been recognised in these financial statements.

The Group also has a 20.1% interest in Thistle Limited Partnership ("TLP"), its PRS joint venture with Gatehouse. The Group will retain a share of the net disposal profits on the assets, subject to a minimum return to investors. The Group has also made a loan of £2 million to TLP which may be converted to equity conditional on final construction costs of the initial investments The Directors consider that the Group neither exercises control nor has the potential to control TLP and acts in a commercial capacity as development and asset manager.

During the prior year, Sigma equity accounted for its holding in Frontier IP based on the fair value of its shares at the time of the initial share placing less its share of losses subsequently generated by Frontier IP. The results of Frontier IP used in the Group accounts in the prior year have been extracted from the audited results for the year ended 30 June 2013 and from management accounts for the six week period to 13 August 2013. Frontier IP ceased to be an associate company of the Group on 13 August 2013.

Segmental reporting

The Directors regard the Group's reportable segments of business to be property, venture capital fund investment and holding company activities. The business has no geographical aspect. Costs are allocated to the appropriate segment as they arise with central overheads apportioned on a reasonable basis.

Intangible assets

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill is recognised as an asset and reviewed for impairment annually. For the purposes of assessing impairment, assets are grouped in to cash generating units (CGU) being the lowest levels for which there are separately identifiable cash flows. Any impairment is recognised immediately in the income statement and is not subsequently reversed. When the Group disposes of an interest in a subsidiary, the value of goodwill is reduced by the proportion that relates to the interest being disposed of.

Acquired intangible assets

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques.

The significant intangibles recognised by the Group, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:

Intangible asset	Useful economic life	Valuation method
Customer relationships	Remaining period of contract	Multi-Period Earnings Method

Property and equipment

Property and equipment are stated at cost less depreciation and any provision for impairment.

Depreciation

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset on a straight-line basis over its expected useful life. The rates of depreciation are as follows:

Leasehold improvements
over the term of the lease

Fixtures and office equipment
25% per annum

Computer equipment
33%-50% per annum

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The movement in the provision is recognised in the income statement.

Cash

Cash and cash equivalents comprise cash at bank and in hand and short term deposits.

Accounting Policies
continued

Investments

Investments represent the Group's interest in the equity value of one unquoted stock and one venture capital fund managed by a third party.

Investments are classified as financial assets at fair value through profit or loss and are initially measured at cost. Subsequent measurement is at fair value. The fair value of the unquoted stock is established using International Private Equity and Venture Capital Valuation Guidelines. The fair value of the investments in the venture capital fund is based on the net asset value of the fund at the Company's year end as reported by the independent fund manager where the Board believes that this is materially equivalent to fair value. The fund manager undertakes a full fair value assessment of the investments held by the venture capital funds using valuation methodologies in line with British Venture Capital Association guidelines.

Investments classified as "financial assets at fair value through profit or loss" are recognised as non-current assets.

Investment in subsidiary companies is stated at cost less provision for any impairment in value.

Trade payables

Trade payables are not interest bearing and are stated at their amortised cost.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Current and deferred tax

The charge for current tax is based on the results for the year as adjusted for items which 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 recognised. 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 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.

Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments 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 of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares or options that will eventually vest.

Fair value is measured using the Black Scholes-Merton pricing 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 considerations.

Revenue recognition

Fees for services provided by the Group are measured at the fair value of the consideration received or receivable, net of value added tax.

Property project management fees are recognised when the service is provided. Income arising from profit share arrangements is recognised when the amount of profit can be reliably estimated but discounted to reflect when the amount will actually be received. The profit share estimate is reviewed on a quarterly basis. Development management fees are recognised on a pro-rata basis over the development period. Transaction fees and other fees for corporate finance work are recognised when the service is provided subject to completion of the respective transaction being virtually certain. Fund management fees, directors' fees and retainers are recognised when the service is provided.

Revenue recognised in advance of invoicing is shown as accrued income within debtors.

Revenue from property development is recognised as appropriate in accordance with IAS 18 or IAS 11, with reference to IFRIC 15, dependent upon the circumstances specific to each contract. Where the substance of a contract meets the definition of a construction contract, revenue is accrued and development costs charged to the income statement in proportion to the stage of completion of the project in accordance with IAS 11. Where the substance of the contract does not meet the definition of a construction contract, revenue is recognised as the services are provided in accordance with IAS 18.

Operating leases

Amounts due under operating leases are charged to the income statement in equal annual instalments over the period of the lease.

Retirement benefit costs

The Group operates a defined contribution retirement benefit scheme. The amount charged to the income statement in respect of retirement benefit costs are the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either prepayments or accruals in the balance sheet.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its property and equipment and intangible assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill arising on acquisition is allocated to cash-generating units. The recoverable amount of the cash-generating unit to which goodwill has been allocated is tested for impairment annually, or on such other occasions that events or changes in circumstances indicate that it might be impaired. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so 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 (cash-generating unit) in prior years. Impairment losses relating to goodwill are not reversed.

Exceptional items

Exceptional items are defined as items of income and expenditure which, in the opinion of the Directors, are material and unusual in nature or of such significance that, in order to give a full understanding of the Group's underlying financial performance, they require separate disclosure on the face of the comprehensive income statement in accordance with IAS 1 'Presentation of Financial Statements'.

