**21 March 2007**
**FOR IMMEDIATE RELEASE**

# Eatonfield Group plc
# (AIM:EFD)

**Unaudited Interim Results for the six month period to 31 December 2006**

Eatonfield Group plc ("Eatonfield" or "the Group"), the commercial property developer and house-builder, today announces its unaudited interim results for the six month period to 31 December 2006.

## Highlights

- Turnover and profits will be more concentrated in the second half of the year
- Full year results in line with market expectations
- Continuing strong pipeline of land acquisitions and development projects
- A further 6 sites for residential development have been acquired since 1 July 2006
- Housebuilding subsidiary Eatonfield Homes Ltd is building 23 housing units on 5 sites
- Negotiations are continuing to acquire at least one more house-builder
- Turnover decreased by 54% to £3.40m (2005: £7.40m)
- Gross profit was 36% lower at £1.51m (2005: £2.34m)
- Fully diluted earnings per ordinary share were 1.57p (2005: 7.41p)

Commenting on these results, Chairman Sir Leslie Young said:

"We can see record levels of opportunity at attractive prices across our geographical locus of operations. We look forward with confidence to a strong performance in the second half of this year, continuing into 2008. "

Rob Lloyd, Chief Executive, said:

"Our results will be very much biased towards the second half of the year. Although we spent most of the first half managing our AIM float, deals which are in the late stages of exchange give us the confidence that we shall meet our internal projections for the full year. Furthermore, site purchases since the year end and projects currently in hand lead us to expect continuing progress in 2007/8 and beyond. Our house-building division is on track to deliver a rapid expansion of its programme into 2007/8. I am very excited by the prospects for the Group over the next 5 years."

## For further information, please contact:


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## FULL STATEMENT BELOW

## Chairman`s Statement

Following our admission to the AIM Market ("AIM") on 17 November 2006 we are pleased to announce our first published results as a quoted company. We would have preferred to move immediately to IFRS reporting but the rigour of our flotation process dictated that we should apply ourselves to the continued development of our core business and defer IFRS to June 2008.

The profit before tax for the period 1 July to 31 December 2006 was £384,000 (2005: £1,588,000). Turnover and profits will be more concentrated in the second half than we would have wished, due in part to the demands of the AIM process on management time in the first half. On the basis of sites where exchange is currently under negotiation and those which will be ready for marketing prior to the year end, we remain confident that the full year result will be in line with expectations.

For the purposes of flotation, and as disclosed in our admission document, Savills valued our total property asset, on 15 September 2006, at £23.951m; a surplus of almost £6m over book cost. These potential gains will be realised in this and subsequent years.

In June 2006 we acquired the house-builder Marrs Davies in order to develop our house building programme. We are now building on 5 sites, involving a total of 23 units. We continue to build up our land bank. Since 1 July we have acquired a further 6 sites for residential development and several options on additional sites.

Negotiations are continuing to acquire at least one more house-builder in order to increase house-building capacity and exploit the new opportunities which the increasing levels of land acquisition offer the Group.

### Dividend

At the time of our AIM admission we stated our general dividend intentions. We remain confident of the full year outturn and we expect, therefore, to be in a position to pay a dividend for the year to 30 June 2007.

### General Outlook

We continue to regard the housing market as firm. There remains a long term major imbalance between supply and demand of the housing stock exacerbated by inadequate supply, continuing demographic factors, the ageing housing stock and growing numbers of unsaleable houses due to flood risk.

Commercial property yields have been below 5% for some time now, driven by a combination of foreign investor demand, pension and investment funds and the arrival of REITs. Our minimal exposure to investment property reflects our belief that a correction would be healthy for the market and provide even more buying opportunities for Eatonfield. In the meantime we continue to be buyers of `brownfield` and residential sites, building our land bank and giving us the choice of realising planning gains or developing sites ourselves.

**People**

Following admission to AIM we are reappraising our staff requirements to support and manage the increased level of activity to ensure we continue to grow at a sustainable rate. We are fortunate to have a first class and enthusiastic team.

**Prospects**

We can see record levels of opportunity at attractive prices across our geographical locus of operations. We also continue to receive approaches for prospective acquisitions which we will only pursue if they fit within our clearly defined corporate development strategy. We are confident of a strong performance in the second half of this year and in the Group's prospects for next year and beyond.

