



19th September 2016

Mountfield Group Plc
Half-yearly report to 30 June 2016

Mountfield Group Plc (the “**Group**”), the AIM listed construction company specialising in supplying and installing raised access flooring and the construction, fitting out and refurbishing of data centres and commercial and residential buildings, announces its half-yearly report to 30 June 2016.

- Gross profit of £1m (2015: £1.1m) on revenue of £4.9m (£7.3m).
- Group margins increased from 14.8% (in the first half of 2015) to 20.8%.
- Net profit before tax increased from £246k (in the first half of 2015) to £316k.
- Directors expect the performance to continue in the second half of the year.
- The business of Connaught Access Flooring Limited (“**CAF**” or “**Connaught**”) continues to cement its position as a market leader.
- Mountfield Building Group Limited (“**MBG**”) is now able to achieve sustainable profitability.
- Neither Company has seen a post-Brexit decline in business activity.

Andy Collins – Group CEO said:

“The results are particularly satisfying because they show that the Board’s key objectives of establishing Connaught as a market leader in the raised access flooring market and positioning MBG on a path of sustainable profitability, have been met.

It is very encouraging that demand for the services of the Group Companies have not been reduced since the Brexit vote and the state of activity that we saw ahead of the vote has continued undiminished.”

Mountfield Group Plc

Peter Jay, Chairman
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**Mountfield Group Plc (the “Company” or “the Group”) Half-yearly report to
30 June 2016**

Chairman and CEO’s Statement

The first half of the year saw an increase in the unaudited pre-tax profits of the Group from £245k to £316k and the Directors expect the improvement in net profits to continue in the second half of the year.

The Directors are satisfied that the market remains strong and they do not see any reduction in demand for the services of the Group companies following the Brexit vote.

CAF achieved a profit of £397k during the first half of 2016 (2015: £321k). The key feature of the period was the completion of its £5m + contract for flooring at a new City HQ building. The successful completion of this contract has cemented its position as one of the very few companies able to undertake access flooring contracts of this nature. This is evidenced by the record volume of tenders for the supply and installation of raised access flooring for prestigious new developments in and around London. Conversion of a small proportion of these tenders will provide a significant contribution to turnover over the next 2-3 years.

The smaller contract business of CAF continues to perform well.

CAF has already begun to expand its management team to enable it to handle a larger and more varied workload and has appointed a marketing development director whose role will be to increase awareness of CAF and its businesses amongst main contractors, developers and architects.

MBGs net profits increased for the half-year from £46k in 2015 to £71k and the Directors now believe it is able to achieve sustainable profitability because of its reduced operating costs and altered business strategy. The Directors anticipate that the second half of the year will see an improvement to its net profit over that achieved in the first half of 2016.

MBG now primarily undertakes contracts of a low risk nature, direct for its clients in various areas of specialist construction including the construction of data centres, commercial and residential properties. This strategy together with the reduced overheads has enabled it to operate profitably.

It remains the intention of the Group to extend its business activities and continue to explore acquisition opportunities in the market.

Condensed consolidated statement of comprehensive income
For the six months ended 30 June 2016

		6 months to 30 June 2016	6 months to 30 June 2015	12 months to 31 December 2015
		(unaudited)	(unaudited)	(audited)
	Note	£	£	£
Revenue		4,915,089	7,253,265	13,033,039
Cost of sales		(3,892,054)	(6,179,663)	(11,155,909)
Gross profit		1,023,035	1,073,602	1,877,130
Administrative expenses		(695,182)	(796,210)	(1,673,235)
Operating profit		327,853	277,392	203,895
Net finance costs		(11,436)	(31,752)	(26,778)
Profit before income tax		316,417	245,640	177,117
Income tax expense	3	(68,871)	(43,862)	(60,728)
Total comprehensive profit for the period		247,546	201,778	116,389
Earnings per share	4			
Basic & diluted		<u>0.097p</u>	<u>0.079p</u>	<u>0.046p</u>

There are no recognized gains and losses other than those passing through the Statement of Comprehensive Income