Notes to the Financial Statements
for the year ended 31 December 2014

1. Financial risk management

Financial risk factors

The Group's business activities are set out in the Strategic Report on pages 6 to 11. These activities expose the Group to a number of financial risks. The following describes the Group's objectives, policies and processes for managing these risks and the methods used to measure them. The Group only operates in the UK and transacts in sterling. It is therefore not exposed to any foreign currency exchange risk.

(a) Capital risk management

The Group's objectives for managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an efficient capital structure to manage the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders and issue new shares or buy back existing shares. At 31 December 2014 the Group had no short term debt (2013: £3,171,000). The debt was taken out for a specific development and the risk was mitigated by a forward sale of the development and by holding the debt in a wholly owned subsidiary with no cross guarantees. During the current year, the short term debt was repaid in full on completion and sale of the development. There were no changes in the Group's approach to capital management during the year.

(b) Market risk

(i) Price risk

The Group is exposed to equity securities price risk because of equity investments held by the Group and classified on the consolidated balance sheet either as financial assets at fair value through profit and loss or trading investments which are also held at fair value through profit or loss. At 31 December 2014, 75% (2013: 100%) of the Group's investments was investment in one venture fund(2013: two venture funds).

The venture fund invests in early stage companies which are by their nature of a higher risk than more mature trading companies. Risk is mitigated to a certain extent by the fact that the fund holds investments in several companies. At 31 December 2014, the fund held 8 investments (2013: 14 investments). A third party manages the venture fund.

A net movement of 10% in the value of the venture fund holdings would give rise to a movement in the income statement of £50,000 (2013: £52,000).

The Group earns profit share in respect of property projects that it is involved in which is partly based on development values and is therefore exposed to price risk.

(ii) Interest rate risk

As the Group has no borrowings it only has limited interest rate risk. The impact is on income and operating cash flow and arises from changes in market interest rates. From time to time, certain of the Group's cash resources are placed on short term fixed deposit of up to one year to take advantage of preferential rates. Otherwise, cash resources are held in current, floating rate accounts.

(c) Credit risk

The Group's credit risk is primarily attributable to its trade receivables and other current assets.

During the year ended 31 December 2014, the Group's cash and cash equivalents were held with the Bank of Scotland, Royal Bank of Scotland plc and Investec Bank plc.

The concentration of credit risk from trade receivables and other current assets varies throughout the year depending on the timing of transactions and invoicing of fees.

Property project management fees arise from Sigma Inpartnership's joint venture, CSL. The fees are agreed in advance and are recognised as per the accounting policy on revenue recognition. Fees are payable on a monthly basis over the development period.

The profit share arising from Sigma Inpartnership's joint venture, CSL, is recognised as per the accounting policy on revenue recognition. The profit share is payable once the project is complete and once other criteria has been fulfilled.

Revenue recognised in advance of the contracted right to invoice or receive payment is shown in accrued income. The amounts recognised will be paid during the development period, usually between one month and up to four years, but the underlying fundamentals of the projects are such that the credit risk represented by these amounts is deemed to be low.

Property project management fees are also earned by Sigma Inpartnership that arise from the work undertaken on the three regeneration partnerships with Liverpool City Council, Salford City Council and Solihull Metropolitan Borough Council. The basis of these fees for the coming year and beyond is agreed in advance with each partnership and each month the invoices are approved by the partnership for payment. Consequently, the amounts outstanding at any one time generally represent only one or two months' fees and the credit risk of the customers is deemed to be low.

Development management fees earned in respect of the PRS Fund were agreed in advance of the project commencing, are based on the expected development costs and are payable quarterly in arrears.

The other principal property management fees earned are from the management of City Wharf, Aberdeen. The funding of the fees for the first six months of the calendar year are agreed in advance and consequently the credit risk is considered to be low. During the current year, the company earned fees in relation to the management of the Winchburgh development however the contract was terminated at the end of September 2014.

The Group withdrew from its venture capital activities during the year.

Other exposures of the Group are spread over a number of customers and counterparties with little concentration on any one entity with the exception of NAW in the prior year.

The concentration of credit risk arising from trade receivables and other current assets is analysed below.

	2014 £'000	2013 £'000
Property management fees due to Sigma Inpartnership	**100**	108
Other property management fees	**78**	91
Management fees due from Venture Funds and University Funds	**-**	9
Other trade receivables	**-**	111
Other trade receivables - NAW	**-**	332
Other debtors	**205**	291
Other debtors - loan to PRS Fund	**1,500**	-
Other debtors - loan to PRS Fund	**2,000**	-
Other debtors – share placing proceeds receivable	**-**	888
Other prepayments	**65**	17
Other accrued income	**1,114**	104
Other accrued income and prepayments - NAW	**-**	3,690
	5,062	5,651

The maximum exposure to credit risk for trade receivables and other current assets is represented by their carrying amount. The loan of £1,500,000 (2013: £nil) in respect of the PRS Fund is expected to be repaid during 2015 and 2016. The loan of £2,000,000 (2013: £nil) in respect of the PRS Fund is expected to be repaid in full during 2015. The credit risk associated with these loans relates to the possibility that they will not be able to be repaid from the cash flows of the related projects. The Board assesses this risk as low.

