



Press Release

30 September 2009

Mountfield Group plc
("Mountfield" or the "Group")

Interim Results

Mountfield Group plc (AIM:MOGP), a provider of integrated specialist construction support services, announces its interim results for the for the six months ended 30 June 2009.

Overview

- Total revenue of £5.37 million
- Pre tax loss of £0.77 million
- Cash position of £0.8 million
- Cost efficiency programme implemented

Subsequent highlights

- Contract slippage has stopped, trading in the current period has started well as market for data centre financing improves

Commenting on the maiden Preliminary Results, Graham Read, Chief Executive Officer of Mountfield Group plc, said: "Whilst this has been a difficult and disappointing period for the Group with a number of contracts delayed, we are now seeing an increase in activity in our core divisions and the data centre market sector reviving."

- Ends -

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Chairman's Statement

The first six months of this year have been extremely testing for Group. This resulted from the dramatic fall in business activity in the data centre sector in which it operates and the postponement of a number contracts which the Group had expected to begin work on. The causes for postponement were largely due to 3rd party financing of these centres being restricted and accordingly tendering for new business slowed and contracts were postponed.

However there is current evidence of a return of confidence in the sector, as liquidity pressure eases. This has been reflected in the increased number and size of tenders in which the Group is now involved and the indications that some of the postponed contracts will now be activated at the end of this year or during the early part of 2010.

In the period the Group's revenue was £5.4 million and the loss before taxation was £0.77 million.

The decision was made to re-structure the operations of Mountfield Land Limited by closing down the operation in East Grinstead which concentrated on small to medium scale social housing schemes and to run the Company from the Group's headquarters in Wickford, Essex. Mountfield Land has been re-focussed on larger scale developments for social housing providers with the intention that the Group will also offer construction services as well as land sourcing for such projects.

In addition the Company is assessing exciting opportunities in the broader contracting market, as conditions in the sector improve. These include targeting other social housing projects that will draw on the Group's considerable project management skills.

Outlook

Although trading conditions remain difficult the Directors expect the second half of the year to produce a significant improvement on the first half and to be able to reverse the trend of the first six months.

For the reasons stated the Directors remain confident of the Group's prospects during the second half of this year and more particularly during 2010.

Peter Jay
Executive Chairman

28 September 2009

Mountfield Group plc

Condensed consolidated statement of comprehensive income

For the six months ended 30 June 2009

	Note	Six months to 30 June 2009 (unaudited) £	Six months to 30 June 2008 (unaudited) £	Twelve months to 31 December 2008 (audited) £
Revenue		5,371,783	9,668,005	17,444,169
Cost of sales		(4,690,010)	(8,016,912)	(14,689,825)
Gross profit		681,773	1,651,093	2,754,344
Administrative expenses		(1,011,981)	(600,667)	(1,453,980)
Negative Goodwill		-	-	126,308
Charge in respect of share based payments		(144,987)	-	(52,357)
Loans written off		(217,777)	-	-
Operating (loss)/profit		(692,972)	1,050,426	1,374,315
Net finance costs		(74,405)	16,414	(13,838)
(Loss)/profit before income tax		(767,377)	1,066,840	1,360,477
Income tax expense	2	143,603	(320,052)	(187,610)
(Loss)/profit for the period and total comprehensive (Loss)/income for the period		(623,774)	746,788	1,172,867
(Loss)/Earnings per share				
Basic (p)	3	<u>(0.37)</u>	<u>1.46</u>	<u>1.55</u>
Diluted (p)	3	<u>(0.37)</u>	<u>1.46</u>	<u>1.54</u>

All amounts relate to continuing operations.

