

19 August 2008

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

Interim results for the six month period ended 30 June 2008

Solid State Lighting (SSL) is currently five times more efficient than incandescent and forecast to be ten times by 2010. The market for high brightness LEDs is forecast to be just under \$1billion in 2011. The fastest growing SSL markets are architectural, retail and entertainment with a forecast CAGR of 45%*.

Enfis, a leader in the design, development and manufacture of intelligent high power light emitting diode (LED) arrays and smart light engines, produces products which immediately address these markets. The Company is pleased to announce its interim results for the six months ended 30 June 2008.

Highlights

The performance of the business during the period has been in line with both management and analyst expectations.

Key highlights of the period were:

- Significant H1 revenue growth of 300% to £392k.
- Contracted revenue of c.£2.25m in H1.
- £725k core product contract signed with a tier one lighting company for delivery in 2008. Competing entities for the project utilised technology from major global lighting companies.
- Over 3,000 products shipped in the first six months.
- Newly established Shanghai office delivers its first contract worth over \$2.15m.
- Global network of integrators extended with the addition of Silica, a US based company with 300 direct sales personnel.

Shaun Oxenham, Chief Executive, commented:

"Enfis has made significant strides in its transformation into a cash-generative commercial entity. With energy efficiency dominating the commercial and political agenda, the Company is well positioned in a vibrant market where acquisition and consolidation of key participants continues to be a significant feature".

"The first six months of this year has seen both a strengthening of our global distribution network and strong contract wins. Revenue and visibility of future revenue continues to improve in line with management forecasts and gives the Board confidence that Enfis will produce strong profitable growth over the coming years."

* [Strategies Unlimited, January 2007](#)

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About Enfis

Enfis is a global leader in the design, development and manufacture of intelligent, high-power light emitting diode (LED) light engines and arrays across a wide range of wavelengths. With a global headquarters in the UK, and carefully chosen specialist partners and distributors, its unique range of plug-and-play, 'straight from the box' light engine solutions are manufactured and sold around the world.

Using cutting-edge technology developed via an enviable academic heritage and following a successful flotation on the London Stock Exchange, Enfis continues to lead the way in enabling smart, efficient solutions for Solid State Lighting.

Enfis Group plc

Interim results for the six month period ended 30 June 2008

Chief Executive Officer's Statement

Introduction

The first six months of 2008 has shown strong signs that Enfis' sales strategy of a generic plug and play light engine, which provides easy integration into professional lighting market applications, is succeeding within the high growth solid state lighting (SSL) sector.

The Company raised capital in March 2007 at the time of its admission to AIM to commercialise the technology advantage that it has in the SSL sector. From the outset, the Company stated its intention to establish a comprehensive global distribution network from which to target end users with its range of products. With this distribution network in place, the Company is able to focus its efforts on direct sales to both integrators and lighting companies.

The period to 30 June 2008 demonstrates continued success in the implementation of this business strategy. A number of significant distribution agreements were entered into during the period including agreements with Silica in North America and Edmond Optics in Europe. Enfis now has a global network of 18 distributors in place.

Revenue

Enfis has achieved strong revenue growth of 300% to £392k from the comparable period in the previous year. Furthermore, contracts signed for delivery in 2008 provide the Board with confidence that the results for the year will be in line with management expectations. The Shanghai office, which was established in 2007, to facilitate Enfis' progress in Asia Pacific, has produced its first c.\$2m contract and is now starting to make a strong impact in the market.

In addition Enfis signed a contract worth a minimum of £725k to provide its products to a major tier one lighting company. This was significant in that Enfis was awarded this contract ahead of major international SSL competitors.

Product Development

Enfis continues to drive improvements in its current product set. With energy efficiency dominating the commercial and political agenda, the Company expects to release a step change improvement in the efficacy of its multichip products, providing improved energy efficiency that is competitive with a single chip technology.

The next generation of light engine products are expected to be released in 2009 providing even higher efficiency and greater functionality than currently available.

Financial Performance

During the six months to 30 June 2008 Enfis has made significant progress in implementing its outsource manufacturing model and achieving the revenue growth forecast by the financial markets. The increase in revenue visibility with current contracted revenue of £2.25m gives the Board confidence that the 2008 results will be in line with management expectations.

Turnover for the period of £392,000 is four times that of the comparable period last year and in line with the market's current year annual forecast.

Gross profit margin is in line with management expectations at this stage. Product qualification through the volume manufacturing process has been successfully implemented and margins will increase significantly with increased production volumes driven by rapidly improving revenue visibility. The targeted gross margin of 50% is expected to be achieved.

Enfis Group plc

Interim results for the six month period ended 30 June 2008

Chief Executive Officer's Statement (continued)

Financial Performance (continued)

Enfis has a scalable, cash generative financial model. The overhead base has remained relatively stable despite a four times increase in revenue. There is no major expenditure forecast for the remainder of the year.

The cash balance stands at over £1m at the end of the period and utilisation over the first half of the year has been in line with management forecasts.

Outlook

Enfis has made important steps in its transformation into a cash-generative commercial entity.

