



ENFIS GROUP PLC
("Enfis" or "the Group")

Unaudited Interim Results for the Six Months ended 30 June 2010

Enfis, a specialist in the design, development and manufacture of intelligent high power light emitting diode (LED) arrays and light engines, today announces its unaudited interim results for the six months ended 30 June 2010 ("H1 2010").

Highlights:

- Sales, gross margin and sales order intake to 31 August 2010 in line with Board expectations
- Year to date order intake to 31 August 2010 up 24%
- Net cash and cash equivalents £449,000 at 30 June 2010
- Sales recovery continued after 30 June: year to date sales £493,000 at 31 August 2010
- Orders on hand of £300,000 at 31 August 2010 for 2010 delivery
- Further cost reduction of c. £200,000 p.a. to be completed by 30 November 2010

Ceri Jones, Chief Executive, commented:

"The Group has made progress towards profitability and positive cash generation in the first half and has successfully resolved certain outstanding issues from prior years.

The Board is particularly pleased with progress made in the Group's core entertainment lighting and UV curing sectors and expects further growth in these and other specialist markets."

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Chief Executive's Statement

2010 First Half and Year to Date Performance

During the six months ended 30 June 2010, the Group generated a loss after taxation of £766,000 on sales of £254,000. This compares with a loss after taxation of £680,000 for the same period last year.

However, the first half result is a significant improvement on the results for the second half of 2009, with the key comparisons to that period as follows:

- Sales increased by approximately 39%
- Gross Margin recovered to approximately 31%
- Administrative Overheads reduced by £643,000 (43%)

Sales

The progress referred to above has continued into the second half of 2010. At 31 August 2010 year to date sales were £493,000 and the Group held further orders of just under £300,000 for delivery in 2010.

The Group has worked closely with its key customers and sales prospects in 2010, both directly and through its value-added resellers. Particular progress has been made in the market sectors for UV curing and entertainment lighting - the increased development activity of our customers in these sectors is resulting in increased orders for the Group. These sectors have the potential to drive substantial revenue growth in the next year.

Product Development

The Group's product development effort in 2010 has to date been focused on reducing the manufacturing and customisation costs of its core LED array products. These efforts have made good progress and the resulting products are undergoing lifetime and reliability testing with initial sales expected before the end of 2010. Capital expenditure for the first half of 2010 was £77,000.

Administrative Overheads

Administrative overheads for the half year total £863,000 and include non cash charges for depreciation, amortisation and share-based payments of £139,000. The total also includes a charge of £134,000 to provide in full for the balance of a trade debtor dating from June 2009.

The Board has identified a number of changes to the business which will further reduce administrative overheads by approximately £200,000 per annum. These changes are underway and all are expected to have been actioned by the end of November 2010. The full benefit of these savings is expected to arise in the first half of 2011.

Staff

The Group's employees have worked very hard during the period under review both to improve the business going forward and to resolve successfully certain outstanding issues relating to prior years. The Board wishes to place on record its appreciation for their efforts.

Cash Position

The Group's cash and cash equivalents at 30 June 2010 stood at £492,000. Total debt at 30 June 2010 was £43,000. The Group received tax credits of a further £195,000 early in the second half of the year.

Outlook

The Board shares the view of a number of the Group's major shareholders that the Group and its customers, employees and suppliers would benefit from it being part of a larger operation.

The Group continues to work closely with its key customers and sales prospects, both directly and through its value added resellers, with a view to further improving order intake which is up 24% year on year to the end of August.

The Directors expect a further improvement in the gross margin as current product development initiatives lead to both a reduction in LED array manufacturing costs and an increasingly cost-effective flexibility in providing customised LED array solutions.

The Board looks forward to making further progress in the second half of the year.

