

Company	Enfis Group PLC
TIDM	ENF
Headline	First day of dealings on AIM
Released	08:00 23-Mar-07

23 March 2007

**Enfis Group plc
("Enfis" or "the Company")**

First day of dealings on AIM

Placing by Noble raises £4.5 million

Enfis is a significant market participant in the design, development and manufacture of intelligent high power Light Emitting Diode ("LED") arrays and light engines that are believed to be more powerful, durable, versatile and energy efficient than any competing lighting product currently available. Enfis has raised £4.5 million through a placing of new ordinary shares by Noble & Company Limited ("Noble") and is pleased to announce the commencement of trading today in its shares on AIM (ticker ENF). The Nominated Adviser and Broker to Enfis is Noble.

KEY INFORMATION

- Enfis has designed, manufactured and now made commercially available high-powered, full spectrum, intelligent LED arrays, which the Directors believe will allow Enfis to benefit from the anticipated global shift from incandescent lighting to Solid State Lighting ("SSL") driven mainly by cost, energy efficiency, environmental and functionality factors, with the SSL market projected to be worth approximately US \$22 billion by 2010.
- The environmental and cost benefits of converting to SSL are substantial. 22 per cent. of energy used in the US is for lighting, equating to 915 Tera Watt Hours (TWH) of energy, and it is estimated that an 80% penetration of SSL into that market would result in financial savings of around US\$46 billion and a reduction of CO2 emissions of 10.7 Giga Tonnes.
- Architectural, entertainment and retail segments of the illumination applications market represent the most immediately penetrable markets for the Enfis light engine. These markets are projected to enjoy a compound annual growth rate of 45 per cent. between 2006 and 2011.
- Since the launch of Enfis' light engine concept at the Electronica trade fair in November 2006, the Company has seen significant interest from the distributor community. Enfis has already signed eight distributors, providing coverage in Western Europe and Asia Pacific. The pipeline of interest continues to increase in these regions and a gathering momentum of interest from North America is visible.
- The £4m net proceeds of the placing will be used to fund ongoing costs whilst Enfis grows its sales and will provide additional working capital. This will enable the Company to put in place infrastructure for sales and marketing as well as to purchase in-house automated process development equipment, thereby reducing time to market.

- The admission to AIM will also provide scope for the continued incentivisation of its staff and create wider ownership within the Group, heighten awareness of the commercial benefit of Enfis' technology and protect IP in new products and processes.

Shaun Oxenham, Chief Executive of Enfis, commented:

“These funds give us the financial strength to make most of the opportunities that we have identified since the Electronica trade fair in November, when we first unveiled our light engines and were inundated by expressions of interest and orders, and to deliver our longer term business plans.

“The technology we have developed, with its increased power, efficiency and versatility, makes our light engines attractive to a wide range of customers. We are now well placed to secure an increased share of the growing SSL market, as well as increase our capacity, sales force and product development capability.”

Placing Statistics

Placing Price per Placing Share	140p
Number of Ordinary Shares in issue on Admission	8,936,060
Proceeds of the Placing before expenses	£4.5 million
Percentage of enlarged issued share capital represented by the Placing Shares	36%
Market capitalisation on Admission at the Placing Price	£12.5 million

Enquiries:

Enfis Group plc

Shaun Oxenham, Chief Executive Officer
Giles Davies, Chief Financial Officer

Tel: 01792 485660

Noble & Company Limited

John Llewellyn-Lloyd / Graeme Bayley

Tel: 020 7763 2200

Pelham Public Relations

Archie Berens / Philip Dennis

Tel: 020 7743 6670

1. Introduction

Enfis is a significant market participant in the design, development and manufacture of intelligent high power Light Emitting Diode (“LED”) arrays and light engines. The global lighting market is shifting from traditional incandescent lighting to Solid State Lighting (“SSL”), driven mainly by cost, energy efficiency, environmental and functionality factors, with the SSL market projected to be circa US \$22 billion by 2010. The Company is well placed to capture SSL market share, as well as to benefit from the market’s substantial projected growth. The Company is seeking admission to AIM and is raising funds for the purposes of accelerating its growth in this dynamic market.