(d) Liquidity risk

The Group seeks to manage liquidity risk to ensure sufficient liquidity is available to meet the requirements of the business and to invest cash assets safely and profitably. The Board reviews regularly available cash to ensure there are sufficient resources for working capital requirements and to meet the Group's limited partner commitments to the venture funds.

2. Significant accounting estimates and judgements

Sources of estimation uncertainty

The preparation of the financial statements requires the Group to make estimates, judgments and assumptions that affect the reported amount 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 judgments 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.

Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Notes to the Financial Statements
continued

Estimates and judgments are continually made and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable in the circumstances.

As the use of estimates is inherent in financial reporting, actual results could differ from these estimates. The Directors believe the following to be the key areas of estimation and judgment:

(i) Revenue recognition

The Group believes that the most significant judgment area in the application of its accounting policies is in respect of revenue recognition. The matters taken into account when assessing the amount of revenue to recognised are detailed in the accounting policy on revenue recognition.

(ii) Fair value of unlisted investments

The matters taken into account when assessing the fair value of the unlisted investments are detailed in the accounting policy on investments.

(iii) Goodwill and impairment

The recoverable amount of goodwill is determined based on value in use calculations of the cash-generating units to which it relates. Further detail on key assumptions, including growth rates, discount rates and the time period of these value in use calculations is given in note 11.

3. Segmental information – business segments

At 31 December 2014 the Group is organised into three business segments: property and venture capital fund management plus holding company activities.

The Group had two significant customers in the year. Thistle Limited Partnership was a significant customers with fees and profit share earned of £985,000 as was Countryside Sigma Limited with development management fees and profit share earned of £960,000. The Group had no significant customers in the prior year.

The segment analysis for the year ended 31 December 2014 is as follows:

	Property £'000	Venture Capital £'000	Holding Company £'000	Intra group adjustments £'000	Total £'000
Revenue from services	3,849	19	-	-	3,868
Trading profit/(loss)	576	(179)	(364)	(17)	16
Loss on disposal of equity investments	-	(1)	-	-	(1)
Unrealised profit on the revaluation of investments	-	171	-	-	171
Profit/(loss) from operations	576	(9)	(364)	(17)	186
Finance income	1	1	26	-	28
Profit/(loss) before tax	577	(8)	(338)	(17)	214
Total assets	7,096	3,601	11,307	(10,452)	11,552
Total liabilities	(9,119)	(1,718)	(1,340)	11,245	(932)
Net (liabilities)/net assets	(2,023)	1,883	9,967	793	10,620
Capital expenditure	12	-	-	-	12
Depreciation	4	8	1	-	13

The segment analysis for the year ended 31 December 2013 is as follows:

	Property £'000	Venture Capital £'000	Holding Company £'000	Intra group adjustments £'000	Total £'000
Revenue from services	5,342	466	-	-	5,808
Trading loss	(18)	(75)	(1,276)	960	(409)
Profit on disposal of equity investments	-	20	55	7	82
Unrealised (loss)/profit on the revaluation of investments	-	(29)	(79)	80	(28)
(Loss)/profit from operations	(18)	(84)	(1,300)	1,047	(355)
Acquisition of deferred share	-	-	-	(847)	(847)
Reversal of deferred consideration	-	-	-	316	316
(Loss)/profit from operations after exceptional	(18)	(84)	(1,300)	516	(886)
Finance income	-	9	1	-	10
Profit on disposal of interest in Frontier IP	-	-	-	110	110
Share of loss of Frontier IP	-	-	-	(90)	(90)
Loss before tax	**(18)**	**(75)**	**(1,299)**	**536**	**(856)**
Total assets	5,181	3,820	4,671	(5,814)	7,858
Total liabilities	(7,781)	(1,921)	(2,136)	6,616	(5,222)
Net (liabilities)/net assets	(2,600)	1,899	2,535	802	2,636
Capital expenditure	3	9	2	-	14
Depreciation	5	15	1	-	21

4. Cost of sales

	2014 £'000	2013 £'000
Costs in relation to the development at NAW	**562**	3,551
Other	**98**	-
	660	3,551

Notes to the Financial Statements
continued

5. Expenses by nature

Expenses included in administrative expenses are analysed below.

	2014 £'000	2013 £'000
Administrative expenses		
Employee costs (salaries, national insurance and pension)	**1,899**	1,675
Share based payments	**23**	15
Other employee related costs	**34**	50
Consultancy	**80**	140
Travel and entertainment	**259**	201
Depreciation	**13**	21
Amortisation	**17**	18
Provision for bad debts and bad debts written off	**(3)**	(72)
Provision for long term loan	**-**	(28)
Operating lease rentals:		
- plant and machinery	**3**	6
- land and buildings (net)	**114**	114
Other premises costs	**145**	97
Audit services:		
- Fees payable to Company auditor for the audit of the parent company and consolidated accounts	**32**	20
- the audit of the Company's subsidiaries pursuant to legislation	**21**	27
Non-audit services:		
- tax services	**19**	26
- other accountancy services	**5**	-
Other legal, professional and financial costs	**481**	306
Other property costs	**4**	4
Administration costs	**46**	46
	3,192	2,666

