

Eatonfield Group plc

("Eatonfield" or "the Group")



Unaudited Results for the year to 30 June 2007

Eatonfield Group plc, the commercial property company and house builder, is pleased to announce its results for the year to 30 June 2007.

Highlights

- Profit before tax up 48% to £5.09m (2006: £3.43m)
- Operating profit up 43% to £5.14m (2006: £3.60m)
- Turnover up 7% to £18.63m (2006: £17.35m).
- Basic EPS of 17.10p (2006:15.82p)
- Exceeded full year forecasts
- Proposed dividend of 1.5p per share
- Already sufficient sites to deliver 2007/8 forecasts

Rob Lloyd, Chief Executive comments:

"We are pleased to announce our maiden preliminary results which demonstrate that 2007 has been a successful year. Our profit performance for the 7 months since the flotation is slightly ahead of expectations and we have achieved improved margins from a greater proportion of commercial property transactions.

The funds raised at the time of our AIM listing last November have been successfully applied to increase our land bank inventory for both residential and commercial developments.

We are confident of our prospects for this year and the future."

Eatonfield Group plc Rob Lloyd (Chief Executive)	01352 757008
Buchanan Communications Nicola Cronk/Susanna Gale	020 7466 5000
Evolution Securities Joanne Lake/Angus Gladish	0113 243 1619

About Eatonfield Group plc

Eatonfield's key strengths lie in its property management knowledge and expertise and the ability to successfully identify and acquire sites which may require change of use or which, due to their current size or usage, do not present obvious development potential.

In May 2006, Eatonfield launched its eco-friendly building strategy. Eatonfield's Eco-homes are designed in accordance with the BRE EcoHomes rating system, focusing on both energy efficiency and the use of sustainable construction materials. It is Eatonfield's intention to obtain BRE EcoHomes ratings for all its residential developments. Some of their environmentally friendly features include highly insulated floors, walls and roofs; ground source heat pumps to provide hot water and heating and comfort cooling systems.

CHAIRMAN'S STATEMENT

I am pleased to report the results for the year ended 30 June 2007 which show an increase in operating profits of 43% to £5.14m (2006: £3.60m) on the back of a 7% increase in turnover to £18.63m (2006:17.35m). Our margins have also improved as we have increased the proportion of commercial transactions within the sales.

We will be recommending to shareholders a dividend of 1.5p per share, in line with the undertaking made at the time of our admission onto AIM last November.

People

The executive team has remained focused in a year where a large part of its attention was diverted by the admission process at the end of November 2006. I would like to extend our thanks to Terry Carroll, who has been our finance director since flotation and who resigns with effect from today, for all his help with that process.

My thanks also go to Rob Lloyd for his leadership and his focus on the needs of the business from both a trading and strategic perspective.

I would also like to thank Suki Kalirai, my fellow non-executive director, who brings a wealth of business experience to the Board and has made a significant contribution to our deliberations and our performance for the year.

The foundation of our business is our staff and on behalf of the Board, I would like to thank them all for their hard work and loyalty.

Outlook

The well-publicised mid-term shortage of housing in the UK means that we expect to see continued volume growth in this sector. As well as the broader consumer aspects, the economics of the sector and the speed of growth in the housing sales are being affected by:

- the planning process, which is becoming more drawn out with lead times for the whole cycle moving from 12 months to close to 24 months. This is an area in which we are particularly strong as our teams work with local planning authorities to ensure the fastest possible turn around;
- the continued increase in competition for available plots. Our teams remain focused regionally and therefore, with their local expertise and knowledge, we are in a strong position to continue to grow our substantial land bank further.

Housing demand continues to be buoyant in the regional areas in which we operate and we anticipate a significant increase in house sales in 2007/8 as more of our development projects come to fruition.

The commercial sector has seen a downturn in the yields being achieved over the last 12 months. We do not envisage this changing significantly in the near term. However, for a business of our size, there are still significant potential opportunities in pure commercial projects as well as in the development of mixed use sites on a regional basis. We continue to explore a sufficient number of substantial opportunities in both our commercial and residential businesses to feel confident that our strategy of growing both areas is the right one.

