

Company [Enfis Group PLC](#)
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Headline Interim results and trading update
Released 07:00 12-Aug-2009
Number 2863X07

RNS Number : 2863X
Enfis Group PLC
12 August 2009

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

Interim results for the six month period ended 30 June 2009 and Trading update

The market for high brightness LEDs was \$5.1 billion in 2008. The lighting sector (including architectural, retail display and entertainment lighting) represented 9% of the market and was the fastest growing sector in 2008 with year on year growth of 39%*.

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 address these markets. The Company today announces its interim results for the six months ended 30 June 2009.

Overview

Key highlights of the period were:

- Fundraising completed in April 2009 for approximately £2m gross of associated expenses
- An increase of 35% in revenue on the same period last year
- Signed Gekko contract for studio lighting applications
- Established Enfis US to address the rapidly growing North American opportunity
- Continue to pursue a large pipeline of opportunities covering numerous areas of SSL lighting applications
- Completing major Middle East project; expected to go live for global showcasing in November 2009

- Major contract slippage against uncertain economic outlook for end customers. Over £3.5m in revenue opportunities deferred to 2010

Shaun Oxenham, Chairman, commented:

"During the first half of 2009, Enfis has continued to pursue the large pipeline of SSL opportunities reported in the full year results statement of March 2009. Enfis has achieved a number of key goals including raising additional funds, setting up Enfis US and signing further contracts. However, as a result of the economic crisis during the first half of 2009, a number of projects have experienced delays associated with funding confidence. Consequently, although revenue was 35% higher than the same period for 2008, it was lower than management expectations. As financing confidence returns, we expect these delayed projects to result in orders in 2010.

Despite the slippage in revenue conversion the Company is still confident that we have a significant revenue pipeline to exploit and expect more opportunities to arise, particularly as we bring on line one of our global showcase lighting projects in the Middle East, which is nearing completion and due for full operation by November 2009. We are also confident in the contracts that have already been signed and remain in force and which will set Enfis up well for 2010."

* Strategies in Light 2009

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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 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, Enfis continues to lead the way in enabling smart, efficient solutions for Solid State Lighting.

Chairman's Statement

Introduction

During the first half of 2009, Enfis has continued to pursue the large pipeline of SSL opportunities reported in the full year results statement of March 2009. Enfis has achieved a number of key goals including raising additional funds, setting up Enfis US and signing further contracts. However, as a result of the economic crisis during the first half of 2009, a number of projects have experienced delays associated with funding confidence. Consequently, although revenue was 35% higher than the same period for 2008, it was lower than management expectations. As financing confidence returns, we expect these delayed projects to result in orders in 2010. Despite the slippage in revenue conversion the Company is still confident that we have a significant revenue pipeline to exploit in the coming year and expect many more opportunities to arise, particularly as we bring on line one of our global showcase lighting projects in the Middle East, which is nearing completion and due for full operation by November 2009. We are also confident in the contracts that have already been signed and remain in force and which will set Enfis up well for 2010.

In light of these challenges and to respond to the changing needs of the Company as focus turns to high volume production, we have recently made some high level management changes to ensure even greater emphasis on contract conversion and rapid revenue growth. We are confident that as project funding eases, the challenge will be to manage accelerating revenue growth. Our customers have made it clear that they are committed to use our leading edge light engine technology.

We expect contracts that were forecast to close in Q2, to now be signed during the second half of 2009 and in 2010 and to contribute to the 2010/11 revenues. This will provide clear confidence to all that Enfis remains on track to become cash generative and profitable in the near future and that our funding is sufficient to take us through to full profitability.

Product Development

As detailed in the full year results, Enfis continues to drive improvements in its current product set. The Company expects to complete and release several important product developments in the second half of 2009 which will further support its growth in 2010.

Financial Performance

Despite being on track at the end of the first quarter, revenue for the first six months to 30 June 2009 was affected by project funding availability. Nonetheless, several key objectives were achieved:

- Although less than anticipated, revenue has increased by 35% on the corresponding period in 2008, in what are widely regarded as extremely challenging trading conditions.
- Gross margin, at 35% for the period, has increased 5% on prior year.
- The administrative cost base has been reduced by 30% on the first half of 2008.

The reduction in the cost base has offset the lower than expected revenues and management remains confident that current cash balances will be sufficient to see the Company through to full profitability.

Outlook and trading update

We expect that conversion of sales in 2009 will remain difficult to forecast until our customers can see greater confidence in the project funding environment. In addition, many companies have delayed projects pending better visibility of the general economic environment.

As a result of this we have seen major contract slippage and the board has reviewed its 2009 revenue pipeline. The lack of signed contracts has caused the board to conclude that at least £3.5m of revenue opportunities will now move into 2010.

It is clear that we still have significant product advantages in the market and we have taken actions to broaden the appeal of our product lines. It is also becoming increasingly clear that political and environmental pressures will play an increasingly important role in driving the SSL market. We have taken structural steps to support conversion of key contracts to revenue. We remain confident that our products will play a key role in the rapid adoption of solid state lighting and look forward to seeing some of our high profile projects which have been installed and tested go live later this year.