Mountfield Group plc

Condensed consolidated statement of financial position

As at 30 June 2009

	30 June 2009 (Unaudited) £	30 June 2008 (unaudited) £	31 December 2008 (audited) £
ASSETS			
Non-current assets			
Intangible assets	15,816,529	-	15,816,529
Property, plant and equipment	185,698	114,417	193,349
	16,002,227	114,417	16,009,878
Current assets			
Inventories	141,926	-	135,480
Trade and other receivables	4,397,225	3,802,329	4,328,004
Cash and cash equivalents	806,490	1,508,123	2,178,667
Deferred tax asset	132,069	-	-
	5,477,710	5,310,452	6,642,151
TOTAL ASSETS	21,479,937	5,424,869	22,652,029
EQUITY AND LIABILITIES			
Share capital and reserves			
Issued share capital	171,311	100	169,558
Share premium	492,074	-	318,500
Other reserve	197,344	-	52,357
Merger reserve	12,951,180	-	12,951,180
Reverse acquisition reserve	(2,856,756)	-	(2,856,756)
Retained earnings	726,135	923,830	1,349,909
TOTAL EQUITY	11,681,288	923,930	11,984,748
Current liabilities			
Trade and other payables	3,326,066	3,937,941	4,317,056
Short-term borrowings	645,655	52,053	170,325
Finance lease liabilities	13,922	9,851	6,920
Current tax payable	393,269	488,099	731,630
	4,378,912	4,487,944	5,225,931
Non-current liabilities			
Loan notes	5,419,737	-	5,419,737
Finance lease liabilities	-	12,995	10,079
Provision for deferred taxation	-	-	11,534
TOTAL LIABILITES	9,798,649	4,500,939	10,667,281
TOTAL EQUITY & LIABILITIES	21,479,937	5,424,869	22,652,029

Mountfield Group plc

Condensed consolidated statement of changes in equity

For the six months ended 30 June 2009

	Share capital	Share premium	Other reserves	Reverse Acquisition reserve	Merger reserve	Retained earnings	Total
	£	£	£	£	£	£	£
Balance at 1 January 2008	100	-	-	-	-	177,042	177,142
Profit for the period	-	-	-	-	-	746,788	746,788
Balance at 30 June 2008	100	-	-	-	-	923,830	923,930
Balance at 1 July 2008	100	-	-	-	-	923,830	923,930
Shares issued for cash in the period	32,238	-	-	-	-	-	32,238
Shares issued on conversion of loan notes	6,500	318,500	-	-	-	-	325,000
Shares issued on acquisition	130,820	-	-	-	12,951,180	-	13,082,000
Reverse acquisition	(100)	-	-	(2,856,756)	-	-	(2,856,856)
Share based payments	-	-	52,357	-	-	-	52,357
Profit for the period	-	-	-	-	-	426,079	426,079
Balance at 31 December 2008	169,558	318,500	52,357	(2,856,756)	12,951,180	1,349,909	11,984,748
Balance at 1 January 2009	169,558	318,500	52,357	(2,856,756)	12,951,180	1,349,909	11,984,748
Loss for the period	-	-	-	-	-	(623,774)	(623,774)
Share based payments	-	-	144,987	-	-	-	144,987
Shares issued in period to settle creditor	1,753	173,574	-	-	-	-	175,327
Balance at 30 June 2009	171,311	492,074	197,344	(2,856,756)	12,951,180	726,135	11,681,288

Mountfield Group plc

Condensed consolidated cash flow statement

For the six months ended 30 June 2009

	Six months to 30 June 2009 (unaudited) £	Six months to 30 June 2008 (unaudited) £	Twelve months to 31 December 2008 (audited) £
Cash from operating activities:			
(Loss)/profit from operations before interest and tax	(692,972)	1,050,426	1,374,315
Adjusted for:			
Depreciation	27,338	3,681	18,776
Share based reserve	144,987	-	52,357
Negative goodwill	-	-	(126,308)
(Decrease)/increase in inventories	(6,446)	-	243
(Decrease)/increase in trade and other receivables	(69,221)	(1,272,291)	1,107,589
(Decrease)/increase trade and other payables	(890,351)	1,553,749	(1,068,193)
Cash generated by operations	(1,486,665)	1,335,565	1,358,779
Finance costs	-	-	(8,106)
Finance income	283	16,414	40,679
Taxation paid	(338,362)	167,846	(99,969)
Net cash flows from (used in) operating activities	(1,824,744)	1,519,825	1,291,383
Cash flows from investing activities			
Purchase of equipment	(19,686)	(5,709)	(8,671)
Costs of acquisition	-	-	(783,817)
Cash acquired on acquisition	-	-	1,653,603
Net cash flows from (used in) investing activities	(19,686)	(5,709)	861,115
Cash flows from financing activities:			
Finance lease rentals	(3,077)	(1,073)	(6,920)
Repayment of loans	-	(8,414)	(140,730)
Net cash flows used in financing activities	(3,077)	(9,487)	(147,650)
Net (decrease)/increase in cash and cash equivalents	(1,847,507)	1,504,629	2,004,848
Cash and cash equivalents brought forward	2,008,342	3,494	3,494
Cash and cash equivalents carried forward	160,835	1,508,123	2,008,342

Mountfield Group plc

1. Notes to the Interim Report

i. Status of the interim financial statements

The Group's interim financial statements for the six months ended 30 June 2009 were authorised for issue by the directors on 30 September 2009.

