

Enfis Group Plc

("Enfis" or the "Group")

17 February 2010

Trading Update and Strategic Review Results

On 30 November 2009 the Group announced a trading update for the year to 31 December 2009 and a strategic review of its business. The results of the strategic review and a further update on current trading are set out in this announcement.

Trading

The Group confirms that its sales for the year ended 31 December 2009 were in excess of £700,000 and that its year-end cash balance was in excess of £1m. Total borrowings at the year-end were £58,000.

Since the 30 November 2009 update the Group has reduced its cash burn through closure of its North American office and rationalisation of its UK and Shanghai premises. As a result of the strategic review, additional engineering effort and technical sales support have been recruited. The ongoing costs of new staff recruitment in key areas have been more than matched by payroll cost reductions elsewhere in the business. Several new and exciting opportunities have been identified, and the change of sales and marketing focus is already beginning to bear fruit. The Solid State Lighting market continues to grow strongly and with clear focus and an increasingly cost effective product portfolio, the Group is well placed to increase its market penetration strongly.

Strategic Review Outcome

The Board has performed a comprehensive review of the business and corporate strategy, the key conclusions of which can be summarised as follows:

The market opportunity for LED based Solid State Lighting (SSL) continues to be large and growing strongly as a result of powerful energy saving initiatives across the globe, driven by political and economic imperatives

The Group's products and technology remain state of the art, and address directly the markets for intelligent, high power colour changing applications, such as architectural, entertainment, medical and high end retail

Lower cost product engineering would enable larger sectors of these markets to become immediately accessible to the Group

Sales and marketing resource should be targeted at value add resellers and key direct customer engagement, rather than through non value add distribution channels

The Group's cash balances are sufficient for the Group's working capital requirements as envisaged in the forward business plan

The Group will seek strong customer and supply partnerships to further build its product portfolio, and thereby gain access to increasingly larger sectors of the SSL marketplace

Markets

The overall market for Solid State Lighting (SSL) continues to grow, driven by the increasing focus on efficient use of energy as a result of global warming and reduction in carbon emissions, and the rapidly increasing efficiency gains in LED chips. The growing lighting market for architectural, entertainment and medical markets demands powerful and intelligent lighting solutions, which in time will also be demanded by the general lighting market as a result of occupancy and movement sensing for additional energy saving. The Board has decided to concentrate the Group's resources on the high power lighting sector incorporating highly intelligent monitoring and sensing solutions, for which the Group has powerful IP and know how. The Board considers the Group to have a strong position in this area.

The key markets now being targeted fall within the following lighting and application sectors and include:

Entertainment lighting (e.g. film and TV production, concert and theatre);

Medical lighting;

Exterior and interior architectural lighting;

High end retail lighting; and

Medical and industrial applications (e.g. using ultraviolet light for industrial and medical curing processes).

Products

The Board has concluded that the Group's Uno, Uno Plus and Quattro Mini products are attractive to the intelligent high power lighting markets, placing a premium on one or more of:

Very compact high power light source;

Exceptional colour quality;

Exceptional colour control; and

Built in intelligence for sensing, control and communication.

The Board has decided to concentrate its efforts on the light engine part of the value chain, allowing a large range of end user applications to be developed by continuing to strongly engage in partnerships with leading lighting fixture companies.

Following the recent recruitment of an experienced Head of Engineering and Manufacturing, significant development effort is now being focused on materially reducing the cost and enhancing both the functionality and flexibility of current and next-generation products. It is expected that part of these development costs will be funded through access to government and EU grants.

The current strategy of working closely with highly competitive outsource manufacturing partners will continue.

Prospective Customers and Channels to Market

The Board has decided that targeting high quality lighting fixture and original equipment manufacturers ("OEMs") selling branded products in the above identified markets to be the most effective sales strategy. This requires working directly with value added re-sellers in conjunction with direct selling to key accounts.

Such customers can require significant up-front product development and integration support. The end market opportunities are large and the time/cost to market sustainable. The Group is taking steps to expand its distribution network of value-added re-sellers in North America, Europe and Asia. It is also investing time and resource into improving the Group's product knowledge of its existing re-sellers. These re-sellers have technically qualified staff capable of providing high quality support to their customers in the use and integration of the Group's products.

At the same time the Group has expanded its internal technical sales support resource to provide enhanced support to value added re-sellers and key direct accounts.

IP

The Group will continue to pursue its strategy of developing a portfolio of strong IP through patents and know how, thus enhancing its competitive position in the marketplace.

Partnerships

In addition to developing powerful partnerships directly with customers and value added re-sellers, the Group will pursue a policy of developing technology partnerships with other companies in the lighting food chain in order to further enhance and diversify the Group's product range and technology base.

Conclusions

The sales cycle for OEM sales is not short but delivers long term value;

Once designed in, the Group has the potential to lock-in substantial sales over extended periods;

The Group is actively re-aligning its resources to fully focus on the significant opportunities in its selected markets.

Following the strategic review, the Board believes that the strategy set out above offers shareholders the best opportunity for significant growth in the value of their existing investment in the Group.

Ends

For further information, call:

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About Enfis

Enfis Group Plc (AIM: ENF) designs, manufactures and markets intelligent, high-power, 'tunable' LED arrays and light engines with a focus on providing cutting-edge solutions that can be easily integrated into luminaires, fixtures and custom projects. The company's expertise covers semiconductor technology, packaging, thermal management, optics, electronic design, software and volume manufacturing.

Enfis 'smart' LED array technology offers luminaire and fixture manufacturers unsurpassed light output quality. Their ultra-bright, multi-watt, multi-wavelength 'smart' LEDs are designed so that each wavelength can be individually controlled and monitored. Each Enfis 'smart' LED array has active colour temperature and heat-sensing components that control, calibrate and regulate the light output of each wavelength on the array for the lifetime of the component.

More information about the company's LED array and light engine products can be found at www.enfis.com.