Press Release **30 September 2010**

Mountfield Group

(“Mountfield”, the “Group” or the “Company”)

Interim Results

Mountfield Group plc (AIM:MOGP), a provider of integrated specialist construction support services today announces its unaudited interim results for the six months ended 30 June 2010.

Overview

- Total revenue of £4.79 million (H1 2009: £5.37m)
- Pre tax profit of £0.064 million (H1 2009: (£0.77m))
- As at 30 June 2010 net debt of £5.1m (H1 2009: £5.3m)
- Successful implementation of strategy to broaden the service offering into wider construction related markets

Current period

- The Company was awarded preferred bidder status for the specialist construction work for the UK winter sports resort SnOasis

Commenting on the interim results, Graham Read, Chief Executive Officer of Mountfield Group plc, said:

"Whilst it has been a challenging period for Mountfield, we are pleased to report that the Company has received a marked increase in the number enquiries regarding opportunities to support data centre construction. Our strategy of broadening the markets in which Mountfield operate is on target and evidenced by being awarded the preferred bidder status for the SnOasis project.*”*

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Chairman's Statement

The challenging trading conditions of 2009 continued into the first half of 2010 as a result of the absence of construction activity. However we are pleased to report that towards the end of the first half of 2010 the Company started seeing signs of a return of demand for its specialist construction services. This increased demand was evident in Mountfield's traditional data centre market as the broader economic climate continued to improve. Additionally the wider construction markets also showed clear signs of increased activity which will benefit Mountfield's strategy of utilising its respected base of core skills to secure revenues from a broader range of construction related projects.

Confidence that has started to return to the sector has been reflected in the number and size of tenders that the Group is participating in and the indications are that some of the data centre contracts which were postponed from 2009 will hopefully commence during the first quarter of 2011.

In the first half of 2010 the Group's revenue was £4.8m and the Group has returned to profitability with a profit of £64k before taxation compared to a loss before taxation of £767k in the corresponding period of 2009. This improvement has been achieved through the rigorous implementation of a cost reduction programme and extensive efforts to win new business by extending the client base and targeting higher margin work. Ongoing contracts that the Company continued to service during the period included signature London property projects 1 Hyde Park and the RAC club on Pall Mall.

Outlook

Trading conditions remain difficult and the pressure on margins has not eased. However the Directors believe that given the increased level of activity and the contracts under discussion, the Group should be in a position to maintain profitability for this year and look forward to both increased turnover and profitability for 2011.

The Directors anticipate that the Group's participation in the SnOasis development at Swaffenham in Suffolk could lead to significant revenues as construction contracts, including those for the planned new housing that will be built on the site, are awarded.

The Group is engaged in negotiations for the construction of three new UK data centres, which are all likely to start building work during the next financial year. As highlighted at the preliminary results, the Group is in negotiation with several parties regarding potential opportunities to develop the Group's data centre business in Eastern Europe and South Africa. These discussions are continuing and the Company remains excited about participating in these markets where there is clear need for data centres and Mountfield's services.

The development of Mountfield's service offering coupled with signs of improvement in the data centre market allows the Directors to remain confident of the Group's prospects during the second half of this year.

Peter Jay

Executive Chairman
30 September 2010

Mountfield Group plc

Condensed consolidated statement of comprehensive income

For the six months ended 30 June 2010

	Note	**Six months to 30 June 2010 (unaudited) £**	Six months to 30 June 2009 (unaudited) £	Twelve months to 31 December 2009 (audited) £
Revenue		**4,785,243**	5,371,783	10,327,407
Cost of sales		**(3,815,063)**	(4,690,010)	(9,915,477)
Gross profit		**970,180**	681,773	411,930
Administrative expenses		**(820,141)**	(1,011,981)	(2,175,176)
Charge in respect of share based payments		**-**	(144,987)	(241,665)
Loans written off		**-**	(217,777)	(267,777)
Operating profit/(loss)		**150,039**	(692,972)	(2,272,688)
Net finance costs		**(86,150)**	(74,405)	(160,674)
Profit/(loss) before income tax		**63,889**	(767,377)	(2,433,362)
Income tax (expense)/credit	3	**(29,351)**	143,603	596,011
Total comprehensive profit/(loss) for the period		**34,538**	(623,774)	(1,837,351)
Earnings/(loss) per share				
Basic (p)	4	**0.02**	(0.37)	(1.08)
Diluted (p)	4	**0.02**	(0.37)	(1.08)

All amounts relate to continuing operations.

