



18 September 2019

Mountfield Group Plc
Half-yearly report to 30 June 2019

Mountfield Group Plc (“the Group”), the AIM listed commercial flooring and specialist construction services company announces its half-yearly report to 30 June 2019.

- Net profit before tax for the first half of the year was £719k (2018: £695k).
- Turnover increased from £8.87m to £9.14m over corresponding period.
- The Board anticipates an improved performance for the whole of 2019 over 2018.

The value of the Group’s secured order book is higher than the same point last year at £10.85m.

Peter Jay (Non-Executive Chairman) and Andy Collins (Group CEO) said:

We are pleased to report that the improvement in the Group’s performance and profitability that we have seen over the last few years has continued into the first half of 2019. Net profits for the period are similar to the figure achieved in the corresponding period of the previous year. The Board expects the results for the full year to show improvement on those for 2018.

Connaught Access Flooring Limited and Mountfield Building Group Limited are both performing strongly and have a combined order book of £10.85m and both companies are in the process of negotiating or tendering for substantial new contracts.

Mountfield Group Plc

Peter Jay, Chairman

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**Mountfield Group Plc (the “Company” or “the Group”) Half-yearly report to
30 June 2019**

Connaught Access Flooring Limited (“CAF”)

CAF has had a good first half of the year with turnover of £3.9m (2018 - £5.1m) and a profit before tax of £502k (2018 - £392k) generated during the period reflecting improved final margins on larger contracts.

CAF continues to be a market leader in its sector and has a proven track record of successfully delivering some of the largest contracts in the raised access flooring market.

Mountfield Building Group Limited (“MBG”)

MBG has had another strong six months following on from a very good year last year and has generated profits before tax in the first half of the year of £356k (2018 - £456k). Whilst turnover increased to £5.2m from £3.8m, over the corresponding period last year, lower margins are anticipated on some of the larger contracts.

This increase in turnover has been achieved by continuing to successfully deliver projects to its clients including those major contracts that have previously been announced.

Group

The Board anticipates the Group performing well in the second half of the year and also CAF and MBG securing further business that will ensure a strong platform for 2020.

Condensed consolidated statement of comprehensive income
For the six months ended 30 June 2019

	6 months to 30 June 2019 (unaudited)	6 months to 30 June 2018 (unaudited)	12 months to 31 December 2018 (audited)
Note	£	£	£
Revenue	9,137,192	8,866,607	16,220,768
Cost of sales	(7,572,698)	(7,271,248)	(13,713,296)
Gross profit	1,564,494	1,595,359	2,507,472
Administrative expenses	(843,172)	(892,188)	(1,378,299)
Operating profit	721,322	703,171	1,129,173
Net finance costs	(2,266)	(8,554)	(19,841)
Profit before income tax	719,056	694,617	1,109,332
Income tax expense	4 (160,469)	(133,503)	(426,758)
Total comprehensive profit for the period	<u>558,587</u>	<u>561,114</u>	<u>682,574</u>
Earnings per share	5		
Basic & diluted	<u>0.220p</u>	<u>0.221p</u>	<u>0.268p</u>

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

Condensed consolidated statement of financial position
As at 30 June 2019

	30 June 2019 (Unaudited) £	30 June 2018 (Unaudited) £	31 December 2018 (audited) £
ASSETS			
Non-current assets			
Intangible assets	6,874,308	6,874,308	6,874,308
Property, plant and equipment	145,387	101,969	102,655
Deferred income tax assets	-	199,330	-
	7,019,695	7,175,607	6,976,963
Current assets			
Inventories	126,469	107,809	115,302
Trade and other receivables	5,292,106	3,915,220	2,411,068
Cash and cash equivalents	612,451	163,244	1,236,162
	6,031,026	4,186,273	3,762,532
TOTAL ASSETS	13,050,721	11,361,880	10,739,495
EQUITY AND LIABILITIES			
Share capital and reserves			
Issued share capital	2,524,426	2,524,426	2,524,426
Share premium	1,490,682	1,490,682	1,490,682
Share based payments reserve	-	-	-
Capital redemption reserve	7,500	7,500	7,500
Merger reserve	4,051,967	4,051,967	4,051,967
Reverse acquisition reserve	(2,856,756)	(2,856,756)	(2,856,756)
Retained earnings	1,376,219	696,172	817,632
TOTAL EQUITY	6,594,038	5,913,991	6,035,451
Current liabilities			
Trade and other payables	5,517,202	4,154,056	3,305,728
Short-term borrowings	489,590	850,341	1,107,528
Current tax payable	388,885	257,552	229,782
	6,395,677	5,261,949	4,643,038
Non-current liabilities			
Loan notes	61,006	179,006	61,006
Bank loan	-	6,934	-
TOTAL LIABILITIES	6,456,683	5,447,889	4,704,044
TOTAL EQUITY & LIABILITIES	13,050,721	11,361,880	10,739,495

Condensed consolidated statement of changes in equity
For the six months ended 30 June 2019

	Share capital	Share premium	Share based payments reserve	Capital redemption reserve	Reverse Acquisition reserve	Merger reserve	Retained earnings	Total
	£	£	£	£	£	£	£	£
Balance at 1 January 2018	2,524,426	1,490,682	-	7,500	(2,856,756)	4,051,967	135,058	5,352,877
Total comprehensive income	-	-	-	-	-	-	561,114	561,114
Balance at 30 June 2018	2,524,426	1,490,682	-	7,500	(2,856,756)	4,051,967	696,172	5,913,991
Balance at 1 July 2018	2,524,426	1,490,682	-	7,500	(2,856,756)	4,051,967	696,172	5,913,991
Total comprehensive income	-	-	-	-	-	-	121,460	121,460
Transfer	-	-	-	-	-	-	-	-
Balance at 31 December 2018	2,524,426	1,490,682	-	7,500	(2,856,756)	4,051,967	817,632	6,035,451
Balance at 1 January 2019	2,524,426	1,490,682	-	7,500	(2,856,756)	4,051,967	817,632	6,035,451
Total comprehensive income	-	-	-	-	-	-	558,587	558,587
Balance at 30 June 2019	2,524,426	1,490,682	-	7,500	(2,856,756)	4,051,967	1,376,219	6,594,038