Ceri Jones
Chief Executive

**Consolidated income statement
for the six month period ended 30 June 2010**

Notes	6 months ended 30 June 2010 (unaudited) £000	6 months ended 30 June 2009 (unaudited) £000	Year ended 31 December 2009 (audited) £000
Revenue	254	530	713
Cost of sales	(178)	(342)	(497)
Gross profit	76	188	216
Administrative expenses	(863)	(881)	(2,387)
Other income	24	15	80
Operating loss for the period	(763)	(678)	(2,091)
Net finance (cost)/income	(3)	(2)	1
Loss before taxation	(766)	(680)	(2,090)
Taxation		-	326
Loss after taxation	(766)	(680)	(1,764)
Attributable to:			
Equity holders of the company	(766)	(680)	(1,764)
Earnings per share for loss attributable to the equity holders of the Company			
- basic and diluted	(5.1p)	(5.7p)	(12.6p)

All activities above relate to the continuing operations of the group.

Consolidated balance sheet
As at 30 June 2010

Notes	Assets	30 June 2010 (unaudited) £000	30 June 2009 (unaudited) £000	31 December 2009 (audited) £000
	Non-current assets			
	Property, plant and equipment	108	166	138
	Intangible assets	390	527	380
		498	693	518
	Current assets			
	Inventories	267	369	237
	Trade and other receivables	171	488	253
	Corporation tax receivable	195	271	331
	Cash and cash equivalents	492	1,415	1,029
		1,125	2,543	1,850
	Total assets	1,623	3,236	2,368
	Capital and reserves attributable to equity holders of the company			
	Ordinary shares	1,516	1,498	1,498
	Share premium	5,294	5,294	5,294
	Share option reserve	267	185	226
	Reverse acquisition reserve	2,284	2,284	2,284
	Retained losses	(8,315)	(6,447)	(7,531)
3	Total equity	1,046	2,814	1,771
	Liabilities			
	Non-current liabilities			
	Deferred income	-	20	5
	Borrowings	13	43	28
		13	63	33
	Current liabilities			
	Trade and other payables	398	321	356
	Borrowings	30	38	30
	Provisions for other liabilities and charges	136		178
		564	359	564
	Total liabilities	577	422	597
	Total equity and liabilities	1,623	3,236	2,368

**Consolidated cash flow statement
for the six month period ended 30 June 2010**

Notes	6 months ended 30 June 2010 (unaudited) £000	6 months ended 30 June 2009 (unaudited) £000	Year ended 31 Decemb er 2009 (audited) £000	
	Cash outflows from operating activities			
2	Cash used in operations	(587)	(939)	(1,571)
	Interest paid	(6)	(6)	(15)
	R&D tax credits received	136	-	266
	Net cash (used) in operating activities	(457)	(945)	(1,320)
	Cash flows from investing activities			
	Purchase of property, plant and equipment	(17)	(1)	(3)
	Purchase of intangible assets	(60)	(46)	(94)
	Receipt of government grants	9	-	50
	Interest received	3	4	16
	Net cash (used) from investing activities	(65)	(43)	(31)
	Cash flows from financing activities			
	Proceeds from the issuance of ordinary shares	-	1,787	1,787
	Proceeds from borrowings	-	-	-
	Repayments of borrowings	(15)	(15)	(30)
	Finance lease principal repayments	-	(10)	(18)
	Net cash generated from financial activities	(15)	1,762	1,739
	Net (decrease) / increase in cash and cash equivalents	(537)	774	388
	Cash and cash equivalents at the beginning of the period	1,029	641	641
	Cash and cash equivalents at the end of the period	492	1,415	1,029

1 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2010 has been prepared in accordance with IAS 34, 'Interim financial reporting' as adopted by the European Union. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2009, which have been prepared in accordance with IFRSs as adopted by the European Union.

Going Concern

The Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the interim financial information for the six months to 30 June 2010.

The projections prepared for the 2009 Annual Report made assumptions, inter alia, on the amount and timing of revenues and gross margins which the Group expected to achieve. Trading has been substantially in line with these expectations up to 31 August 2010 but forecasting remains very uncertain.

On page 20 of the Annual Report 2009 a number of key uncertainties were highlighted which could affect the ability of the Group to operate within its cash resources. All these uncertainties remain valid.

A significant debtor as at 31 December 2009, and previously thought recoverable, has now proved irrecoverable. This has been reflected in this interim financial information with the balance owed being fully written off.