6. Finance income

	2014 £'000	2013 £'000
Interest income on short-term deposits and loans	**28**	5
Loan redemption premium	**-**	5
	28	10

7. Exceptional items

	2014 £'000	2013 £'000
Acquisition of deferred share in Sigma Inpartnership	**-**	847
Reversal of deferred consideration accrued	**-**	(316)
	-	531

In the prior year the agreed price for the purchase of the deferred share and therefore the acquisition of the rights to a share of future developments profits of Sigma Inpartnership was £847,000. Sigma had estimated the value of the deferred consideration arising at the date of acquisition of Sigma Inpartnership in August 2011 as £316,000. This estimation had to be carried out within 12 months from the date of acquisition. Accounting standards require the difference between the price payable and the deferred consideration accrued at the date of acquisition to be expensed through the Comprehensive Income Statement.

8. Directors and employees

The average monthly number of employees, including executive Directors, employed by the Group during the year was:

	2014 Number	2013 Number
Property	**15**	13
Venture capital	**-**	2
Administration	**5**	5
	20	20

The aggregate remuneration was as follows:

	2013 £'000	2012 £'000
Wages and salaries	**1,604**	1,421
Social security	**240**	177
Pension costs – defined contribution plans	**55**	77
Share based payment charge - equity settled	**23**	15
	1,922	1,690

Remuneration comprises basic salary and pension contributions and some employees also receive a car allowance or contribution to travel expenses. In addition other payments are made which are benefits in kind, being private health insurance and life assurance. The type of remuneration is consistent from year to year. Ad hoc bonuses may be paid to reward exceptional performance. Such bonuses are decided by the Remuneration Committee on the recommendation of the Chief Executive Officer. Share options are also awarded to employees from time to time. In the past the share options awarded had performance criteria attached which related to the stock market performance of the Company. More recently the Remuneration Committee has decided that this type of performance condition was not appropriate to individual employees given the volatility of smaller company stocks including those of the Company. The granting of share options to individual employees is determined taking into account seniority, commitment to the business and recent performance. Details of share options granted to and exercised by Directors in the year are contained in the Directors' Remuneration Report.

The key management of the Group comprises the Sigma Capital Group plc Board Directors. The total remuneration for each director is shown below.

	Salary		Annual incentives		Other benefits		Total		Pension	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000	2014 £'000	2013 £'000	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Executive										
GF Barnet	**250**	250	**40**	-	**2**	2	**292**	252	**-**	-
MD Cole	**88**	81	**15**	-	**6**	7	**109**	88	**-**	12
MS Hogarth *	**30**	140	**0**	-	**1**	6	**31**	146	**3**	12
J Hamilton **	**71**	90	**0**	-	**5**	5	**76**	95	**7**	9
G Thomson	**94**	90	**20**	-	**1**	1	**115**	91	**9**	9
G Hogg	**109**	99	**41**	-	**6**	6	**156**	105	**8**	5
D Sutherland	**83**	74	**22**	-	**5**	4	**110**	78	**5**	4
W MacLeod	**90**	7	**-**	-	**-**	-	**90**	7	**-**	-
Non-executive										
D Sigsworth	**26**	24	**10**	-	**-**	-	**36**	24	**-**	-
J McMahon	**10**	35	**-**	-	**-**	-	**10**	35	**-**	-
	851	890	**148**	-	**26**	31	**1,025**	921	**32**	51

* From 1 January 2014 to 19 March 2014

** From 1 January 2014 to 29 September 2014

Notes to the Financial Statements
continued

9. Taxation

	2014 £'000	2013 £'000
UK corporation tax on profit/(loss) for the year	**-**	-
Deferred tax	**-**	-
Tax on profit/(loss) on ordinary activities	**-**	-

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below.

	2014 £'000	2013 £'000
Profit/(loss) before tax	**214**	(856)
Profit/(loss) before tax at the effective rate of corporation tax in the UK of 21.49 % (2013: 23.25%)	**46**	(199)
Effects of:		
Expenses not deductible for tax purposes	**24**	156
Capital allowances in excess of depreciation	**(3)**	(3)
Unrelieved losses arising in the year	**184**	73
Non taxable income	**(37)**	(13)
Other adjustments	**(214)**	(14)
Tax charge for the year	**-**	-

The Group's deferred tax assets, other than those relating to short term timing differences, are not recognised in accordance with Group policy. The amounts set out below will be available for offset against future taxable profits. These are stated using a corporation tax rate of 20% (2013: 20%).

	2014 £'000	2013 £'000
Unrelieved management expenses and other losses	**2,961**	3,786
Unrelieved capital losses	**811**	811
Excess of depreciation over capital allowances	**7**	7
	3,779	4,604

10. Profit(/loss) per share

The calculation of the basic profit/(loss) per share for the year ended 31 December 2014 and 31 December 2013 is based on the profits/losses attributable to the shareholders of Sigma Capital Group plc divided by the weighted average number of shares in issue during the year.