This is an exciting time for Eatonfield and I remain confident of our prospects for the coming financial year and beyond.

Finally, I would like to thank our key advisors; Baker Tilly, Evolution and Hammonds, who have also helped and supported us throughout the year.

Sir Leslie Young
Chairman

CHIEF EXECUTIVE'S REVIEW

Overview

The year to 30 June 2007 has seen a step change in the Group at all levels, both on a financial level, with turnover, profits and margins increasing and at an operational level with average staff numbers increasing from 27 to 46.

The business

The flotation and the funds raised in that process have allowed us to substantially grow our land bank. As well as additional commercial and unallocated sites for development, we have allocated sites with planning permission for 800 houses to be built by our housing division team, led ably by Nick Marrs. I anticipate this division growing both organically, and if the right opportunities arise, by targeted regional acquisitions. Our homes are built to Building Research Establishment Environment Assessment Method (BREEAM) 'Excellent' standard and Code of Sustainable Housing level 5, which represents a 100% improvement on current building regulation requirements. We shall be improving on this further to demonstrate our commitment to sustainable construction and to developing the Eatonfield brand.

As mentioned by our Chairman, the commercial sector has seen a slowdown at a national level but on a regional basis we believe profitable opportunities continue to exist for the foreseeable future. We have strengthened our local buying team to help access these opportunities with additional resources based both in the North and the South West of England. The Northern resource will also work on Scottish projects. Jon Richards and myself will lead these buying resources to identify sites for housing, commercial and mixed site developments.

Whilst most of the revenue in 2006 and 2007 came from the commercial sector, I anticipate this proportion will be lower for the coming year, albeit the move will be gradual and we expect these commercial developments or land sales will still account for over half the revenues. We will also continue to tactically use joint ventures and profit share agreements as a way of accessing individual projects; we have such relationships with Ethel Austin Properties Limited, Modus Properties Limited and Jenard Properties Limited.

Staff

Our internal design and planning function has more than doubled in size to support the growth of the Group. The finance function too has increased to support the needs of the business and be ready for the IFRS implementation in next year's accounts. In this regard, we welcome Howard Jones, an experienced Finance Director, as Financial Controller to take charge of both this process and the systems required to implement it. I look forward to working with him going forward.

I would like to add many thanks to all the Eatonfield team at every level. They are a pleasure to work with and the business growth is a testament to their commitment and skill. All our staff and advisers

have proved invaluable in achieving this years' step changes. As a management team, we very much look forward to continuing this progress in the coming year and beyond.

Rob Lloyd
Chief Executive

GROUP PROFIT AND LOSS ACCOUNT
for the year ended 30 June 2007

	Notes	2007 £	2006 £
TURNOVER		18,628,867	17,347,547
Cost of sales		(11,502,123)	(12,341,263)
Gross profit		7,126,744	5,006,284
Administrative expenses		(1,982,311)	(1,519,185)
Other operating income		-	111,063
GROUP OPERATING PROFIT		5,144,433	3,598,162
Share of joint venture operating loss		(7,087)	-
TOTAL OPERATING PROFIT		5,137,346	3,598,162
(Loss)/profit on disposal of fixed assets		(7,243)	73,142
Interest receivable		103,251	393
Interest payable and similar charges		(143,572)	(236,868)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		5,089,782	3,434,829
Tax on profit on ordinary activities	3	(1,679,915)	(1,062,354)
PROFIT FOR THE FINANCIAL YEAR		3,409,867	2,372,475
Basic earnings per share (pence)	4	17.10	15.82
Fully diluted earnings per share (pence)	4	17.03	15.82

The operating profit for the year arises from the Group's continuing operations

Note of historical cost profits and losses for the year ended 30 June 2007

	2007 £	2006 £
Reported profit on ordinary activities before taxation	5,089,782	3,434,829
Realisation of property revaluation gains of previous years	180,000	-
Historical cost profit on ordinary activities before taxation	5,269,782	3,434,829
Historical cost profit on ordinary activities after taxation and dividends	3,439,867	1,372,475

