

24 May 2011

**Eatonfield Group plc
("Eatonfield" or "the Group")
Update re proposed sale of the Welsh Sites**

On 12 May 2011, the board of Eatonfield announced its view that discussions prior to exchange of contracts for the sale of the Welsh sites were in the final stages. The board had reasonable grounds to believe that exchange of contracts, on the terms previously set out, for the sale of the Welsh sites to Trilandium LLP was imminent. The board can confirm that as a result of a number of changes to the terms that were subsequently requested at a late stage in negotiations, the board's discussions with regard to the sale of the Welsh sites have been terminated with effect from 23 May 2011.

The board is now in discussions with the Group's lenders with a view to establishing whether there are any alternatives to the sale of the Welsh sites that may present a viable way forward for Eatonfield. The board is currently working on a proposal to put to its lenders by the end of this week. As notified on 24 December 2010, in Eatonfield's annual report and accounts for the year ended 30 June 2010, as well as in other announcements, many of the Group's existing facilities have expired and are technically repayable on demand. The board confirms that, as at the date of this announcement, none of the Group's lenders have issued a demand for repayment of the facilities currently in use. The Group's working capital position remains as outlined on 12 May 2011, namely that the board expects Eatonfield's existing financial resources to provide it with sufficient working capital until the end of this month.

The board will make a further update announcement on or before 31 May 2011. In the meantime, the board can confirm that the Group's planned equity fundraising, which was dependent on the sale of the Welsh sites taking place, has been postponed until further notice.

For further information please contact:

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