Sir Leslie Young
Chairman
21 March 2007

| Eatonfield Group plc | 6 Months ended | 6 Months ended | Year ended |
|---|---|---|---|
| **Consolidated profit and loss account** | 31-Dec-06 | 31-Dec-05 | 30-Jun-06 |
| For the period to 31 December 2006 | £000 | £000 | £000 |
| **TURNOVER** | 3,395 | 7,397 | 17,347 |
| Cost of sales | 1,889 | 5,061 | 12,341 |
| | ------- | -------- | --------- |
| **Gross Profit** | 1,506 | 2,336 | 5,006 |
| **ADMINISTRATION EXPENSES** | | | |
| Goodwill amortisation | 4 | - | 6 |
| Share based compensation | 11 | - | - |
| Other | 972 | 644 | 1,511 |
| | ----- | ----- | ------- |
| **Total administration expenses** | 987 | 644 | 1,517 |
| Other income | - | 2 | 111 |
| | ------ | ------ | ------- |
| **OPERATING PROFIT** | 519 | 1,694 | 3,600 |
| Profit on disposal of fixed asset | - | - | 71 |
| Interest payable | (135) | (106) | (237) |
| | ------ | ------ | ------ |
| **PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION** | 384 | 1,588 | 3,434 |
| Taxation | 118 | 477 | 1,062 |
| | ------ | ------ | ------- |
| **PROFIT FOR THE PERIOD** | 266 | 1,111 | 2,372 |
| | ==== | ===== | ===== |
| Earnings per share – basic (pence) | 1.58 | 7.41 | 15.82 |
| Earnings per share – fully diluted (pence) | 1.57 | 7.41 | 15.82 |

| | | | |
|---|---|---|---|
| **Eatonfield Group plc** | | | |
| **Consolidated Balance Sheet** | 31-Dec-06 | 31-Dec-05 | 30-Jun-06 |
| As at 31 December 2006 | | | |
| | £000 | £000 | £000 |
| **FIXED ASSETS** | | | |
| Intangible | 68 | - | 72 |
| Tangible | 1,090 | 1,375 | 1,564 |
| **Investment in Joint Ventures** | | | |
| Share of gross assets | 611 | - | - |
| Share of gross liabilities | (611) | - | - |
| | ------ | ------- | ------- |
| | 1,158 | 1,375 | 1,636 |
| | ------- | ------- | ------- |
| **CURRENT ASSETS** | | | |
| Stock | 24,262 | 8,212 | 12,116 |
| Debtors | 4,943 | 2,134 | 7,109 |
| Cash | 6,114 | 225 | 458 |
| | --------- | --------- | --------- |
| | 35,319 | 10,571 | 19,683 |
| CREDITORS - Amounts falling due within one year | 6,328 | 8,738 | 17,871 |
| | -------- | -------- | --------- |
| **NET CURRENT ASSETS** | 28,991 | 1,833 | 1,812 |
| | --------- | ------- | ------- |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | 30,149 | 3,208 | 3,448 |
| CREDITORS - Amounts falling due after one year | 19,350 | 1,789 | 1,752 |
| Government grants | 17 | 17 | 17 |
| | --------- | ------- | ------- |
| **NET ASSETS** | 10,782 | 1,402 | 1,679 |
| | ===== | ==== | ==== |
| **CAPITAL AND RESERVES** | | | |
| Called up share capital | 2,300 | 1,500 | 1,500 |
| Merger reserve | (1,499) | (1,499) | (1,499) |
| Revaluation reserve | - | 168 | 184 |
| Share premium account | 8,182 | - | - |
| Other reserve | 11 | - | - |
| Profit and loss account | 1,788 | 1,233 | 1,494 |
| | ------- | ------- | ------- |
| **EQUITY SHAREHOLDERS' FUNDS** | 10,782 | 1,402 | 1,679 |
| | ===== | ==== | ==== |