Shaun Oxenham

Chairman

12 August 2009

Consolidated income statement for the six month period ended 30 June 2009

Notes	6 months ended 30 June 2009 (unaudited) £000	6 months ended 30 June 2008 (unaudited) £000	Year ended 31 December 2008 (audited) £000
Revenue	530	392	1,628
Cost of sales	(342)	(272)	(1,023)
Gross profit	188	120	605
Administrative expenses	(881)	(1,247)	(2,608)
Other income	15	22	73

Operating loss for the period	(678)	(1,105)	(1,930)
Net finance (cost)/income	(2)	29	33
Loss before taxation	(680)	(1,076)	(1,898)
Taxation	-	284	556
Loss after taxation	(680)	(792)	(1,342)

Attributable to:			
Equity holders of the company	(680)	(792)	(1,342)

Earnings per share for loss attributable to the equity holders of the Company

- basic and diluted	(5.7p)	(8.5p)	(14.4p)
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All activities above relate to the continuing operations of the group.

**Consolidated balance sheet
As at 30 June 2009**

Notes	Assets	30 June 2009 (unaudited) £000	30 June 2008 (unaudited) £000	31 December 2008 (audited) £000
	Non-current assets			
	Property, plant and equipment	166	248	218
	Intangible assets	527	558	540
		693	806	758
	Current assets			
	Inventories	369	288	351
	Trade and other receivables	487	426	218
	Corporation tax receivable	271	284	271
	Cash and cash equivalents	1,415	1,080	641
		2,543	2,078	1,482
	Total assets	3,236	2,884	2,240

Capital and reserves attributable to equity holders of the company

	Ordinary shares	1,498	938	938
	Share premium	5,294	4,067	4,067
	Share option reserve	185	102	144
	Reverse acquisition reserve	2,284	2,284	2,284
	Retained losses	(6,447)	(5,217)	(5,767)
3	Total equity	2,814	2,174	1,666
	Liabilities			
	Non-current liabilities			
	Deferred income	20	80	35
	Borrowings	43	80	58
		63	160	93
	Current liabilities			
	Trade and other payables	321	500	433
	Borrowings	38	50	48
		359	550	481
	Total liabilities	422	710	574
	Total equity and liabilities	3,236	2,884	2,240

Consolidated cash flow statement for the six month period ended 30 June 2009

Notes	6 months ended 30 June 2009 (unaudited) £000	6 months ended 30 June 2008 (unaudited) £000	Year ended 31 December 2008 (audited) £000	
	Cash outflows from operating activities			
2	Cash used in operations	(939)	(1,184)	(1,812)
	Interest paid	(6)	(12)	(21)
	R&D tax credits received	-	-	284
	Net cash (used) in operating activities	(945)	(1,196)	(1,549)

Cash flows from investing activities			
Purchase of property, plant and equipment	(1)	(47)	(59)
Purchase of intangible assets	(45)	(218)	(316)
Receipt of government grants	0	7	42
Interest received	4	41	54
Net cash (used) from investing activities	(43)	(217)	(278)
Cash flows from financing activities			
Proceeds from the issuance of ordinary shares	1,787	527	527
Proceeds from borrowings	-	-	-
Repayments of borrowings	(15)	(15)	(30)
Finance lease principal repayments	(10)	(18)	(28)
Net cash generated from financial activities	1,792	494	468
Net (decrease) / increase in cash and cash equivalents	774	(919)	(1,358)
Cash and cash equivalents at the beginning of the period	641	1,999	1,999
Cash and cash equivalents at the end of the period	1,415	1,080	641

1 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2009 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 2008, which have been prepared in accordance with IFRSs as adopted by the European Union.

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 12 August 2009.

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 2008 were approved by the Board of directors on 6 April 2009 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 2009 (unaudited) £000	6 months ended 30 June 2008 (unaudited) £000	Year ended 31 December 2008 (audited) £000
Loss before income tax	(680)	(1,076)	(2,047)
Adjustments for:			
- Depreciation	38	35	59
- Amortisation - intangibles	73	60	52
- Write-off of patents	-	-	49
- Amortisation - grants	(15)	(23)	(137)
- Share based payments	41	41	62
- Government grant income	-	-	42
- Net finance (income)	2	(29)	(33)
Changes in working capital:			
- Inventories	(18)	(10)	(73)
- Trade and other receivables	(222)	(213)	(7)
- Trade and other payables	(159)	31	(62)
Cash used in operations	(939)	(1,184)	(1,812)

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 2008 in Enfis Group Plc	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 in Enfis Group plc	938	4067	102	2,284	(5,217)	2,174

	Ordinary share		Share option	Reverse acquisition	Retained losses	Total
	capital	Share premium	reserve	reserve		
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January						
2008 in Enfis Group Plc	894	3,585	62	2,284	(4,425)	2399
Issue of new shares	45	482	-	-	-	527
Loss for the period	-	-	82	-	(1,342)	(1,260)
At 31 December 2008 in Enfis Group plc	938	4,067	144	2,284	(5,767)	1,666

	Ordinary share capital	Share premium	Share option reserve	Reverse acquisition reserve	Retained losses	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2009	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	1,498	5,294	185	2,284	(6,447)	2,814

Share Issue

On 6 April 2009 Enfis Group plc issued 5,600,000 £0.1 new ordinary shares. The placing represented approximately 37.4% of the company's issued shared capital immediately following the placing. The placing generated gross proceeds of £2,016,000.

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