	Profit/(loss) attributable to shareholders £'000	Weighted average number of shares	Basic profit/(loss) per share pence
Year ended 31 December 2014	**214**	**56,837,607**	**0.38**
Year ended 31 December 2013	(856)	45,679,985	(1.87)

Diluted profit/(loss) per share is calculated by adjusting the weighted average number of ordinary shares in issue on the assumption of conversion of all potential dilutive ordinary shares. The Company has only one category of potentially dilutive ordinary shares, those share options granted where the exercise price is less than the average price of the Company's shares during the year. Diluted profit/(loss) per share is calculated by dividing the same profit/(loss) attributable to equity holders of the Company as above by the adjusted number of ordinary shares in issue during the year ended 31 December 2014 of 58,348,727 (2013: 47,918,521). For the year ended 31 December 2014, the diluted earnings per share is 0.37 pence. For year ended 31 December 2013, as the calculation for dilutive loss per share reduces the net loss per share, the diluted loss per share shown is the same as the basic loss per share.

11. Goodwill and other intangible assets

	Goodwill £'000	Other intangibles £'000	Total £'000
Cost			
At 1 January 2013	787	105	892
Disposal of Frontier IP	(131)	-	(131)
At 31 December 2013	656	105	761
At 31 December 2013 and 31 December 2014	656	105	761
Amortisation and impairment			
At 1 January 2013	254	24	278
Disposal of Frontier IP	(131)	-	(131)
Amortisation charge	-	18	18
At 31 December 2013	123	42	165
Amortisation charge	-	17	17
At 31 December 2014	123	59	182
Carrying value			
At 31 December 2014	**533**	**46**	**579**
At 31 December 2013	533	63	596

Impairment

Goodwill and other intangibles arising on consolidation represent the excess of cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition. The carrying amount of intangible assets, being the fair value of the contractual relationships, is allocated to the cash generation units (CGUs) as follows:

Sigma Inpartnership

	2014 £'000	2013 £'000
Goodwill	**533**	533
Intangible assets	**46**	63

The major assumption used in value in use calculations is as follows:		
Pre-tax discount rate	**9%**	9%

The directors estimate discount rates using pre-tax rates that reflect current market assessment of the time value of money and the risk specific to the CGU. The pre-tax discount rate is based on a number of factors including the risk free rate in the UK and the inherent risk of the forecast income streams included in the Group's cash flow projections.

The value in use cash flows are based upon management approved budgets for a period of one year and on specific assumptions and projections on a project by project basis for a further four years, using management's detailed knowledge and expectations of the outcome of each project. Thereafter a conservative estimate of continuing cash flows is included assuming nil growth.

The results of the value in use calculations for the CGU shows that Sigma Inpartnership exceeds its carrying amount in both the current and prior year.

Notes to the Financial Statements
continued

12. Property and equipment

Group	Leasehold improvements £'000	Fixtures and office equipment £'000	Computer equipment £'000	Total £'000
Cost				
At 1 January 2013	43	58	157	258
Additions	-	2	12	14
At 31 December 2013	43	60	169	272
Additions	-	-	12	12
At 31 December 2014	**43**	**60**	**181**	**284**
Depreciation				
At 1 January 2013	43	54	135	232
Charge for the year	-	3	18	21
At 31 December 2013	43	57	153	253
Charge for the year	-	1	12	13
At 31 December 2014	**43**	**58**	**165**	**266**
Net book value				
At 31 December 2014	**-**	**2**	**16**	**18**
At 31 December 2013	-	3	16	19

Company	Leasehold improvements £'000	Fixtures and office equipment £'000	Total £'000
Cost			
At 1 January 2013	7	13	20
Additions	-	2	2
At 31 December 2013	7	15	22
Additions	-	-	-
At 31 December 2014	**7**	**15**	**22**
Depreciation			
At 1 January 2013	7	12	19
Charge for the year	-	1	1
At 31 December 2013	7	13	20
Charge for the year	-	1	-
At 31 December 2014	**7**	**14**	**21**
Net book value			
At 31 December 2014	**-**	**1**	**1**
At 31 December 2013	-	2	2

13. Investment in subsidiaries

	Company 2014 £'000	Company 2013 £'000
At 1 January 2014	**2,921**	2,471
Investment in Sigma Inpartnership Limited	**-**	847
Provision against investment in subsidiary	**-**	(397)
At 31 December 2014	**2,921**	2,921

During the prior year the Company purchased the deferred share in Sigma Inpartnership for £847,000 in cash. The purchase was financed by a placing of the Company's shares. During the prior year the Company provided in full against the amount due from a subsidiary in respect of loan stock.

Principal Group investments

The Company has investments in the following principal subsidiary undertakings.

	Country of incorporation	Class of capital	%
Sigma Inpartnership Limited - principal activity of this group is property management and regeneration	Scotland	Ordinary	100.0
Sigma Capital Property Limited - principal activity is property management	Scotland	Ordinary	100.0
Strategic Property Asset Management Limited - principal activity is property management	Scotland	Ordinary	100.0
Sigma Technology Investments Limited - principal activity is investing in venture capital funds	England	Ordinary	100.0

14. Investment in associate company

	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
At 1 January 2014	**-**	314	**-**	421
Additions	**-**	-	**-**	-
Disposals	**-**	-	**-**	(341)
Group's share of net assets	**-**	(724)	**-**	-
Share of losses	**-**	(90)	**-**	-
Movement in provision	**-**	500	**-**	(80)
At 31 December 2014	**-**	-	**-**	-
Group share of net assets	**-**	-	**-**	-
Provision	**-**	-	**-**	-
At 31 December 2013	**-**	-	**-**	-

In August 2013 the Company disposed of 2,905,212 shares resulting in the Company's interest in Frontier IP falling from 26.86% to 3.19% and therefore Frontier IP ceased to be an associate company of Sigma. Sigma accounted for its remaining holding of 600,000 shares as an investment until the shares were sold in December 2013.