The Company is well positioned in a vibrant market where acquisition and consolidation of participants continues to be a significant feature.

There continues to be an increasing global focus on the reduction in world energy consumption and the associated environmental impacts. Enfis is well positioned in the SSL sector to take advantage of such macro-trends in the marketplace.

Revenue and visibility of future revenue continues to improve in line with management forecasts and gives the Board confidence that Enfis will produce strong profitable growth over the coming years.

Shaun Oxenham
Chief Executive Officer
19 August 2008

Enfis Group plc

Consolidated income statement for the six month period ended 30 June 2008

Notes	6 months ended 30 June 2008 (unaudited) £000	6 months ended 30 June 2007 (unaudited) £000	Year ended 31 December 2007 (audited) £000
Revenue	392	98	307
Cost of sales	(272)	(79)	(269)
Gross profit	120	19	38
Administrative expenses	(1,247)	(1,072)	(2,309)
Other income	22	68	140
Operating loss for the period	(1,105)	(985)	(2,131)
Net finance income	29	94	84
Loss before taxation	(1,076)	(891)	(2,047)
Taxation	284	-	182
Loss after taxation	(792)	(891)	(1,865)
Attributable to:			
Equity holders of the company	(792)	(891)	(1,865)
Earnings per share for loss attributable to the equity holders of the Company			
- basic	(8.5p)	(10.6p)	(22.7p)
- diluted	(7.8p)	(9.5p)	(20.4p)

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

Enfis Group plc

Consolidated balance sheet As at 30 June 2008

Notes	Assets	30 June 2008 (unaudited) £000	30 June 2007 (unaudited) £000	31 December 2007 (audited) £000
	Non-current assets			
	Property, plant and equipment	248	211	235
	Intangible assets	558	184	400
		806	395	635
	Current assets			
	Inventories	288	216	278
	Trade and other receivables	426	200	212
	Corporation tax receivable	284	1	-
	Cash and cash equivalents	1,080	3,136	1,999
		2,078	3,553	2,489
	Total assets	2,884	3,948	3,124
	Capital and reserves attributable to equity holders of the company			
	Ordinary shares	938	894	894
	Share premium	4,067	3,589	3,585
	Share option reserve	102	71	61
	Reverse acquisition reserve	2,284	2,284	2,284
	Retained losses	(5,217)	(3,583)	(4,425)
3	Total equity	2,174	3,255	2,399
	Liabilities			
	Non-current liabilities			
	Deferred income	80	112	66
	Borrowings	80	132	106
		160	244	172
	Current liabilities			
	Trade and other payables	500	384	495
	Borrowings	50	65	58
		550	449	553
	Total liabilities	710	693	725
	Total equity and liabilities	2,884	3,948	3,124

Enfis Group plc

Consolidated cash flow statement for the six month period ended 30 June 2008

Notes	6 months ended 30 June 2008 (unaudited) £000	6 months ended 30 June 2007 (unaudited) £000	Year ended 31 December 2007 (audited) £000
Cash outflows from operating activities			
2			
Cash used in operations	(1,184)	(1,128)	(2,237)
Interest paid	(12)	(43)	(41)
R&D tax credits received	-	-	183
Net cash (used) in operating activities	(1,196)	(1,171)	(2,095)
Cash flows from investing activities			
Purchase of property, plant and equipment	(47)	(47)	(103)
Purchase of intangible assets	(218)	(131)	(381)
Receipt of government grants	7	103	155
Interest received	41	49	124
Net cash (used) from investing activities	(217)	(26)	(205)
Cash flows from financing activities			
Proceeds from the issuance of ordinary shares	527	4,147	4,144
Proceeds from borrowings	-	-	-
Repayments of borrowings	(15)	(15)	(30)
Finance lease principal repayments	(18)	(17)	(33)
Net cash generated from financial activities	494	4,115	4,081
Net (decrease) / increase in cash and cash equivalents	(919)	2,918	1,781
Cash and cash equivalents at the beginning of the period	1,999	218	218
Cash and cash equivalents at the end of the period	1,080	3,136	1,999

Enfis Group plc

Notes to the interim results for the six month period ended 30 June 2008

1 Basis of preparation

The unaudited Interim Report has been prepared under the historical cost convention and in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and interpretations expected to be in issue at 31 December 2008.

The Interim Report was approved by the Board of Directors and the Audit Committee on 19 August 2008. The Interim Report does not constitute statutory financial statements within the meaning of S240 of the Companies Act 1985 and has not been audited.

The accounting policies that have been used are consistent with those used in the preparation of the IFRS financial statements for the year ended 31 December 2007 of Enfis Group plc which are publically available.

Comparative figures in the financial statements for the year ended 31 December 2007 have been taken from the Group's audited statutory accounts prepared under IFRS on which the company's auditors, PricewaterhouseCoopers LLP, expressed an unqualified opinion.

The preparation of the Interim Report requires management to make estimates and assumptions that affect both the reported income and expense and the reported assets and liabilities at the date of the Interim Report. Although these estimates are based on management's best judgement at the date of the Interim Report, actual results may differ from these estimates.