GROUP STATEMENT OF RECONISED GAINS AND LOSSES
for the year ended 30 June 2007

	2007 £	2006 £
Total recognised gains and losses relating to the year	3,409,867	2,372,475
Unrealised deficit on revaluation	-	(126,558)

Total recognised gains and losses during the period	3,409,867	2,245,917
	=====	=====

GROUP BALANCE SHEET
30 June 2007

	Notes	2007 £	2006 £
FIXED ASSETS			
Intangible assets		64,000	72,000
Tangible assets		1,271,292	1,564,022
Investment in joint venture:			
Share of assets of gross assets		663,146	-
Share of assets of gross liabilities		(670,233)	-
		-----	-----
		1,328,205	1,636,022
CURRENT ASSETS			
Assets held for resale within one year		-	757,262
Stocks		26,582,401	11,357,873
Debtors due within one year		18,746,683	7,109,298
Cash at bank and in hand		1,045,717	458,480
		-----	-----
		46,374,801	19,682,913
CREDITORS: amounts falling due within one year		(20,339,970)	(17,870,587)
		-----	-----
NET CURRENT ASSETS		26,034,831	1,812,326
		-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES		27,363,036	3,448,348
		-----	-----
CREDITORS: amounts falling due after more than one year		(13,414,539)	(1,751,999)
		-----	-----
		13,948,497	1,696,349
PROVISIONS FOR LIABILITIES AND CHARGES			
Government grants		(16,920)	(16,920)
		-----	-----
		13,931,577	1,679,429
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	6	2,300,000	1,500,000
Share premium account	6	8,182,018	-
Revaluation reserve	6	-	183,958
Merger reserve	6	(1,499,000)	(1,499,000)
Share based compensation reserve	6	14,221	-
Profit and loss account	6	4,934,338	1,494,471
		-----	-----
EQUITY SHAREHOLDERS' FUNDS	6	13,931,577	1,679,429
		=====	=====

GROUP CASH FLOW STATEMENT
For year ended 30 June 2007

	Notes	2007 £	2006 £
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	7	(18,991,253)	(3,016,693)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	7	(40,321)	(236,475)
TAXATION		(1,113,437)	(20,000)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	7	195,908	(874,857)
ACQUISITIONS AND DISPOSALS	7	(118,090)	772

EQUITY DIVIDENDS PAID		(150,000)	(1,000,000)
CASH OUTFLOW BEFORE FINANCING		(20,217,193)	(5,147,253)
FINANCING	7	20,804,430	5,486,990
INCREASE IN CASH IN THE YEAR		587,237	339,737
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
		2007	2006
		£	£
Increase in cash in the year		587,237	339,737
Cash flow in respect of long term loans and hire purchase contracts		(11,822,412)	(5,486,990)
CHANGE IN NET DEBT		(11,235,175)	(5,147,253)
NET DEBT AT 1 JULY 2006		(17,006,007)	(11,858,754)
NET DEBT AT 30 JUNE 2007		(28,241,182)	(17,006,007)

NOTES TO THE INFORMATION

1 PRESENTATION OF FINANCIAL INFORMATION

Information in this preliminary announcement does not constitute statutory accounts of the Group within the meaning of Section 240 of the Companies Act 1985. The 2007 figures are based on unaudited accounts for the year ended 30 June 2007. The auditors do not expect to issue a qualified report on the statutory accounts which will be finalised on the basis of the financial information presented by the directors in the preliminary announcement and which will be delivered to the Registrar of Companies following the Company's annual General Meeting. The figures for the year ended 30 June 2006 have been based on the financial statements of Eatonfield Holdings Limited and its subsidiaries. The preliminary announcement is prepared on the same basis as set out in the previous year's statutory accounts except for the changes in accounting standards as detailed below.

Under a group reconstruction on 9 October 2006 the Company acquired the whole of the issued share capital of Eatonfield Holdings Limited in exchange for shares. The reconstruction has been accounted for in accordance with the principles of merger accounting as set out in the Financial reporting Standard No. 6 (FRS 6) and in accordance with Schedule 4A of the Companies Act 1985. The preliminary announcement has been prepared as if Eatonfield Holdings Limited and its subsidiaries had been owned and controlled by the Company throughout the periods ended 30 June 2007 and 30 June 2006.