Notes to the Financial Statements
continued

15. Financial assets at fair value through profit and loss

	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
At 1 January 2014	**520**	691	**-**	-
Additions	**1**	20	**-**	-
Disposals	**(19)**	(127)	**-**	-
Fair value write up/(down)	**171**	(64)	**-**	-
At 31 December 2014	**673**	520	**-**	-

The financial assets at fair value through profit and loss are the Group's holdings in venture capital funds and an unquoted security.

The total fair value adjustments made during the year relating to investments, both financial assets at fair value through profit and loss and trading investments are set out below.

	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
Financial assets at fair value through profit and loss:				
- the venture capital funds	**-**	(64)	**-**	-
- Unquoted securities	**169**	-	**-**	-
Trading investments (see note 17)	**2**	36	**-**	-
	171	(28)	**-**	-

During the year, the management of the last fund held by the Group, Sigma Sustainable Energy Fund II, was transferred to new managers and the group disposed of its residual interest in the fund assets. This had been fully provided against in the prior year.

16. Trade receivables and other current assets

	Group 2014 £'000	Group 2013 £'000	**Company 2014 £'000**	Company 2013 £'000
Trade receivables	**178**	651	**-**	1
Receivables from Group undertakings – current	**-**	-	**5,157**	388
Receivables from Group undertakings – non current	**-**	-	**154**	100
Social security and other taxes	**-**	78	**10**	13
Other debtors	**2,370**	1,101	**8**	1,007
Other debtors - non current	**1,335**	-	**-**	-
Prepayments and accrued income	**1,179**	3,821	**38**	31
	5,062	5,651	**5,367**	1,540
Less receivables from Group undertakings - non current	**-**	-	**(154)**	(100)
Less other debtors - non current	**(1,335)**	-	**-**	-
Current portion	**3,727**	5,651	**5,213**	1,440

Trade receivables

	Group 2014 £'000	Group 2013 £'000	**Company 2014 £'000**	Company 2013 £'000
Trade receivables not due	**97**	249	**4,849**	127
Trade receivables past due 1-30 days	**9**	18	**-**	-
Trade receivables past due 31-60 days	**8**	3	**-**	-
Trade receivables past due 61-90 days	**8**	2	**87**	53
Trade receivables past due over 90 days	**56**	487	**221**	209
Gross trade receivables at 31 December 2014	**178**	759	**5,157**	389
Provision for bad debt at 1 January 2014	**108**	179	**-**	12
Debt provisions reversed in the year	**(108)**	(71)	**-**	(12)
Provision for bad debt at 31 December 2014	**-**	108	**-**	-
Net trade receivables at 31 December 2014	**178**	651	**-**	389

The Directors consider that the carrying amount of trade receivables approximates to their fair value. Debts provided for and written off are determined on an individual basis and included in Administrative expenses in the financial statements. Trade receivables past due over 90 days includes £56,000 (2013: £332,000) expected to be received in the first half of 2015. The Group's maximum exposure on credit risk is fair value on trade receivables as presented above. The Group has no pledge as security on trade receivables.

The Group's other debtors include a loan of £2,000,000 (2013: £nil) in respect of the PRS Fund and is expected to be repaid in full during 2015 and a loan of £1,500,000 (2013: £nil) also in respect of the PRS Fund which is expected to be repaid during 2015 and 2016.

Notes to the Financial Statements
continued

17. Trading investments

	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
Quoted equity investments – UK	**-**	2	**-**	-

The fair value of quoted equity investments is based on their current bid prices in an active market. Changes in fair value of trading investments are recorded in unrealised profits/(losses) on the revaluation of investments in the comprehensive income statement.

18. Trade and other payables

	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
Trade payables	**211**	149	**24**	86
Payables to Group undertakings	**-**	-	**1,140**	1,031
Amount payable for deferred share / deferred consideration	**-**	847	**-**	847
Other creditors	**3**	11	**-**	-
Social security and other taxes	**62**	70	**-**	-
Accruals and deferred income	**656**	974	**176**	172
	932	2,051	**1,340**	2,136

The Directors consider that the carrying amount of trade payables approximates to their fair value.

19. Loan

The costs incurred on the NAW project were funded through a loan provided by Birmingham City Council, being the accountable body for the Local Enterprise Partnership in connection with funding under the Growing Places Fund. The total amount available under the terms of the loan was £4.045 million with interest charged at a commercial rate. The loan was held in Solihull Inpartnership Limited, a wholly owned subsidiary of the Group and was secured on the development. There were no cross guarantees in respect of the loan with any group company. The total loan amount utilised including interest was £3,597,000 and repayment was satisfied from income arising on the completion of the sale of the NAW development as per the terms of the loan agreement.