| Eatonfield Group plc | 6 Months ended | 6 Months ended | Year ended |
|---|---|---|---|
| **Consolidated Cash Flow** | 31-Dec-06 | 31-Dec-05 | 30-Jun-06 |
| For the period to 31 December 2006 | | | |
| | £000 | £000 | £000 |
| Net cash (outflow)/inflow from operating activities | (9,732) | 3,922 | (3,095) |
| **Returns on investments and servicing of finance** | | | |
| Interest received | 33 | - | - |
| Interest paid | (168) | (106) | (237) |
| | ------ | ------ | ------- |
| Net cash outflow from returns on investment and servicing of finance | (135) | (106) | (237) |
| | ------ | ------ | ------ |
| **Taxation** | | | |
| UK corporation tax paid | (76) | - | (20) |
| | ------ | ------ | ------ |
| **Capital expenditure** | | | |
| Payments to acquire intangible fixed assets | - | - | (80) |
| Payments to acquire tangible fixed assets | - | (922) | (1,107) |
| Receipts from sales of tangible fixed assets | 220 | - | 392 |
| | ------ | ------ | ------- |
| **Net cash inflow/(outflow) from capital expenditure** | 220 | (922) | (795) |
| Equity dividends paid | (150) | - | (1,000) |
| | ------ | ------ | -------- |
| **Cash (outflow)/inflow before financing** | (9,873) | 2,894 | (5,147) |
| | ---------- | --------- | -------- |
| **Financing** | | | |
| Share issue (less issue costs) | 8,982 | - | - |
| Net movement in short term borrowings | (11,051) | (4,428) | 3,909 |
| Net movement in long term borrowings | 17,615 | 1,659 | 1,588 |
| Capital element of finance lease payments | (17) | (18) | (10) |
| | ---------- | --------- | -------- |
| **Net cash inflow/(outflow) from financing** | 15,529 | (2,787) | 5,487 |
| | --------- | --------- | -------- |
| **Increase in net cash** | 5,656 | 107 | 340 |
| | ===== | ===== | ===== |
| **RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS** | | | |
| | £000 | £000 | £000 |
| Increase in cash in the period | 5,656 | 107 | 340 |
| Net cash (inflow)/outflow from debt financing | (6,547) | 2,787 | (5,487) |
| | ------ | ------ | ------ |
| Change in net debt | (891) | 2,894 | (5,147) |
| Net debt at start of period | (17,006) | (11,859) | (11,859) |
| | -------- | -------- | -------- |
| Net debt at end of period | (17,897) | (8,965) | (17,006) |
| | ==== | ==== | ==== |

**Notes to the Interim Financial Statements**

1. BASIS OF CONSOLIDATION
The Group interim results consolidate the results of the company and its subsidiaries made up to 31 December 2006. Eatonfield Group plc was incorporated as a private company on 29 April 2006 and it was re-registered as a public company on 6 November 2006 prior to it being admitted to trading on the Alternative Investment Market of the London Stock Exchange plc on 17 November 2006.

Under a group reconstruction, on 9 October 2006, the company acquired the whole of the issued ordinary share capital of Eatonfield Holdings Limited in exchange for shares. The group reconstruction has been accounted for in accordance with the principles of merger accounting as set out in Financial Reporting Standard No. 6 ("FRS 6") and in accordance with Schedule 4A of the Companies Act 1985. The interim results have therefore been presented as if Eatonfield Group plc had existed and its subsidiaries had been owned and controlled by the company throughout the periods to 30 June 2006 and 31 December 2005.

2. BASIS OF PREPARATION OF INTERIM FINANCIAL INFORMATION
The interim financial information for the six months to 31 December 2006 and the six months to 31 December 2005 are unaudited and do not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. Statutory accounts of Eatonfield Holdings Limited and its subsidiaries for the year to 30 June 2006 have been delivered to the Registrar of Companies, upon which the company's auditors have given a report which was unqualified and did not contain a statement under Section 237 (2) or (3) of that Act.

The interim financial information has been prepared on the basis of the accounting policies set out in the statutory accounts of Eatonfield Holdings Limited for the year to 30 June 2006, with the exception of accounting for share based payments. This follows the adoption of Financial Reporting Standard No 20 (FRS 20 – Share based payments) for the year ending 30 June 2007. 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.

The Board of Directors approved the interim report on 20 March 2007.

3. SEGMENTAL REPORTING
Turnover and profit before taxation were all derived from the group's principal activity of property investment and development and all arose in the United Kingdom.

4. TAXATION
The tax charge is based on the current rate of UK corporation tax applicable to the company and comprises:

| | 6 Months ended | 6 Months ended | Year ended |
|---|---|---|---|
| | 31-Dec-06 | 31-Dec-05 | 30-Jun-06 |
| | £000 | £000 | £000 |
| UK corporation tax at 30% | 118 | 477 | 1,062 |
| | ------ | ------ | -------- |
| Total current | 118 | 477 | 1,062 |
| Deferred taxation | - | - | - |
| | ------ | ------ | -------- |
| | 118 | 477 | 1,062 |
| | === | === | ==== |

5. EARNINGS PER SHARE

| | 6 Months ended | 6 Months ended | Year ended |
|---|---|---|---|
| | 31-Dec-06 | 31-Dec-05 | 30-Jun-06 |
| | £000 | £000 | £000 |
| Profit for the period | 266 | 1,111 | 2,372 |
| | ==== | ==== | ==== |
| Weighted average number of shares | | | |
| for basic earnings per ordinary share | 16,880 | 15,000 | 15,000 |
| Dilutive potential ordinary shares: Employee share options | 37 | - | - |
| | -------- | -------- | -------- |
| For fully diluted earnings per ordinary share | 16,917 | 15,000 | 15,000 |
| | ===== | ===== | ===== |
| Basic earnings per ordinary share (p) | 1.58 | 7.41 | 15.82 |
| Fully diluted earnings per ordinary share (p) | 1.57 | 7.41 | 15.82 |

Basic and diluted earnings per ordinary share have been calculated based upon the result after tax attributable to ordinary shareholders. The weighted average number of ordinary shares in issue reflects the effect of the Group reconstruction on 9 October 2006, which resulted in the issue of 1,500 Eatonfield Group plc shares for every one Eatonfield Holdings Limited share in issue.