2. Background

Enfis was founded in 2001 and was initially funded by Wesley Clover Corporation, a venture capital company chaired by Sir Terry Matthews, founder of Mitel and Newbridge Networks. Enfis’ initial focus was to develop semiconductor based light source modules and systems for the specialised medical market using the latest advances in semiconductor optoelectronic device fabrication, thermal management and optical design technologies.

In January 2006, Enfis made a commercial decision to target broader market segments, particularly the architectural, entertainment and retail lighting sectors. In March 2006, Enfis announced a technology breakthrough in LED lighting power density which forms the basis of Enfis’ current light engine. Enfis’ light engine includes one of the highest power LED arrays commercially available worldwide today and is powered by patent-pending smart array technology, highly efficient intelligent electronics and thermal management. 19 patents have been filed relating to the technology.

In November 2006 at Electronica (a global trade fair in Munich for electronic components, systems and applications) Enfis formally launched its range of high performance LED light engines and arrays. Around 100 companies from all over the world expressed a strong interest in taking the Enfis light engines to their respective markets under distribution agreements. Since Electronica, Enfis has signed distribution agreements with eight of these companies in Europe and Asia Pacific, and has received nearly 30 orders for its SSL products. Enfis is in negotiation with approximately 20 further distributors and value added integrators with plans to recruit further distributors in North America in 2008.

3. Solid state lighting

Drive for energy efficiency

Climate change is widely acknowledged as being one of the most serious issues facing the planet and there is strong evidence that most of the warming observed is attributable to human activity, in particular to the emissions of greenhouse gases. The UK government has played a leading role in global efforts to tackle climate change and will continue to do so, with its official Kyoto Protocol target of a 12.5 per cent. reduction of greenhouse emissions below 1990 levels by 2008 – 2012. The UK Government, in its 2003 Energy White Paper, set out an internal target to reduce carbon emissions in the UK by 60 per cent. from 1990 levels by 2050.

In a press release on 20 February 2007, Australia’s Government announced incandescent light bulbs will be banned from sale from 2009 to help cut greenhouse gas emissions. Malcolm Turnbull, the environment minister, said “replacing the country’s incandescent bulbs could prevent up to 4 million tonnes of greenhouse gas emissions entering the atmosphere every year by 2015. Banning the bulbs would also help cut 800,000 tonnes from Australia’s current greenhouse gas emissions level by 2012 and lower household lighting costs by 66 per cent.”

On an international scale, policy makers are looking ahead to the negotiation of a replacement of the Kyoto Protocol, which expires in 2012, and the issue of climate change was once again high on the agenda at the World Economic Forum at Davos in January 2007. A rise in US investor and political demands on business to do more to deal with environmental problems was highlighted in February 2007 when Ceres, a coalition of US institutional investors and environmental groups, stepped up pressure on corporate America to do more on environmental issues by publishing a blacklist of 10 companies it accused of failing to address climate change and global warming. In November 2006, Walmart reinforced its commitment to energy efficiency initiatives when it confirmed a switch to LED lighting in its refrigerator cases in 500 of its stores, with a projection of 66 per cent. energy savings justifying the estimated investment of circa US \$30 million.

The environmental and cost benefits of converting to SSL are substantial. According to a report by Professor Fred Schubert of Rensselaer Polytechnic Institute published in "IOP Reports on Progress in Physics", building upon leading work by the US Department of Energy entitled "Solid-State lighting – a benevolent technology", 22 per cent. of energy used in the US is for lighting, equating to 915 Tera Watt Hours (TWH) of energy. It is estimated that an 80 per cent. penetration of SSL into the US lighting market would lead to:

- Reduction in energy use of 458 TWH, or 11 per cent. of the total electricity generated in the US annually
- Financial savings of around US \$46 billion
- Reduction in energy consumption of 52 Giga Watts, equivalent to around 70 major power stations
- Reduction in CO2 emissions of 10.7 Giga Tonnes

Advantages of SSL technology

SSL is an ideal replacement for traditional lighting for a number of reasons:

- **Efficiency** – SSL is between three and ten times more electrically efficient (depending upon colour) than traditional light sources and more efficient to manufacture and recycle
- **Low requirements for maintenance** – SSL devices are rugged and shock proof and have a life time in excess of 30,000 operating hours compared with traditional light sources of 1,000 operating hours. An SSL device will typically outlast the life time of the lighting fixture
- **Compatibility with heat sensitive environments** – SSL is cool and safe to touch (circa 50 degrees celsius) compared with traditional lighting (200 degrees celsius or greater), and does not radiate heat directly towards the illumination subject
- **Safety** – SSL uses low voltage, typically 5V to 12V, and is electrically safe as mains supply voltages of 240V can be isolated from the illumination fixtures. SSL does not emit rogue ultra violet radiation, unlike fluorescent tubes. There are no user serviceable parts, substantially reducing the risks of end user accidents
- **Ecologically friendly** – No mercury or hazardous substances are used in the manufacture of SSL. Conversely, several drops of mercury are added to every single fluorescent tube, requiring highly inefficient processing at the end of a tube's life, practically nullifying the environmental efficiency benefits of a fluorescent tube

The technology behind SSL

SSL technology utilises LEDs as sources of illumination rather than electrical filaments or gas as used in traditional lighting. The term 'solid state' refers to the fact that light from an LED is emitted by a solid object – the semiconductor – as a consequence of converting electric current (electrons) into light (photons), and not as a by-product of raising an object to an extremely high temperature, as is the case with traditional incandescent lighting. LEDs emit light as a direct function of the current passing through them, meaning that LEDs can emit light across the whole visible spectrum at any specific colour desired, compared to traditional lighting hardware that can produce only one colour (white).

In recent years the price of semiconductor material has reduced over time and efficiencies have increased, enabling the cost effective adoption of SSL into the existing lighting market. In 2003 the cost per Lumen was around US \$0.08 and today the cost per Lumen within the SSL market is just over US \$0.03, forecast to be US \$0.01 by 2011.

Within the SSL market, there have been advances in luminous flux that have been achieved by operating the chip structure at a higher level of input current, and by increasing the physical dimensions of the chip. Both methods require specialised packaging to remove the higher amount of heat generated within the chip. The requirement for removal of heat has historically been a limiting factor in the advancement of LED technology. Enfis has found a solution to this difficult problem, allowing it to design and manufacture one of the highest powered arrays commercially available today, and has made it the subject of some of its patents.

4. The Company's products

Enfis has designed, manufactured and now made commercially available high powered, full spectrum, intelligent LED arrays, drawing upon its 19 patents and patent applications, know-how and other intellectual property. By the end of February 2007, Enfis had shipped 300 light engines and arrays. Enfis' light engines combine a high powered LED array with associated controlling electronics and heat management components. Enfis' light engines have a number of distinguishing features including:

- **High power density LED array** – Enfis' products have one of the highest power density LED arrays commercially available today. Using proprietary packaging patented techniques, Enfis has developed a 0.5cm² array using 100 LED chips, emitting over 1,000 Lumens per cm², and a 16cm² array using 1,000 LED chips, emitting over 300 Lumens per cm²
- **High efficiency** – LEDs are renowned for their efficiency. The Enfis light engine adds to this benefit by integrating high efficiency electronics and thermal management to provide light sources which offer up to five times the efficiency of conventional incandescent light sources. In operation, it can currently produce high power light up to 30 Lumens per Watt with a technology road map predicting improvement to more than 60 Lumens per Watt in the next 24 months
- **Heat management** – Enfis light engines are designed to remove heat effectively from the high powered LED array, increasing its reliability and power capability and reducing the specification and the need for ancillary cooling systems. Enfis has filed and pending patents covering novel cooling systems, which it will seek to integrate into future products
- **Digital colour spectrum** – Controllable via a normal PC, over 4 billion colours can be selected with instant changeability

- **Fully integrated** – Enfis' light engine needs only power to work so immediate user adoption is available
- **Intelligence** – Enfis' light engine is a highly intelligent device, incorporating:
 - **Programmability and controllability** – The programmability of the Enfis light engine allows value added integrators or distributors to configure and define the working parameters of the Enfis light engine without any detailed SSL technology skills. This provides a feature rich set of options to the integrator or lighting fixture designer and enables them to develop new and exciting products quickly and efficiently. The end user can then use and control the Enfis light engine easily through the feature set made available
 - **Network intelligence** – The Enfis light engine can be controlled by a number of standard interfaces including RS-232, Bluetooth, Wi-Fi and Ethernet. Using this communication, the light engines can be part of a domain and controlled simultaneously or separately
 - **Reliability** – The Enfis light engine is constantly self monitoring, ensuring that optimum light output, colour rendering and colour temperature is maintained and that efficiency performance is guaranteed and kept in calibration of limits set by integrators. If for any reason the light engine does not perform to set criteria, it can immediately communicate to the network that it needs attention

Current products

Enfis currently has three fully integrated plug and play light engines on the market with varying levels of power output and functionality:

QUATTRO – Enfis' highest-power product, the QUATTRO light engine consists of a 200W, 1,000 LED chip 16cm² array delivering over four billion digitally selectable colours. This is one of the highest power arrays commercially available on the market today with extensive features and advanced management controls.