Condensed consolidated statement of financial position
As at 30 June 2016

	30 June 2016	30 June 2015	31 December 2015
	(Unaudited)	(Unaudited)	(audited)
	£	£	£
ASSETS			
Non-current assets			
Intangible assets	6,874,308	6,874,308	6,874,308
Property, plant and equipment	97,612	109,490	102,213
Deferred income tax assets	329,932	407,032	346,304
	<u>7,301,852</u>	<u>7,390,830</u>	<u>7,322,825</u>
Current assets			
Inventories	84,870	88,279	72,835
Trade and other receivables	2,743,903	4,024,658	2,345,797
Cash and cash equivalents	396,024	355,571	350,232
	<u>3,224,797</u>	<u>4,468,508</u>	<u>2,768,864</u>
TOTAL ASSETS	<u>10,526,649</u>	<u>11,859,338</u>	<u>10,091,689</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Issued share capital	254,244	254,244	254,244
Share premium	1,490,682	1,490,682	1,490,682
Share based payments reserve	68,871	68,871	68,871
Capital redemption reserve	7,500	7,500	7,500
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	(9,564,591)	(9,726,749)	(9,812,138)
TOTAL EQUITY	<u>2,351,130</u>	<u>2,188,972</u>	<u>2,103,583</u>
Current liabilities			
Trade and other payables	3,590,023	4,674,126	3,532,971
Short-term borrowings	1,620,615	1,976,600	1,403,568
Finance lease liabilities	2,399	3,564	4,147
Current tax payable	52,499	57,743	-
	<u>5,265,536</u>	<u>6,712,033</u>	<u>4,940,686</u>
Non-current liabilities			
Loan notes	2,909,983	2,956,001	3,047,420
Finance lease liabilities	-	2,332	-
TOTAL LIABILITIES	<u>8,175,519</u>	<u>9,670,366</u>	<u>7,988,106</u>
TOTAL EQUITY & LIABILITIES	<u>10,526,649</u>	<u>11,859,338</u>	<u>10,091,689</u>

Condensed consolidated statement of changes in equity
For the six months ended 30 June 2016

	Share capital	Share premium	Share based payments reserve	Capital redemption reserve	Reverse Acquisition reserve	Merger reserve	Retained earnings	Total
	£	£	£	£	£	£	£	£
Balance at 1 January 2015	254,244	1,490,682	66,084	7,500	(2,856,756)	12,951,180	(9,928,527)	1,984,407
Total comprehensive income	-	-	-	-	-	-	201,778	201,778
Share based payments	-	-	2,787	-	-	-	-	2,787
Balance at 30 June 2015	254,244	1,490,682	68,871	7,500	(2,856,756)	12,951,180	(9,726,749)	2,188,972
Balance at 1 July 2015	254,244	1,490,682	68,871	7,500	(2,856,756)	12,951,180	(9,726,749)	2,188,972
Total comprehensive income	-	-	-	-	-	-	(85,389)	(85,389)
Balance at 31 December 2015	254,244	1,490,682	68,871	7,500	(2,856,756)	12,951,180	(9,812,138)	2,103,583
Balance at 1 January 2016	254,244	1,490,682	68,871	7,500	(2,856,756)	12,951,180	(9,812,138)	2,103,583
Total comprehensive income	-	-	-	-	-	-	247,546	247,546
Balance at 30 June 2016	254,244	1,490,682	68,871	7,500	(2,856,756)	12,951,180	(9,564,591)	2,351,130

**Condensed consolidated cash flow statement
For the six months ended 30 June 2016**

	6 months to 30 June 2016 (unaudited) £	6 months to 30 June 2015 (unaudited) £	12 months to 31 December 2015 (audited) £
Cash from operating activities:			
Operating profit	327,853	277,392	203,895
Adjusted for:			
Depreciation	6,861	7,035	14,418
Share based payment provision	-	2,787	2,787
(Increase)/ decrease in inventories	(12,035)	(5,980)	9,464
(Increase)/ decrease in trade and other receivables	(398,109)	(601,891)	1,076,972
(Decrease)/ increase in trade and other payables	2,483	433,673	(707,481)
Cash (used in)/ generated by operations	(72,947)	113,016	600,055
Finance costs	(11,436)	(35,412)	(33,993)
Finance income	-	3,661	7,215
Taxation paid	-	-	(13,881)
Net cash (outflow)/inflow from operating activities	(84,383)	81,265	559,396
Cash flows from investing activities			
Purchase of equipment	(2,259)	(6,884)	(7,667)
Net cash flows from used in investing activities	(2,259)	(6,884)	(7,667)
Cash flows from financing activities:			
Finance lease rentals	(1,747)	(5,696)	(6,768)
Repayment of non-convertible loan notes	(137,437)	(90,946)	(305,790)
Proceeds from short-term loans	-	(74,999)	(161,419)
Net cash flows from financing activities	(139,184)	(171,641)	(473,977)
Net (decrease)/increase in cash and cash equivalents	(225,826)	(97,260)	77,752
Cash and cash equivalents brought forward	(424,988)	(502,740)	(502,740)
Cash and cash equivalents carried forward	(650,814)	(600,000)	(424,988)