20. Share capital and share premium

Group and Company

	Number of shares	Ordinary shares £'000	Share premium £'000	Total £'000
At 31 December 2013	48,246,071	483	5,334	5,817
Issue of shares at 70p per share	11,428,571	114	7,886	8,000
Expenses of share issue	-	-	(378)	(378)
Exercise of share options	1,476,833	15	110	125
At 31 December 2014	**61,151,475**	**612**	**12,952**	**13,564**

The total authorised number of ordinary shares is 130,000,000 (2013: 130,000,000) with a par value of 1p per share (2013: 1p). All issued shares are fully paid.

21. Share options

The Company has two option schemes for executive Directors and employees, the Sigma Capital Group plc Company Share Option Scheme 2010, which has received Inland Revenue approval, and the Sigma Capital Group plc Unapproved Share Option Scheme 2010. All options are granted at the market value of the shares at the date of grant. Both share option schemes run for a period of ten years and have a vesting period of three years. All employees are eligible to participate in the schemes. No payment is required from option holders on the grant of an option. Options over 1,334,441 ordinary shares (2013: 713,571) were granted during the year. No performance conditions or market conditions are attached to these options.

Movements in the number of share options outstanding and their related weighted average exercise prices were as follows:

	2014 Weighted average exercise price in pence per share	Options ('000s)	2013 Weighted average exercise price in pence per share	Options ('000s)
At 1 January 2014	**12.4**	**3,555**	9	3,237
Granted	**68.0**	**1,335**	26.3	714
Exercised	**8.4**	**(1,477)**	9.2	(396)
Expired / lapsed	**26.3**	**(163)**		-
At 31 December 2014	**36.3**	**3,250**	12.4	3,555

Of the 3,250,000 outstanding options (2013: 3,555,000), 1,365,000 had vested at 31 December 2014 (2013: 465,000).

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Expiry date	Exercise price pence per share	2014 Number	2013 Number
2018	25.0	**100,000**	100,000
2019	11.25	**150,000**	365,000
2021	8.0	**733,333**	1,876,666
2021	7.5	**381,500**	500,000
2023	26.25	**550,476**	713,571
2024	68.0	**1,334,441**	-

The weighted average fair value of options granted to executive Directors and employees during the year determined using the Black-Scholes-Merton valuation model was 17.4p per option (2013: 6.7p). The significant inputs into the model were exercise price shown above, volatility of 30%, dividend yield of 0%, expected option life of 4 years and annual risk free interest rate of 1.46% (2013: 1.6%). Future volatility has been estimated based on comparable information rather than historical data.

22. Other reserves

The capital redemption reserve was created on the buy-back of shares in the Company and their subsequent cancellation, being the nominal value of the shares cancelled. The merger reserve and capital reserve were created on the merger of Sigma Technology Management Limited ("STM") with the Company. The fair value of equity-settled share-based payments is expensed on a straight line basis over the vesting period and the amount expensed in each year is credited to the share-based payment reserve. The movement in reserves for the years ended 31 December 2014 and 2013 is set out in the Consolidated and Company Statements of Changes in Equity.

23. Operating lease commitments

The Company leases the Group's offices in Edinburgh under a non-cancellable operating lease which expires in 2016. Sigma Inpartnership leases the Group's offices in Manchester under a non-cancellable operating lease which expires in 2016. Other Group companies lease various plant and machinery under non-cancellable lease agreements. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2014		2013	
	Plant and machinery £'000	Land and buildings £'000	Plant and machinery £'000	Land and buildings £'000
The Group				
Within 1 year	**3**	**114**	3	114
From 2-5 years	**5**	**100**	8	214
After 5 years	**-**	**-**	-	-
	8	**214**	11	328
The Company				
Within 1 year	**-**	**95**	-	95
From 2-5 years	**-**	**95**	-	190
After 5 years	-	-	-	-
	-	**190**	-	285

Notes to the Financial Statements
continued

24. Cash flows from operating activities

	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
Profit/(loss) before tax	**214**	(856)	**(338)**	(1,299)
Adjustments for:				
Share-based payments	**23**	15	**23**	15
Depreciation	**13**	21	**1**	1
Amortisation	**17**	18	**-**	-
Finance income	**(28)**	(10)	**(18)**	(1)
Loss relating to associate company	**-**	90	**-**	80
Provision against investment in subsidiary	**-**	-	**-**	397
Provision against long term loan	**-**	(28)	**-**	-
Fair value (profit)/loss on financial assets at fair value through profit or loss	**(171)**	64	**-**	-
(Profit)/loss on disposal of interest in associate	**-**	(110)	**-**	7
Loss/(profit) on disposal of trading investments at fair value through profit or loss	**1**	(82)	**-**	(62)
Exceptional item	**-**	531	**-**	-
Changes in working capital:				
Trade and other receivables	**4,089**	(4,767)	**(3,827)**	(525)
Other financial assets at fair value through profit or loss	**-**	(36)	**-**	-
Trade and other payables	**(4,289)**	4,656	**(796)**	766
Cash flows from operating activities	**(131)**	(494)	**(4,955)**	(621)

25. Related party transactions

During the year the Group received consultancy and other fees from companies in which STM or a Director of a Group company was also a director. The companies and the fees invoiced in the period while STM or a Group company Director was also a director of that company, are detailed below together with the amount outstanding at 31 December 2014.