UNO – The UNO light engine consists of a 36W, 100 LED chip 0.5cm array delivering a single colour. This is mounted using Enfis' proprietary process on a small circuit board with associated electronics and integrated heat removal system. Operating from 5V-12V, the UNO has an optical feedback utility for auto power control.

UNO Portable – The UNO portable is a portable version of the UNO. Applications include forensic, medical, dental and curing applications.

Enfis is targeting a gross margin of 50 per cent. on standard products, and higher on niche applications.

Future products

Enfis expects to launch a 1,000 Lumen full colour changeable light engine later in 2007 and a 1,000 Lumen temperature tuneable white light engine in early 2008. The Directors believe that both of these products will have wide and appealing application, particularly in the retail markets. A more powerful 50W version of the UNO is also expected to be launched this year.

5. The market

Market participants

Amongst the participants in the global specialist lighting market, the Directors believe that none has a product which can match the Enfis light engine in terms of plug and play functionality and power density. Many of the large lighting companies, such as Osram, Philips and Zumtobel, offer single chip packages. Typically, these packages are capable of being powered up to only 5W and need to be arranged into a cluster of LEDs to compete with a more traditional light source. Enfis' LED arrays start at 18W of input power and, when combined with driving and thermal management electronics, enable the advanced integrated light engine products that Enfis offers.

Smaller participants, such as Lamina Ceramics and Optodiode provide high power LED arrays for specialist markets but have not provided the compact integrated light engine solution around the LED array in the same manner as the Enfis approach. Luminus Inc. specialises in high density arrays which are focused on projection applications for consumer devices such as rear projection televisions. TIR's white light changing technology has a maximum output of 35W, compared with Enfis' QUATTRO, the output of which is 200W.

Larger market participants have been acquiring SSL know-how through corporate consolidation. Philips acquired Lumileds as a result of which it gained control of its Luxeon LED product line. General Electric acquired GELCore thereby gaining control of its LED product line and customer base in signage, transportation lighting and displays. Zumtobel has made an investment in TIR Systems and also formed a joint venture with Toyoda Gosei to develop new LED components and LED lighting technology.

In the specialist lighting market today there are many LED suppliers but very few designers who understand the thermal management, electrical interface issues and optics of LEDs. Very few large luminaire manufacturers have in-house LED fixture designers. As a result, most large companies have traditionally outsourced the design of LED fixtures.

Market trends

For 25 years, LEDs were only powerful enough to be used as indicator lamps and in alpha-numeric displays. In the early to mid 1990s, High Brightness LEDs ("HBLEDs") were developed with performance levels reaching the point where signage and signalling applications in the outdoor (i.e. full sunlight) environment could be addressed across the full colour spectrum. From 1995 through to 2005, the HBLED market grew at an average annual rate of 42 per cent. Most of this market growth was driven by adoption of HBLEDs in three principal applications:

- **Signalling** – for example, traffic signals, automobile brake lights
- **Display of information** – for example, outdoor video screens, single colour variable message signs
- **Backlighting** – for example, automobile instrument panels, mobile phone LCD displays and keypads

The market for HBLEDs in illumination applications – that is, applications in which the light from an LED is used to illuminate an object or surface, rather than being viewed directly to provide information or a signal – amounted to US \$205 million in 2006, or approximately 5 per cent. of the overall HBLED market. In spite of its small share in the overall HBLED market, illumination applications was the fastest growing segment in 2006, and the market is forecast to grow to just under US \$1 billion in 2011.