For the purposes of the cash flow statement, cash and cash equivalents comprise the following:

	As at 30 June 2016 £	As at 30 June 2015 £	As at 31 December 2015 £
Cash at bank and in hand	396,024	355,571	350,232
Bank overdraft	(1,046,838)	(955,571)	(775,220)
	(650,814)	(600,000)	(424,988)

1. Notes to the Interim Report

Basis of preparation

The Group's interim financial statements for the six months ended 30 June 2016 were authorised for issue by the directors on 19th September 2016.

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 2015 have been filed with the registrar of companies at Companies House. The audit report on the statutory accounts for the year ended 31 December 2015 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 2016 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 2015.

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 centralised 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:

Mountfield

Direct contracting and trade contracting services to both main contractors and corporate end users.

Connaught

Providing raised flooring systems to both main contractors and corporate end users.

Land sourcing

Sourcing land and enhancing value.

Segmental operating performance

	Six months to 30 June 2016		Six months to 30 June 2015		Twelve months to 31 December 2015	
	Segmental revenue	PBT	Segmental revenue	PBT	Segmental revenue	PBT
	£'000	£'000	£'000	£'000	£'000	£'000
Construction	1,734	71	3,405	46	5,918	(420)
Fit –out	3,198	397	3,934	321	7,517	467
Land sourcing	-	-	-	-	-	-
	4,932	468	7,339	367	13,435	47
Inter-segmental revenue and unallocated costs	(17)	(152)	(86)	(121)	(402)	130
	4,915	316	7,253	246	13,033	177

Business segments assets and liabilities

	Six months to 30 June 2016		Six months to 30 June 2015		Twelve months to 31 December 2015	
	Segment assets	Segment liabilities	Segment assets	Segment liabilities	Segment assets	Segment liabilities
	£'000	£'000	£'000	£'000	£'000	£'000
Construction	2,469	3,727	2,823	4,253	1,380	3,300
Fit-out	1,184	1,831	2,096	1,871	1,838	1,314
Land sourcing	-	-	-	2	-	-
	3,653	5,558	4,919	6,126	3,218	4,614
Goodwill - Construction	2,000	-	2,000	-	2,000	-
Goodwill – Fit-out	4,874	-	4,874	-	4,874	-
Goodwill – Land sourcing	-	-	-	-	-	-
Other unallocated assets & liabilities	-	2,565	66	3,544	-	3,374
	10,527	8,123	11,859	9,670	10,092	7,988

Unallocated assets consist of deferred tax, 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

Revenue is attributable to the United Kingdom and other EU markets.

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

3. Income tax (expense)/credit (continuing operations)

	6 months to 30 June 2016 (unaudited)	6 months to 30 June 2015 (unaudited)	12 months to 31 December 2015 (audited)
	£	£	£
Current tax on income for the period	(52,499)	(43,862)	-
Deferred tax (expense)	(16,372)	-	(60,728)
Income tax (expense)/credit in the income statement	(68,871)	(43,862)	(60,728)

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 was:

	6 months to 30 June 2016 (unaudited)	6 months to 30 June 2015 (unaudited)	12 months to 31 December 2015 (audited)
	Number	Number	Number
Basic ordinary shares of 0.1p each	254,244,454	254,244,454	254,244,454
Dilutive ordinary shares from warrants & options	-	-	-
Total diluted	254,244,454	254,244,454	254,244,454

In the six months to 30 June 2016, the exercise price of the options and warrants exceeded the average market price of ordinary shares in the period, thus there is no dilutive effect on the weighted average number of ordinary shares or the diluted earnings per share.

Earning attributable to equity shareholders of the parent

	6 months to 30 June 2016 (unaudited)	6 months to 30 June 2015 (unaudited)	12 months to 31 December 2015 (audited)
Continuing operations			
Basic earnings per share	0.097p	0.079p	0.046p
Diluted earnings per share	0.097p	0.079p	0.046p