The interim financial information is unaudited but has been reviewed by the auditors and their review opinion is included in this report.

The Interim Report will be announced to all shareholders on the London Stock Exchange and published on the Group's website on 19 August 2008. Copies will be available to members of the public upon application to the Company Secretary at Technium II, Kings Road, Swansea Waterfront, Swansea, SA1 8PJ.

Enfis Group plc

Notes to the interim results for the six month period ended 30 June 2008

2 Cash used in operations

	6 months ended 30 June 2008 (unaudited) £000	6 months ended 30 June 2007 (unaudited) £000	Year ended 31 December 2007 (audited) £000
Loss before income tax	(1,076)	(891)	(2,047)
Adjustments for:			
- Depreciation	35	25	59
- Amortisation - intangibles	60	70	52
- Write-off of patents	-	-	49
- Amortisation - grants	(23)	(68)	(137)
- Share based payments	41	71	62
- Net finance (income)	(29)	(94)	(83)
Changes in working capital:			
- Inventories	(10)	(155)	(216)
- Trade and other receivables	(213)	(118)	(131)
- Trade and other payables	31	32	155
Cash used in operations	(1,184)	(1,128)	(2,237)

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

	Ordinary share capital £'000	Deferred share capital £'000	Capital redemption reserve £'000	Preference shares (equity element) £'000	Share premium £'000	Share option reserve £'000	Reverse acquisition reserve £'000	Retained losses £'000	Total £'000
At 1 January 2007 in Enfis Limited	2	-	-	78	2,554	221	-	(2,913)	(58)
Conversion of preference shares	-	300	-	(78)	-	-	-	-	222
Redemption of deferred shares	-	(300)	300	-	-	-	-	-	-
Share for share exchange (Enfis Group plc with Enfis Limited)	572	-	-	-	-	-	(572)	-	-
Reverse Acquisition adjustments	(2)	-	(300)	-	(2,554)	-	2,856	-	-
AIM listing (Issue of new shares)	322	-	-	-	4,178	-	-	-	4,500
Expenses incurred on issue of new shares	-	-	-	-	(589)	-	-	-	(589)
Share option valuation	-	-	-	-	-	(221)	-	221	-
Loss for the period	-	-	-	-	-	71	-	(891)	(820)
At 30 June 2007 in Enfis Group plc (consolidated)	894	-	-	-	3,589	71	2,284	(3,583)	3,255

Enfis Group plc

Notes to the interim results for the six month period ended 30 June 2008

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

	Ordinary share capital £'000	Deferred share capital £'000	Capital redemption reserve £'000	Preference shares (equity element) £'000	Share premium £'000	Share option reserve £'000	Share acquisition warrants £'000	Reverse acquisition reserve £'000	Retained losses £'000	Total £'000
Balance at 1 January 2007 (in Enfis Limited)	2	-	-	78	2,554	221	-	-	(2,913)	(58)
Conversion of preference shares	-	300	-	(78)	-	-	-	-	132	354
Share issue and redemption of deferred shares	-	(300)	300	-	-	-	-	-	-	-
Allotment of shares (Enfis Group plc)	-	-	-	-	-	-	-	-	-	-
Share for share exchange (Enfis Group plc with Enfis Limited)	572	-	-	-	-	-	-	(572)	-	-
Reverse Acquisition adjustments	(2)	-	(300)	-	(2,554)	-	-	2,856	-	-
AIM listing (Issue of new shares)	322	-	-	-	4,178	-	-	-	-	4,500
Expenses incurred on issue of new shares	-	-	-	-	(593)	-	-	-	-	(593)
Share option reversal	-	-	-	-	-	(221)	-	-	221	-
Loss for the period	-	-	-	-	-	61	-	-	(1,865)	(1,804)
At 31 December 2007 in Enfis Group plc (consolidated)	894	-	-	-	3,585	61	-	2,284	(4,425)	2,399

Enfis Group plc

Notes to the interim results for the six month period ended 30 June 2008

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

	Ordinary share capital £'000	Share premium £'000	Share option reserve £'000	Reverse acquisition reserve £'000	Retained losses £'000	Total £'000
At 1 January 2008	894	3,585	61	2,284	(4,425)	2,399
Issue of new shares	44	494	-	-	-	538
Expenses incurred on issue of new shares	-	(12)	-	-	-	(12)
Loss for the period	-	-	41	-	(792)	(751)
At 30 June 2008	938	4,067	102	2,284	(5,217)	2,174

Share Issue

On 14 February 2008 Enfis Group plc issued 446,803 £0.1 new ordinary shares. The placing represented approximately 4.8% of the company's issued shared capital immediately following the placing. The placing generated proceeds of £538,398.

Independent review report to Enfis Group plc

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2008, which comprises the income statement, balance sheet, cash flow statement and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the AIM Rules for Companies which require that the financial information must be presented and prepared in a form consistent with that which will be adopted in the company's annual financial statements.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the AIM Rules for Companies and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2008 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the AIM Rules for Companies.

PricewaterhouseCoopers LLP
Chartered Accountants
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- The maintenance and integrity of the Enfis Group plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.