	Period	Fees invoiced in the period less amounts written off £'000	Amount outstanding at 31 December 2014 £'000
Onzo Ltd	1 Jan – 31 Dec	2	-
Total year ended 31 December 2014		2	-
Total year ended 31 December 2013		**40**	**5**

Individual Directors of Group companies also have personal investments in certain of these companies. These investments were acquired at the same time or subsequent to the company becoming a client of Sigma. Directors and staff of the Group are entitled to participate in the funding rounds of client companies, the level of such investment being restricted to 5 per cent of the total funds invested by the Group at the time of the relevant subscription where the investment opportunity is not being offered to third parties and to 20 per cent in other cases.

Sigma had transactions during the year with Regenco (Winchburgh) Ltd ("Regenco"), a related party due to James McMahon, a Director of Sigma, also being a director of Regenco. Sigma charged Regenco property management fees of £288,000 (2013: £275,000). At 31 December 2014, Sigma was owed £75,000 (2013: £nil).

Sigma holds a 25.1% shareholding in Countryside Sigma Limited. Fees invoiced in relation to development management services for the year were £87,000 (2013: £111,000). At 31 December 2014, Sigma was owed £7,000 (2013: £37,000).

The Group also has a 20.1% capital interest in Thistle Limited Partnership, its joint venture with Gatehouse. Fees earned and paid during the year were £965,000 (2013: £nil).

Five Year Record

	2014 £'000	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Revenue	**3,868**	5,808	2,326	2,468	1,836
Cost of sales	**(660)**	(3,555)	-	-	(55)
Gross profit	**3,208**	2,253	2,326	2,468	1,781
Other operating income	**170**	54	(833)	(61)	(417)
Administrative and other expenses	**(3,192)**	(2,662)	(2,575)	(2,530)	(4,960)
Profit/(loss) from operations	**186**	(355)	(1,082)	(123)	(3,596)
Net finance income	**28**	10	22	15	31
Profit/(loss) arising from associate company (net)	**-**	20	(111)	(1,307)	-
Exceptional item	**-**	(531)	-	-	-
Profit/(loss) before tax	**214**	(856)	(1,171)	(1,415)	(3,565)
Taxation	**-**	-	-	-	(10)
Profit/(loss) for the year	**214**	(856)	(1,171)	(1,415)	(3,575)
Attributable to:					
Equity holders of the Company	**214**	(856)	(1,171)	(1, 401)	(3,539)
Minority interests	**-**	-	-	(14)	(36)
	214	(856)	(1,171)	(1,415)	(3,575)
Net assets employed	**10,620**	2,636	2,597	3,753	5,682
Basic earnings/(loss) per ordinary share (pence)	**0.38**	(1.87)	(2.57)	(3.17)	(7.59)

Proxy Form

I/we

FULL NAME(S) IN BLOCK CAPITALS

of

ADDRESS IN BLOCK CAPITALS

being a member/members of Sigma Capital Group plc hereby appoint as my/our proxy, to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 9.30am on 18 June 2015 at 41 Charlotte Square, Edinburgh EH2 4HQ and at any adjournment thereof, the duly appointed Chairman of the meeting or (see Note 1)

My/Our proxy is to vote as indicated by 'X' below in respect of the resolutions set out in the notice of the meeting.

		For	Against	Withheld
Ordinary Resolutions				
1.	Receipt of the financial statements for the year ended 31 December 2014 together with the reports of the Directors and the auditor			
2.	Re-appointment of Gwynn Thomson a director			
3.	Re-appointment of Duncan Sutherland a director			
4.	Re-appointment of Malcolm Briselden as a director			
5.	Approval of the report on Directors' remuneration for the year ended 31 December 2014			
6.	Re-appointment of the auditor			
7.	Remuneration of the auditor			
8.	General authority to allot securities			
Special Resolution				
9.	General disapplication of pre-emption rights			

Signature(s) or Common Seal

Date

FULL NAME (BLOCK CAPITALS)

Notes

1. A member may appoint a proxy of his or her choice. If a proxy other than the Chairman is preferred, delete the words "the duly appointed Chairman of the meeting or" and enter the name of your proxy in the space provided. A proxy need not be a member of the Company, but must attend the meeting to represent you.
2. In the case of a corporation, the form of proxy must be either given under its common seal or signed by a duly authorised officer or attorney.
3. In the case of joint holders, the first-named holder of the shares must sign the form of proxy.
4. Only members or their proxies may attend the meeting.
5. Completion and return of the form of proxy will not prevent a member from attending and voting in person at the meeting if the member so wishes.
6. Please indicate with 'X' in the boxes in the form of proxy how you wish your proxy to vote on each of the resolutions. If no indication is given your proxy will have discretion to vote or to abstain (including on any other matter which may properly come before the meeting) as he/she thinks fit. To be valid the form of proxy must be received by the Company Secretary at 41 Charlotte Square, Edinburgh EH2 4HQ no later than 9.30am on 16 June 2015.

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