**Condensed consolidated cash flow statement
For the six months ended 30 June 2019**

	6 months to 30 June 2019 (unaudited) £	6 months to 30 June 2018 (unaudited) £	12 months to 31 December 2018 (audited) £
Cash from operating activities:			
Operating profit	721,322	703,171	1,129,173
Adjusted for:			
Depreciation	22,475	5,715	12,556
Profit on disposal	-	(4,400)	(4,400)
(Increase)/ decrease in inventories	(11,167)	(19,508)	(27,001)
(Increase)/ decrease in trade and other receivables	(2,881,044)	(263,707)	1,240,449
(Decrease)/ increase in trade and other payables	2,195,803	(278,858)	(1,374,996)
Cash (used in)/ generated by operations	47,389	142,413	975,781
Finance costs	(1,984)	(5,964)	(19,841)
Taxation paid	-	-	(121,696)
Net cash (outflow)/inflow from operating activities	45,405	136,449	834,244
Cash flows from investing activities			
Purchase of equipment	(16,126)	(27,249)	(34,777)
Proceeds from sale of property, plant and equipment	-	4,400	4,400
Net cash flows from / (used) in investing activities	29,279	113,600	(30,377)
Cash flows from financing activities:			
Lease repayments	(15,498)	-	-
Repayment of non-convertible loan notes	(18,000)	(20,993)	(138,994)
Movement in supplier financing facility	-	(387,795)	(387,795)
Repayment of short-term loans	(61,077)	(61,869)	(119,632)
Net cash flows from financing activities	(94,575)	(470,657)	(646,421)
Net (decrease)/increase in cash and cash equivalents	(65,296)	(357,057)	157,446
Cash and cash equivalents brought forward	677,747	520,301	520,301
Cash and cash equivalents carried forward	612,451	163,244	677,747

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

	As at 30 June 2019 £	As at 30 June 2018 £	As at 31 December 2018 £
Cash at bank and in hand	612,451	163,244	1,236,162
Bank overdraft	-	-	(558,415)
	612,451	163,244	677,747

1. Notes to the Interim Report

Basis of preparation

The Group's half-yearly financial statements for the six months ended 30 June 2019 were authorised for issue by the directors on 18 September 2019.

The consolidated half-yearly 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 2018 have been filed with the Registrar of Companies at Companies House. The audit report on the statutory accounts for the year ended 31 December 2018 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 2019 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 2018.

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. Changes in accounting policies and disclosures

IFRS 16 'Leases'

The Group only acts as a lessee and is required to recognise operating leases on the balance sheet. The group has adopted the modified retrospective approach meaning the Group recognised such leases on the balance sheet as at 1 January 2019. The Group has recognised right-of-use assets in respect of the properties it leases with a value of £49k being attributed to the assets and a lease liability of the same amount. The asset is being depreciated over the remaining term of the lease, which is 19 months from 1 January 2019.

3. 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:

Construction

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

Fit-out

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

Segmental operating performance

	Six months to 30 June 2019		Six months to 30 June 2018		Twelve months to 31 December 2018	
	Segmental revenue £'000	PBT £'000	Segmental revenue £'000	PBT £'000	Segmental revenue £'000	PBT £'000
Construction	5,216	355	3,786	456	8,034	781
Fit –out	3,921	502	5,081	392	8,186	314
	9,137	857	8,867	848	16,220	1,095
Inter-segmental revenue and unallocated costs	-	(138)	-	(153)	-	14
	9,137	719	8,867	695	16,220	1,109

Business segments assets and liabilities

	Six months to 30 June 2019		Six months to 30 June 2018		Twelve months to 31 December 2018	
	Segment assets £'000	Segment liabilities £'000	Segment assets £'000	Segment liabilities £'000	Segment assets £'000	Segment liabilities £'000
Construction	2,481	3,810	1,248	2,272	936	1,850
Fit-out	3,665	2,103	3,666	2,376	2,923	1,698
	6,146	5,913	4,914	4,648	3,859	3,548
Goodwill - Construction	2,000	-	2,000	-	2,000	-
Goodwill – Fit-out	4,874	-	4,874	-	4,874	-
Other unallocated assets & liabilities	30	543	7	1,234	6	1,156
	13,050	6,456	11,795	5,882	10,739	4,704

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.

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

	6 months to 30 June 2019 (unaudited)	6 months to 30 June 2018 (unaudited)	12 months to 31 December 2018 (audited)
	£	£	£
Current tax on income for the period	(160,469)	(133,503)	(227,428)
Deferred tax (expense)	-	-	(199,330)
Income tax (expense)/credit in the income statement	(160,469)	(133,503)	(426,758)

5. 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 2019 (unaudited)	6 months to 30 June 2018 (unaudited)	12 months to 31 December 2018 (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

Earning attributable to equity shareholders of the parent

	6 months to 30 June 2019 (unaudited)	6 months to 30 June 2018 (unaudited)	12 months to 31 December 2018 (audited)
	£	£	£
Continuing operations			
Basic earnings per share	0.220p	0.221p	0.268p
Diluted earnings per share	0.220p	0.221p	0.268p