The total SSL market (incorporating Lasers, HBLEDs and low power LEDs) is set to grow to US \$22 billion by 2010, of which the illumination applications market will be US \$771 million, rising to US \$985 million in 2011. The Board believes that the historic adoption of LED technology into

traffic lights in the US provides a visible precedent to this projected penetration by SSL technology into the global lighting market. Simple LED technology was adopted relatively rapidly into the traffic light network in the US, with 30 per cent. converting in the three year period to 2003. With a 140W incandescent bulb typically being replaced in each traffic light by LEDs consuming only 11W, this decreased US energy costs by circa US \$145 million per annum, as well as reducing the ongoing burden of maintenance and downtime.

6. Strategy

Target markets

The Board is currently targeting the architectural, entertainment and retail segments of the illumination applications market, representing the most immediately penetrable markets for the Enfis light engine. These target segments are projected to represent 66 per cent. of the illumination applications market in 2011 and are set for a compound annual growth rate of 45 per cent. between 2006 and 2011 (Source: Strategies Unlimited, January 2007). The Directors anticipate that Enfis' products will be adopted for a wide scope of applications within each segment.

Architectural lighting

Architectural lighting encompasses the lighting of built-up environments where the integration of light sources and architectural elements is critical. It covers indoor as well as outdoor environments, where LEDs are likely to perform better than other technologies in adverse weather conditions and temperature variations. LED lighting is ideal for architectural applications that require colour or design flexibility, in places that are difficult to reach and maintain.

To date, white light LEDs in the market have not produced high enough power output to make them competitive with many general light sources other than as accent lights. The Directors believe that Enfis' LED light engines have the necessary power levels to be able to penetrate the high intensity architectural lighting markets where large buildings or spaces require high power light sources.

Typical solid-state architectural lighting fixtures include:

- Wall washers
- Floodlights
- Accent lights
- Spotlights
- Path lights

Retail display lighting

Retail lighting requirements include both general area lighting as well as product-specific display lighting that enhances the appearance of particular products. Virtually all types of light sources have, to date, been used in retail lighting, including incandescent, halogen, fluorescent, ceramic metal halide, fibre optic, and, most recently, LEDs.

Retail display lighting with LEDs is a relatively recent development in LED lighting, with the entry of white LEDs to the retail display lighting market in selected applications in 2006. The major early adopters include jewellery retailers, cosmetics companies, retailers of high-end merchandise (e.g. Gucci, Tiffany) and chain grocery stores, such as Wal-Mart. Clinique specified LED lighting for all of its new cosmetic counters in 2006.

The LED retail display market is expected to enjoy robust growth in 2007 and beyond and the Directors believe that the Enfis light engine will contribute to this growth through its variable colour offering, high intensity light, low heat output and controllability.

Entertainment lighting

The entertainment lighting market encompasses music concerts, theatres, television studios, discos and clubs. Entertainment lighting is full of colour changing applications. In order to generate colour, a gel filter is placed over the light source, reducing the light output significantly. Gel filters have a limited life, fading or even melting over time, with replacement cost and maintenance implications. Colour changing LED lights eliminate the need for these gel filters and additional accessories.

The Directors believe that most of the new fixtures in colour-changing entertainment applications are likely to be LED-based. Given the Lumen output of LEDs to date, the number of applications in which LEDs could be used has been limited in large venues such as theatres, mostly being used for wall washes and concentrated beams of colour. To date, LEDs have not been able to be used for spots or as follow spots.

The Directors believe that Enfis' light engine products are ideally suited to the entertainment lighting market, with the ability to replace existing fixtures immediately. One 200W Enfis Quattro unit, for example, could replace a 700W halogen spot in a theatre, providing an immediate lighting energy cost saving as well as the benefit of digital light on demand, providing vivid, precise colour control from a palette of over four billion colours. Replacement costs and maintenance would be substantially reduced and, with the lower generation of heat, air-conditioning requirements would also be materially lowered.

Manufacturing

A key aspect of Enfis' strategy is the outsourcing of manufacturing, which is carried out in two stages.

Manufacturing of arrays

Enfis' arrays consist of a special Enfis-designed thermally conductive substrate with a pre-defined metal pattern. Semiconductor LED chips are placed on the substrate using a proprietary attachment process and bond wires are affixed also by a proprietary process. The LED chips are protected using a special encapsulation process. The array is integrated into the light engine and can also be sold as a stand alone product.