The consolidated interim financial statements, which are unaudited, do not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006. The statutory accounts for the year ended 31 December 2008 have been reported on by the Group's auditors, received an unqualified audit report and have been filed with the registrar of companies at Companies House.

ii. Accounting policies

The consolidated interim financial statements have been prepared in accordance with the disclosure requirements of the AIM rules and using the accounting policies used in the Report and Accounts of the Group for the year ended 31 December 2008. The AIM rules do not require compliance with the requirements of IAS 34 "Interim Financial Statements" and these interim financial statements have not been prepared in accordance with the requirements of that standard.

iii. Basis of Preparation

On 9 September 2008, Acre 1124 Limited changed its name to Mountfield Group Limited and on 23 October 2008 it re-registered as Mountfield Group plc ("the Company").

On 16 October 2008, Mountfield Group plc acquired the entire issued share capital of Mountfield Building Group Limited, which had one wholly owned subsidiary, MBG Construction Limited (the "MGB Group") acquired in August 2008. The consideration of £7,622,000 was satisfied by the issue of 51,220,000 Ordinary Shares of 0.1p each at a price of 10p per share and by the issue of £2,500,000 unsecured non-convertible loan notes.

As a result of these transactions, the former shareholders of MBG Group became the majority shareholder in the Company. Accordingly, the substance of the transaction was the MBG Group acquired the Company in a reverse acquisition.

Under IFRS 3 'Business Combinations', the acquisition of MBG Group was accounted for as a reverse acquisition. As a consequence of applying reverse acquisition accounting, the results for the period ended 31 December 2008 comprise those of Mountfield Building Group Limited plus those of the Mountfield Group plc and other acquired entities from 16 October 2008.

The comparative figures are those of Mountfield Building Group Limited for the period ended 30 June 2008. The consolidated statement of financial position comprises the combined balances of MBG Group, the Company, together with those of acquired entities mentioned below at 30 June 2009 and 31 December 2008. The comparative consolidated statement of financial position is that of Mountfield Building Group Limited alone at 30 June 2008.

The acquisitions of Connaught Access Flooring Limited, MBG Construction Limited and Mountfield Land Limited were accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree plus any costs directly attributable to the business combination.

2. Income tax expense

	Six months to 30 June 2009	Six months to 30 June 2008	Twelve months to 31 December 2008
	£	£	£
Current tax on income for the period	-	320,052	195,721
Deferred tax credit	(143,603)	-	(8,111)
Income tax expense in the income statement	(143,603)	320,052	187,610

3. (Loss)/Earnings per share

Basic loss/earnings per share

The basic loss/earnings per share are calculated by dividing the earnings attributable to equity shareholders by the weighted average number of shares in issue. In calculating the diluted loss per share, share options outstanding have been taken into account where the impact of these is dilutive.

The weighted average number of shares in the period were:

	Six months to 30 June 2009	Six months to 30 June 2008	Twelve months to 31 December 2008
	Number	Number	Number
Basic ordinary shares of 0.1p each	170,439,897	51,220,000	75,611,034
Dilutive ordinary shares from warrants	-	-	736,776
Total diluted	170,439,897	51,220,000	76,347,810

In the six months to 30 June 2009, the conditions attached to the deferred consideration shares were not met and as such there is no dilutive effect on the average weighted number of ordinary shares or the diluted loss per share.

Earning attributable to equity shareholders of the parent

	Six months to 30 June 2009	Six months to 30 June 2008	Twelve months to 31 December 2008
Basic (loss)/earnings per share (p)	(0.37)	1.46	1.55
Diluted (loss)/earnings per share (p)	(0.37)	1.46	1.54