FRS 20 "Share based payment" is effective for unlisted companies (including AIM companies) for accounting periods beginning on or after 1 January 2006. In accordance with the standard, the cost of share options awarded to employees measured by reference to their fair value at the date of grant is recognised over the vesting period of the options based on the number of options which in the opinion of the Directors will ultimately vest.

An analysis of the impact of FRS 20 is as follows:

Profit and loss account:

	2007	2007
	£	£
Profit before adoption of new accounting standard	3,424,088	2,372,475
Impact of FR 20	(14,221)	-
Restated profit after adoption of new account standard	3,409,867	2,372,475

There is a corresponding credit to the share based compensation reserve and there is no impact on the Group's cash position.

Statutory accounts for the year ended 30 June 2006 for the Eatonfield Group of companies, which were

prepared under accounting practices generally accepted in the UK, have been filed with the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain any statement under Section 237 (2) or (3) of the Companies Act 1985.

2 TURNOVER AND SEGMENTAL ANALYSIS

Turnover, profit before taxation and net assets were all derived from the Group's principal activity of property investment, development and house building. All operations are carried out in the United Kingdom.

3 TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2007 £	2006 £
Current tax:		
UK Corporation tax based on the results for the year at 30% (2006: 30%)	1,658,042	1,042,354
Adjustment in respect of prior years	21,873	20,000
Share of joint venture corporation tax	-	-
	-----	-----
Total current tax	1,679,915	1,062,354
Deferred tax:		
Decrease in deferred tax asset	-	-
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Tax on profit on ordinary activities	1,679,915	1,062,354
	=====	=====

(b) Factors affecting current tax change

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2006: 30%).

	2007 £	2006 £
Profit on ordinary activities before taxation	5,089,782	3,434,829
	=====	=====
Profit on ordinary activities by rate of tax	1,526,935	1,030,449
Non deductible expenses	87,629	17,831
Chargeable gains	50,736	5,376
Capital allowances in excess of depreciation	6,827	4,754
Profit on disposal of fixed assets	(13,334)	(6,939)
Marginal relief	(4,032)	-
Other	3,281	(6,178)
Unrealised tax losses carried forward	-	(2,939)
Adjustments in respect of previous years	21,873	20,000
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Total current tax (note 3(a))	1,679,915	1,062,354
	=====	=====

4 EARNINGS PER SHARE

	2007 £	2006 £
Profit on ordinary activities after taxation	3,409,867	2,372,475
	=====	=====
Weighted average number of shares (No)		
For basic earnings per ordinary share	19,945,055	15,000,000
Exercise of share options	75,115	-
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For fully diluted earnings per ordinary share	20,020,170	15,000,000

Earnings per ordinary share – basic	=====	=====
	17.10	15.82
Earnings per ordinary share – basic fully diluted	=====	=====
	17.03	15.82
	=====	=====
5 DIVIDENDS	2007	2006
	£	£
Declared and paid during the year		
Equity dividends on ordinary shares:		
Final dividend for 2006 10p (2005: Nil p)	150,000	-
Interim dividend for 2007 Nil p (2006: 66_p)	-	1,000,000
	-----	-----
	150,000	1,000,000
	=====	=====
Proposed for approval at Annual General Meeting (Not recognised at 30 June)		
Equity dividends on ordinary shares:		
Final dividend for 2007 1.5p (2006: Nil p)	345,000	-
	=====	=====