Manufacturing of the arrays is referred to as packaging and consists of microelectronics based assembly techniques to attach the LED chips precisely to the substrate and also to form wire bonds precisely to the chips. The array packaging process is relatively complex, involving a certain amount of IP and know-how. The Enfis arrays are designed in-house using semi automatic production methods which can produce small pre-production quantities. Once the design is finalised it is sent to a low volume subcontractor to prove the process for mass manufacture. Part of the proceeds of the Placing will be used to purchase prototyping equipment to take this proving process in-house and reduce the overall time to market. There is a global market of providers for the outsourcing of the array packaging process. Enfis aims to establish three sources of qualified manufacturing partners for the packaging process, allowing it to scale appropriately from small batches to mass manufacture and also to ensure disaster scenarios are fully covered.

Enfis currently has an approved capacity for up to 200 UNO LED arrays per month via a single source sub-contractor and is currently working with three other packaging houses which will provide a capacity in excess of 1,000 UNO LED arrays per month by June 2007. This capacity

will allow Enfis to meet and exceed its predicted sales pipeline of the UNO product until March 2008, given current sales forecasts. Once predicted sales volumes exceed these levels the product will be transferred to higher volume subcontractors who are not currently accessible due to the lower volume of production required at this time.

When utilising outsource partners, consideration of leakage of IP is important. Enfis performs detailed audits of each sub-contractor and scrutinises the processes for protection of IP within each. In most cases, Enfis specifies manufacturing and assembly areas that are secure and specific, with shaded windows and guarded entry to protect against unauthorized viewing. The sub-contractors offer dedicated floor space, equipment, engineers and supply chain management to protect Enfis' proprietary drawings, materials and products.

Manufacturing of light engines

The LED array is combined with Enfis' intelligent proprietary electronics and thermal management to form the Enfis smart light engine. The light engine assembly process is similar to the process of assembly of a PC motherboard and microprocessor and uses advanced components based on industry standards and designed with years of experience concerning the boundaries of the LED light engine performance. All design aspects are performed internally.

Enfis currently has an approved capacity for up to 300 UNO light engines per month via a single source sub-contractor, which is projected to grow to in excess of 1,000 UNO light engines per month. Enfis is currently working with three other assembly houses which will each provide a capacity in excess of 1,000 light engines per month when qualified. This capacity will allow Enfis to meet and exceed its predicted sales pipeline of the UNO product until March 2008, given current sales forecasts. Once predicted sales volumes exceed these levels the product will be transferred to higher volume subcontractors who are not currently accessible due to the lower volume of production required at this time.

Routes to market

Enfis sees three routes to market for its products.

Initial sales activities of the Company are focused upon the large electronics and optoelectronics catalogue distribution companies. This is in order to make the Enfis light engine products as widely available to the market and at the disposal of as many lighting designers and lighting engineers as possible. The immediate focus on this route to market is intended to serve as an announcement of the emergence of high output LED light engines and that a step change to high output multi-Watt SSL is underway. Since November 2006, the Company has entered into eight distributor agreements, which is increasing the advertisement of its products within distributor catalogues. Enfis' products are already listed on certain companies' websites, including Cutter in Australia and RS Components in the UK. The Company intends to establish distributor bases in the UK and Europe this year, the Far East next year and in North America the year following.

The second route to market is via the value added integrators (the luminaire designers). The value added integrators typically may have only 20 products in their portfolio. However, they understand the technology and market place intimately and seek to secure strategic contract wins for their product range. These contract wins may be less regular than those achieved by the catalogue companies but are likely to be larger in volume and value.

Thirdly, Enfis will seek strategic R&D tie ups with the major lighting manufacturers such as GE, Sylvania and Ushio. Enfis believes that these relationships will move more towards licensing opportunities for the Enfis light engine technology. Enfis intends to support the catalogue distributors and value added integrators through marketing and education activities run with the distributors' and integrators' customer bases.

7. Historical financial information

The following summarises Enfis' financial performance, showing the actual results for 2004 – 2006. The results for 2004 were prepared under Generally Accepted Accounting Principles in the United Kingdom (UK GAAP), while the results for 2005 and 2006 are reported under the basis of International Financial Reporting Standards (IFRS).