Mountfield Group plc

Condensed consolidated statement of financial position

As at 30 June 2010

	As at 30 June 2010 (Unaudited) £	As at 30 June 2009 (unaudited) £	As at 31 December 2009 (audited) £
ASSETS			
Non-current assets			
Intangible assets	**15,816,529**	15,816,529	15,816,529
Property, plant and equipment	**154,239**	185,698	188,828
Deferred income tax assets	**409,689**	132,069	425,040
	16,380,457	16,134,296	16,430,397
Current assets			
Inventories	**109,449**	141,926	125,924
Trade and other receivables	**2,651,492**	4,397,225	3,366,770
Cash and cash equivalents	**921,394**	806,490	699,865
	3,682,335	5,345,641	4,192,559
TOTAL ASSETS	**20,062,792**	21,479,937	20,622,956
EQUITY AND LIABILITIES			
Share capital and reserves			
Issued share capital	**171,311**	171,311	171,311
Share premium	**492,074**	492,074	492,074
Share based payments reserve	**294,022**	197,344	294,022
Merger reserve	**12,951,180**	12,951,180	12,951,180
Reverse acquisition reserve	**(2,856,756)**	(2,856,756)	(2,856,756)
Retained earnings	**(452,904)**	726,135	(487,442)
TOTAL EQUITY	**10,598,927**	11,681,288	10,564,389
Current liabilities			
Trade and other payables	**3,440,634**	3,326,066	3,985,842
Short-term borrowings	**761,337**	645,655	690,175
Finance lease liabilities	**25,845**	13,922	18,845
Current tax payable	**19,607**	393,269	38,031
	4,247,423	4,378,912	4,732,893
Non-current liabilities			
Loan notes	**5,216,442**	5,419,737	5,306,318
Finance lease liabilities	**-**	-	19,356
TOTAL LIABILITES	**9,463,865**	9,798,649	10,058,567
TOTAL EQUITY & LIABILITIES	**20,062,792**	21,479,937	20,622,956

Mountfield Group plc

Condensed consolidated statement of changes in equity

For the six months ended 30 June 2010

	Share capital	Share premium	Other reserves	Reverse Acquisition reserve	Merger reserve	Retained earnings	Total
	£	£	£	£	£	£	£
Balance at 1 January 2009	169,558	318,500	52,357	(2,856,756)	12,951,180	1,349,909	11,984,748
Total comprehensive loss	-	-	-	-	-	(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
Balance at 1 July 2009	171,311	492,074	197,344	(2,856,756)	12,951,180	726,135	11,681,288
Total comprehensive loss	-	-	-	-	-	(1,213,577)	(1,213,577)
Share based payments	-	-	96,678	-	-	-	96,678
Balance at 31 December 2009	171,311	492,074	294,022	(2,856,756)	12,951,180	(487,442)	10,564,389
Balance at 1 January 2010	171,311	492,074	294,022	(2,856,756)	12,951,180	(487,442)	10,564,389
Total comprehensive income	-	-	-	-	-	34,538	34,538
Balance at 30 June 2010	171,311	492,074	294,022	(2,856,756)	12,951,180	(452,904)	10,598,927

Mountfield Group plc

Condensed consolidated cash flow statement

For the six months ended 30 June 2010

	Six months to 30 June 2010 (unaudited)	Six months to 30 June 2009 (unaudited)	Twelve months to 31 December 2009 (audited)
	£	£	£
Cash from operating activities:			
Profit/(loss) from operations before interest and tax	**150,039**	(692,972)	(2,272,688)
Adjusted for:			
Depreciation	**24,858**	27,338	54,933
Loss on disposal of fixed asset	**2,708**	-	138
Loans written off	**-**	-	267,777
Share based payment	**-**	144,987	241,665
Decrease/(Increase) in inventories	**16,475**	(6,446)	9,556
Decrease/(Increase) in receivables	**715,278**	(69,221)	827,277
(Decrease) in payables	**(610,896)**	(890,351)	(474,577)
Cash generated by operations	**298,462**	(1,486,665)	(1,345,919)
Finance costs	**(20,545)**	-	(17,650)
Finance income	**83**	283	339
Taxation paid	**(32,424)**	(338,362)	(667,983)
Net cash inflow/(outflow) from operating activities	**245,576**	(1,824,744)	(2,031,213)
Cash flows from investing activities			
Purchase of equipment	**(818)**	(19,686)	(21,904)
Proceeds from sale of equipment	**7,841**	-	-
Net cash flows from used in investing activities	**7,023**	(19,686)	(21,904)
Cash flows from financing activities:			
Proceeds from issue of shares	**-**	-	175,327
Finance lease rentals	**(12,356)**	(3,077)	(7,443)
Repayment of non-convertible loan notes	**(89,876)**	-	(113,419)
Net cash flows from financing activities	**(102,232)**	(3,077)	54,465
Net increase/(decrease) in cash and cash equivalents	**150,367**	(1,847,507)	(1,998,652)
Cash and cash equivalents brought forward	**9,690**	2,008,342	2,008,342
Cash and cash equivalents carried forward	**160,057**	160,835	9,690

Mountfield Group plc

1. Notes to the Interim Report

Basis of preparation
The Group's interim financial statements for the six months ended 30 June 2010 were authorised for issue by the directors on 30 September 2010.