6 RECONCILIATION OF MOVEMENTS IN CONSOLIDATED SHAREHOLDERS' FUNDS

	Share capital £	Share premium account £	Revaluat'n reserve £	Merger reserve £	Share based compens'n reserve £	Profit and loss account £	Total £
At 1 July 2005 – as previously reported							
Eatonfield Holdings Limited	1,000	-	310,516	-	-	121,996	433,512
Merger adjustment	1,499,000	-	-	(1,499,000)	-	-	-
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At 1 July 2005 – as restated	1,500,000	-	310,516	(1,499,000)	-	121,996	433,512
Deficit on revaluation of investment properties	-	-	(126,558)	-	-	-	(126,558)
Profit for the year	-	-	-	-	-	2,372,475	2,372,475
Dividends	-	-	-	-	-	(1,000,000)	(1,000,000)
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At 1 July 2006	1,500,000	-	183,958	(1,499,000)	-	1,494,471	1,679,429
Share issue	800,000	9,200,000	-	-	-	-	10,000,000
Share issue costs	-	(1,017,982)	-	-	-	-	(1,017,982)
Deficit on revaluation of investment properties	-	-	(3,958)	-	-	-	(3,958)
Profit for the year	-	-	-	-	-	3,409,867	3,409,867
Dividends	-	-	-	-	-	(150,000)	(150,000)
Transfer	-	-	(180,000)	-	-	180,000	-
Share based compensation	-	-	-	-	14,221	-	14,221
	-----	-----	-----	-----	-----	-----	-----
At 30 June 2007	2,300,000	8,182,018	-	(1,499,000)	14,221	4,934,338	13,931,577
	=====	=====	=====	=====	=====	=====	=====

7 NOTES TO THE CASH FLOW STATEMENT

RECONCILIATION OF OPERATING PROFIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2007	2006
	£	£
Total operating profit	5,137,346	3,598,162

Share of joint venture operating loss	7,087	-
Amortisation of goodwill	8,000	8,000
Share based compensation	14,221	-
Depreciation	85,621	43,419
Increase in stocks	(14,467,266)	(5,292,528)
Increase in debtors	(11,637,385)	(1,486,024)
Increase in creditors	1,861,123	112,278
Net cash outflow from operating activities	(18,991,253)	(3,016,693)

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2007	2006
	£	£
Interest received	103,251	393
Interest paid	(133,980)	(225,674)
Interest element of hire purchase contracts	(9,592)	(11,194)
Net cash outflow from returns on investments and servicing of finance	(40,321)	(236,475)

CAPITAL EXPENDITURE

	2007	2006
	£	£
Payments to acquire tangible fixed assets	(19,162)	(1,075,023)
Receipts from sale of tangible fixed assets	215,070	200,166
Net cash inflow/(outflow) from capital expenditure	195,908	(874,857)

ACQUISITIONS AND DISPOSALS

	2007	2006
	£	£
Purchase of subsidiary undertaking	(118,090)	(47,700)
Net cash acquired with subsidiary undertaking	-	48,472
Net cash (outflow)/inflow from acquisitions and disposals	(118,090)	772

FINANCING

	2007	2006
	£	£
Proceeds on issue of ordinary shares	10,000,000	-
Share issue costs	(1,017,982)	-
Net movement in debt	11,852,069	5,522,491
Capital element of hire purchase payments	(29,657)	(35,501)
Net cash inflow from financing	20,804,430	5,486,990

ANALYSIS OF CHANGES IN DEBT

	At 1 Jul 2006 £	Cashflows £	At 30 Jun 2007 £
Net cash:			
Cash in hand and at bank	458,480	587,237	1,045,717
Debt:			
Debts falling due within one year	(15,682,831)	(151,927)	(15,834,758)
Debts falling due after one year	(1,687,603)	(11,700,142)	(13,387,745)
Hire purchase agreements	(94,053)	29,657	(64,396)
	(17,464,487)	(11,822,412)	(29,286,899)
Net debt	(17,006,007)	(11,235,175)	(28,241,182)

8 BASIS OF THE PRELIMINARY ANNOUNCEMENT

The board of directors of Eatonfield Group plc approved the preliminary announcement on 12 September 2007.

The statutory accounts for the year ended 30 June 2007 will be delivered to the Registrar of Companies following the Annual General Meeting. The statutory accounts will be posted to shareholders shortly. Further copies will be available to the public, free of charge from the company's registered office, 4 Mold Business Park, Wrexham Road, Mold Flintshire CH17 1XP.

The Annual General Meeting will be held on 29 November at 11.am at the head office of Eatonfield Group plc, 4 Mold Business Park, Wrexham Road, Mold Flintshire CH17 1XP.