6. CASHFLOWS

Reconciliation of operating profit to net cash outflow from operating activities

| | 6 Months ended | 6 Months ended | Year ended |
|---|---|---|---|
| | 31-Dec-06 | 31-Dec-05 | 30-Jun-06 |
| | £000 | £000 | £000 |
| Operating profit | 519 | 1,694 | 3,600 |
| Increase in stock | (11,934) | (1,539) | (5,538) |
| Amortisation of goodwill | 4 | - | 8 |
| Depreciation | 35 | 22 | 43 |
| Share based compensation | 11 | - | |
| Decrease/(increase) in debtors | 2,166 | 3,339 | (1,636) |
| (Decrease)/increase in creditors | (533) | 406 | 428 |
| | -------- | -------- | --------- |
| Net cash (outflow)/inflow from operating activities | (9,732) | 3,922 | (3,095) |
| | ===== | ====== | ===== |

Analysis of net debt

| | 1-July-06 | Cash Flow | 31-Dec-06 |
|---|---|---|---|
| | £000 | £000 | £000 |
| Cash at bank and in hand | 458 | 5,656 | 6,114 |
| Debts due within one year | (15,682) | 11,051 | (4,631) |
| Debts due after one year | (1,688) | (17,615) | (19,303) |
| Finance leases | (94) | 17 | (77) |
| | ----------- | ----------- | ----------- |
| Net debt | (17,006) | (891) | (17,897) |
| | ====== | ====== | ====== |

7. Equity reserves

| | Share capital | Share premium account | Merger reserve | Re-valuation reserve | Other reserve | Profit and loss account |
|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| At 1 July 2005 – as previously reported Eatonfield Holdings Limited | 1 | - | - | 311 | - | 122 |
| Merger adjustment | 1,499 | - | (1,499) | - | - | - |
| | ----------- | ----------- | ----------- | ----------- | ----------- | ----------- |
| At 1 July 2005 as restated | 1,500 | - | (1,499) | 311 | - | 122 |
| Profit for the year | - | - | - | - | - | 2,372 |
| Revaluation of fixed assets | - | - | - | (127) | - | - |
| Dividends | - | - | - | - | - | (1,000) |
| | ----------- | ----------- | ----------- | ----------- | ----------- | ----------- |
| At 1 July 2006 as restated | 1,500 | - | (1,499) | 184 | - | 1,494 |
| Issue of shares | 800 | 9,200 | - | - | - | - |
| Issue costs | - | (1,018) | - | - | - | - |
| Revaluation of fixed assets | - | - | - | (184) | - | 178 |
| Dividend | - | - | - | - | - | (150) |
| Share based compensation | - | - | - | - | 11 | - |
| Profit for the period | - | - | - | - | - | 266 |
| | ----------- | ----------- | ----------- | ----------- | ----------- | ----------- |
| As at 31 December 2006 | 2,300 | 8,182 | (1,499) | - | 11 | 1,788 |
| | ====== | ====== | ====== | ====== | ====== | ====== |

Other reserve relates to share based compensation charges.

8. The interim report will be posted to all shareholders of the Company and copies will be available upon application to the registered office: Eatonfield Group plc 4 Mold Business Park, Wrexham Road, Mold, Flintshire CH7 1XP.

## INDEPENDENT REVIEW REPORT TO EATONFIELD GROUP PLC

**Introduction**

We have been instructed by the company to review the financial information set out in the consolidated profit and loss account, the consolidated balance sheet, the consolidated cash flow statement and the related notes and we have read the other information in the interim statement and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report, including the conclusion, has been prepared for and only for the company for the purpose of their interim statement and for no other purpose. We do not, therefore in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**Directors' responsibilities**

The interim statement, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Interim Statement in accordance with the Alternative Investment Market Rules which require that the accounting policies and presentation applied to the interim figures must be consistent with those that will be adopted in the company's annual accounts.

**Review work performed**

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in United Kingdom, as if that Bulletin applied. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and based thereon assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom, as if that Bulletin applied. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the disclosed accounting policies have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance. Accordingly, we do not express an audit opinion on the financial information.

**Review conclusion**

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months to 31 December 2006.

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20 March 2007