The consolidated interim financial statements, which are unaudited, do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The statutory accounts for the year ended 31 December 2009 have been filed with the registrar of companies at Companies House. The audit report on the statutory accounts for the year ended 31 December 2009 was unqualified and did not contain any statements under Section 498 (2) or (3) of the Companies Act 2006.

The annual financial statements of Mountfield Group Plc for the year ended 31 December 2010 will be prepared in accordance with International Financial Reporting Standards as adopted for use in the EU ("IFRS"). Accordingly, these interim financial statements have been prepared using accounting policies consistent with those which will be adopted by the Group in the financial statements and in compliance with IAS 34 "Interim financial reporting".

The consolidated interim financial statements have been prepared in accordance with the accounting policies set out in the annual financial statements for the year ended 31 December 2009.

Basis of consolidation
The Group financial information consolidates that of the company and its subsidiaries.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

2. Segmental reporting

Segment information is presented in respect of the Group's business segments, which are based on the Group's management and internal reporting structure.

The chief operating decision-maker has been identified as the Board of Directors (the Board). The Board reviews the Group's internal reporting in order to assess performance and allocate resources. Management have determined the operating segments based on these reports and on the internal report's structure.

Segment performance is evaluated by the Board based on revenue and profit before tax (PBT). Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis, such as centrally managed costs relating to individual segments and costs relating to land used in more than one individual segment.

Given that income taxes and certain corporate costs are managed on a centralized basis, these items are not allocated between operating segments for the purposes of the information presented to the Board and are accordingly omitted from the analysis below.

The Group comprises the following segments:

Construction and fit-out
Direct contracting and trade contracting services and a provider of flooring systems to both main contractors and corporate end users.

Land sourcing
Sourcing land and enhancing value.

Mountfield Group plc

2. Segmental reporting (continued)

Segmental operating performance

	Six months to 30 June 2010		Six months to 30 June 2009		Twelve months to 31 December 2009	
	Segmental revenue £'000	**PBT £'000**	Segmental revenue £'000	PBT £'000	Segmental revenue £'000	PBT £'000
Construction and fit-out	**4,786**	**305**	5,371	(606)	10,324	(1,338)
Land sourcing	**-**	**-**	-	(116)	-	(109)
	4,786	**305**	5,371	(722)	10,324	(1,447)
Inter-segmental revenue and unallocated costs	**-**	**(241)**	-	(45)	3	(986)
	4,786	**64**	5,371	(767)	10,327	(2,433)

Business segments assets and liabilities

	Six months to 30 June 2010		Six months to 30 June 2009		Twelve months to 31 December 2009	
	Segment assets £'000	**Segment liabilities £'000**	Segment assets £'000	Segment liabilities £'000	Segment assets £'000	Segment liabilities £'000
Construction and fit-out	**3,889**	**3,856**	5,597	3,868	4,622	4,312
Land sourcing	**38**	**168**	0	174	37	10
	3,927	**4,024**	5,597	4,042	4,659	4,322
Inter-segmental revenue and unallocated costs	**16,136**	**5,440**	15,883	5,757	15,964	5,737
	20,063	**9,464**	21,480	9,799	20,623	10,059

Unallocated assets consist of Goodwill, trade and other receivables and cash held by the Parent Company. Unallocated liabilities consist of trade and other payables and interest bearing loans owed by the Parent Company.

Revenue by geographical destination

All revenue is attributable to the United Kingdom market.

Total assets including property, plant and equipment and intangible assets are all held in the UK.

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3. Income tax (expense)/credit

	Six months to 30 June 2010	Six months to 30 June 2009	Twelve months to 31 December 2009
	£	£	£
Current tax on income for the period	**(14,000)**	-	(159,437)
Deferred tax expense/(credit)	**43,351**	(143,603)	(436,574)
Income tax expense/(credit) in the income statement	**29,351**	(143,603)	(596,011)

4. Earnings per share

The basic earnings per share is calculated by dividing the earnings attributable to equity shareholders by the weighted average number of shares in issue. In calculating the diluted earnings 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 2010	Six months to 30 June 2009	Twelve months to 31 December 2009
	Number	Number	Number
Basic ordinary shares of 0.1p each	**171,311,687**	170,439,897	170,879,375
Dilutive ordinary shares from warrants	**-**	-	-
Total diluted	**171,311,687**	170,439,897	170,879,375

In the six months to 30 June 2010, the conditions attached to the warrants were not met and as such there is no dilutive effect on the average weighted number of ordinary shares or the diluted earnings per share.

Earning attributable to equity shareholders of the parent

	Six months to 30 June 2009	Six months to 30 June 2009	Twelve months to 31 December 2009
Basic earnings/(loss) per share (p)	**0.02**	(0.37)	(1.08)
Diluted earnings/(loss) per share (p)	**0.02**	(0.37)	(1.08)