	Year ended 31 December 2004 £'000	Year ended 31 December 2005 £'000	Year ended 31 December 2006 £'000
Turnover	256	370	222
Gross profit / (loss)	150	79	(84)
Loss before tax	(292)	(920)	(1,453)

8. Current trading and prospects

Since the launch of Enfis' light engine at Electronica in November 2006, and the positive reception of the product, Enfis has seen significant interest from the distributor community. Enfis has already signed eight distributors, providing coverage in Western Europe and Asia Pacific; the pipeline of interest continues to increase in these regions and a gathering momentum of interest from North America is visible. The forward business is in line with the Directors' expectations and the management will continue to develop the Company's products and channels to market.

9. The Board

The Directors of the Company are:

- **Simon Gibson**, *Chairman and Non-Executive Director* (aged 49) – Simon was the co-founder and president of Ubiquity Software Plc recently acquired by Avaya for £77m, and is Chief Executive of Wesley Clover Corporation, a significant shareholder in Enfis
- **Shaun Oxenham**, *Chief Executive Officer* (aged 38) – Shaun has 15 years' experience of creating and managing business ventures in developing and leading edge environments. Prior to joining Enfis in January 2002, Shaun was Managing Director (Europe) of Ubiquity Software Corporation
- **Giles Davies**, *Chief Financial Officer* (aged 39) – Giles is a qualified chartered accountant who began his career with KPMG. Prior to joining Enfis in January 2006, Giles was the Group Finance Director of Tinopolis plc and previously was UK Finance Manager at Dorling Kindersley plc
- **Gareth Jones**, *Chief Technology Officer* (aged 38) – Gareth joined the Enfis Board in February 2002 and was appointed Chief Technology Officer in June 2002. Gareth is responsible for the scientific and technical direction of Enfis, setting the research and development plan and providing technical and market input for the product roadmap strategy. Prior to joining Enfis, Gareth was the Product Manager at IQE plc with responsibility for major aspects of all the laser and LED product business
- **Drew Nelson**, *Non-Executive Director* (aged 52) – CEO of IQE plc, an AIM listed company formed from the merger of QED with EPI, which he founded, in 1998. IQE was listed on AIM in 2000 and had a market capitalisation on 14 March 2007 of £73.1 million

- **Ron Jones, *Non-Executive Director*** (aged 58) – Ron Jones is a founder and Executive Chairman of Tinopolis plc, one of the UK's largest television production companies and listed on AIM and had a market capitalisation on 14 March 2007 of £36.5 million. He was previously with Arthur Andersen & Co where he qualified as a Chartered Accountant and became a partner in that firm, leaving in 1988
- **John Thynne, *Non-Executive Director*** (aged 75) – Previously a senior official at the DTI and formerly a director of Newbridge Networks Corporation, a NYSE listed company, and a number of other Wesley Clover Corporation and Celtic House Investment Partnership companies

10. Share option schemes

To date, 1,096,350 options have been granted under the share option schemes operated by the Company. Excluding these 1,096,350 options, the maximum number of Ordinary Shares over which options may be granted under the share option schemes shall represent approximately 12 per cent. of the Company's issued Ordinary Share capital on the date of grant, with the Company's remuneration committee retaining discretion over the granting of such options. The current intention of the remuneration committee is to grant options amounting to approximately six per cent. of the Company's issued Ordinary Share capital, at the Placing Price, to the executive Directors (comprising two per cent. to each of Shaun Oxenham, Giles Davies and Gareth Jones (subject to vesting conditions)), and retain options up to an additional circa six per cent. of the Company's issued Ordinary Share capital for future grants to other members of staff.

11. Dividend policy

As Enfis is in the early stages of its growth and business, it is not possible, at this stage, to pay a dividend. If the Company's business becomes profitable and distributable reserves become available, the Directors will review the dividend policy.

12. Reasons for the Placing and Admission

The Placing comprises 3,214,286 Ordinary Shares at the Placing Price of 140p per Ordinary Share. The Company will raise gross proceeds before expenses (assuming full subscription of the Placing Shares under the Placing) of £4.5 million. The Placing is not being underwritten.

The Directors believe that the admission to trading on AIM and the Placing will be beneficial to the Company because it will:

- Raise the profile of the Company
- Fund the ongoing costs of the Company whilst it grows its sales and provide the Company with additional working capital
- Enable the Company to put in place infrastructure for sales and marketing
- Enable the Company to purchase in-house prototyping equipment, thereby reducing time to market
- Provide scope for the continued incentivisation of its staff and create wider ownership within the Company
- Heighten the commercial benefit of Enfis' technology lead
- Protect IP in new products and processes

END