The Group continues to pursue the policy of utilizing grant and other innovation funding programs to partially fund the capital and revenue expenditure incurred in pursuing its policy of innovation. Should such funding become less available to the Group, for example through changes in government policy, then this will clearly have an adverse impact on the Group's ability to progress its product development.

The Directors have prepared cash flow projections from 1 October 2010 to 30 September 2011. These projections continue to show that the Group is able to operate within its current cash resources with a limited headroom. The projections assume the achievement of revenues and other income and the further rationalisation of the cost base. This rationalisation is underway and is expected to be completed by the end of November 2010. If revenue and other income targets are not achieved then a more significant rationalisation will be required.

The Directors recognise that there is a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business. However, it is the Directors' view that, based on projections prepared for the Group's business the Group is likely to have adequate resources to continue for the foreseeable future. These condensed consolidated financial statements are therefore prepared on a going concern basis and do not contain any adjustments which would result from this basis of preparation being inappropriate.

Other Information

The Company is a limited liability company incorporated and domiciled in the UK. The address of its registered office is Technium 2, Kings Road, Swansea Waterfront, Swansea, SA1 8PJ, and the registered number of the company is 06133765.

The Company has its primary listing on AIM.

This condensed consolidated interim financial information was approved for issue on 30 September 2010.

This condensed consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year

ended 31 December 2009 were approved by the Board of Directors on 10 March 2010 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

This condensed consolidated interim financial information has not been reviewed or audited.

2 Cash used in operations

	6 months ended 30 June 2010 (unaudited) £000	6 months ended 30 June 2009 (unaudited) £000	Year ended 31 December 2009 (audited) £000
Loss before income tax	(766)	(680)	(2,090)
Adjustments for:			
- Loss on asset disposal			1
- Depreciation	36	38	80
- Amortisation – intangibles	62	73	149
- Write-off of patents		-	105
- Amortisation - grants	(24)	(15)	(30)
- Share based payments	41	41	82
- Government grant income		-	(50)
- Net finance (income)	3	2	1
Changes in working capital:			
- Inventories	(30)	(18)	114
- Trade and other receivables	82	(222)	(34)
- Trade and other payables	9	(159)	101
Cash used in operations	(587)	(939)	(1,571)

3 Combined statement of movements in equity, shareholders funds' and statement of movement on reserves (Group)

	Ordinary share capital £'000	Share premium £'000	Share option reserve £'000	Reverse acquisition reserve £'000	Retained losses £'000	Total £'000
At 1 January 2009 in Enfis Group Plc	938	4,067	144	2,284	(5,767)	1,666
Issue of new shares	560	1,456	-	-	-	2,016
Expenses incurred on issue of new shares	-	(229)	-	-	-	(229)
Loss for the period	-	-	41	-	(680)	(639)
At 30 June 2009 in Enfis Group plc	1,498	5,294	185	2,284	(6,447)	2,814

3 Combined statement of movements in equity, shareholders' funds and statement of movements on reserves (Group) (Continued)

	Ordinary share capital £'000	Share premium £'000	Share option reserve £'000	Reverse acquisition reserve £'000	Retained losses £'000	Total £'000
Balance at 1 January						
2009 in Enfis Group Plc	938	4,067	144	2,284	(5,767)	1,666
Issue of new shares	560	1,227	-	-	-	1,787
Loss for the period	-	-	82	-	(1,764)	(1,682)
At 31 December 2009 in Enfis Group plc	1,498	5,294	226	2,284	(7,531)	1,771

3 Combined statement of movements in equity, shareholders funds' and statement of movement on reserves (Group)

	Ordinary share capital £'000	Share premium £'000	Share option reserve £'000	Reverse acquisition reserve £'000	Retained losses £'000	Total £'000
At 1 January 2010	1,498	5,294	226	2,284	(7,531)	1,771
Issue of new shares	18	-	-	-	(18)	-
Loss for the period	-	-	41	-	(766)	(725)
At 30 June 2010	1,516	5,294	267	2,284	(8,315)	1,046