For Immediate Release 11 November 2008

Eatonfield Group plc

("Eatonfield" or "the Group")

Preliminary Results for the Year ended 30 June 2008

Eatonfield Group plc, the commercial property company, is pleased to announce its preliminary results for the year ended 30 June 2008.

Financial summary

- Profit from operations down 12% to £4.8m (2007: £5.4m)
- Profit from operations as a % of Revenue increased to 47% (2007: 29%)
- Cash generated from activities £4.0m (2007: used £20.1m)
- Total assets increased to £54.6m (2007: £47.7m) after stock write down of £5m
- No dividend proposed (2007: 1.5p per share)
- Sales since year end of £3.5m with further completions of £1.1m expected by December 2008
- Associated debt reduction on sales since year end of £2.5m, with further debt reduction of £900k expected by December 2008

Operational summary

- The Group remains focussed upon generating and conserving cash through property sales
- There are exciting prospects for a number of our commercial sites for which planning applications have recently been submitted
- Residential land bank includes 530 plots with planning consent and an additional 1,287 potential plots
- Three sites under construction with completion scheduled for Q4 2008
- Two planning applications submitted since the year end covering a total of 169 acres
- Size and cost base of our construction operations reduced accordingly.
- Loan of £750,000 received from Rob Lloyd, our CEO and major shareholder,
- Two board changes:
  - The board has accepted the resignation of Howard Jones, Group Finance Director
  - Sir Leslie Young, Chairman, to retire in the near future

Rob Lloyd, Chief Executive comments:

"We are pleased to announce our results which demonstrate that although 2008 has been a difficult year the company has acted decisively to take account of unfavourable conditions.

"We have worked closely with our two main lenders who continue to support us and we remain focussed on cash generation and debt reduction. We have cut costs in the last 12 months which has included making redundancies, however, we have retained our core skill base enabling us to progress swiftly as the market improves.

"As a result of a combination of the above and the recent actions of the Government, which is trying to address the lack of liquidity within the lending environment, we are hopeful of an improvement in our prospects and believe that Eatonfield remains well positioned to take advantage of the property market as it starts to recover."

Eatonfield Group plc 01352 757008
Rob Lloyd (Chief Executive)

Buchanan Communications 020 7466 5000
Jeremy Garcia/Christian Goodbody

Evolution Securities 0113 243 1619
Joanne Lake/Angus Gladish

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.

CHAIRMAN'S STATEMENT

The past year has been an extremely difficult one for the property and construction sector for a number of reasons, all which have been well publicised.

In the light of these market conditions, a profit before tax of £4.04m represents an acceptable outcome for Eatonfield, albeit this is largely due to revaluation gains on two key investment properties and not as a result of trading.

Towards the end of 2007, in order to address the slowdown in the residential market, we reduced our projected number of 'new builds'. No new residential developments are being commenced and we are building units only on those sites that were already under development. As a result, Eatonfield now has only three sites that are under construction and completion of these is scheduled for Q4 2008. We have reduced the size and cost base of our construction activities accordingly.

The outlook for the next 12 months and beyond remains uncertain and the senior management team has reduced operating and overhead costs during the year to allow for this. We continue to employ a stringent cash management regime and have the support of all six of our lenders at current debt levels. A loan of £750,000 has been received from our CEO and major shareholder, Rob Lloyd, which was approved by shareholders at the General Meeting held on 24 October 2008. The Board believes this cash injection will take the Group to the point where sufficient funds will be available from refinancing or property sales to generate positive trading cash flows for the Group.

At present, we do not anticipate any material improvement in the residential market before 2010/11. In the commercial market, we are working on the basis that further falls in value are likely before any recovery starts to materialise. The Board therefore remains focussed on generating, and conserving, cash through property sales and is unable to recommend the payment of a dividend at this time, but aims to return to its progressive dividend policy as soon as it is reasonable to do so.

There are exciting prospects for a number of our sites where planning applications have recently been submitted and which, when approved, are expected to materially increase the value of these properties. We are working closely with the relevant local authorities and interested parties to secure a positive planning response. We also continue to seek to add value to other properties by reappraising planning consents and changing the mix of intended uses to maximise the opportunity for returns on each site.

It is with regret that the board has accepted the resignation of Howard Jones, Group Finance Director, who has been approached to join a company with which he was previously associated. I would like to thank Howard for his help since he joined the Company. We are fortunate that our group financial accountant, who has been with us for four years, will provide consistency until a suitable replacement is found.

Considering my own position as Chairman of the Group, I have decided that the time is right, once the board has identified a suitable replacement, for me to retire. I have enjoyed being Chairman of the Group and I am confident that Eatonfield will again thrive when the market improves.

In these difficult times, it is even more important to have reliable and proactive advisers. I would like to convey thanks to Baker Tilly, Hammonds LLP, KPMG LLP and Evolution Securities Limited for the help and independent advice they have given. Events in recent months will be reviewed by economic historians in years to come as times of great and, in the main, unprecedented change and I thank the Eatonfield team for their continuing dedication and enthusiasm throughout this period.

Sir Leslie Young
Chairman

CHIEF EXECUTIVE'S REVIEW

The last 12 months have been a challenging time for Eatonfield and for the property sector generally, and we have had to adapt to a very different marketplace from the one existing at the time of my 2007 review.

The commercial market remains difficult. Valuations have fallen from their early 2007 peak and continue to do so. However, this also brings opportunities for off-market distressed purchases, one of our key strengths. We continue to explore potential joint ventures, profit share agreements and unassignable options as a lower risk way of gaining an entry to new projects and generating further profits. We are hopeful of a significant profit from two sites, Paignton and Ystalyfera, which are the subject of profit share agreements. These do not appear on our balance sheet and should be realised in the financial year to 30 June 2010. We are actively working on three brownfield regeneration sites, two of which, with the benefit of mixed use planning permission, should deliver significant added value by the summer of 2009.

The residential market has deteriorated significantly and sales have become sluggish. However, we continue to build a quality product, with a focus on quality ratings, for which we have won building control awards. Of late, we have seen even greater pricing pressure on residential properties, as a lack of mortgage availability makes it a buyer's market for those with funds, and demand for attractive sales incentives becomes the norm. We have taken prudent steps to dispose of inventory and reduce debt, the result of which, together with a significant write down of both finished housing and land, has resulted in lower year-end asset values.

We have a residential land bank spread over a number of sites, primarily in Wales, with existing planning permission for 530 plots and a further 1,287 potential plots which are currently going through the planning process. We retain the option of either developing some of those sites when the market improves or selling them off.

Eatonfield has six lenders, with just under half of its individual project-related loans maturing in over 12 month's time. Overdraft facilities have also been agreed through to September 2009 with our two main bankers. However, our expectation is that future debt costs will be at higher margins than those we currently enjoy, as base rates fall but bank margins increase. Our focus continues to be on cash generation and cost cutting in these uncertain times.

During the last few months, we have taken significant action to restructure our business and address the changing circumstances in which we operate. These include:

- the closure of three local offices
- relocation of our head office to smaller premises
- the reduction of overhead costs by approximately 25%
- a reduction in unconditional land acquisitions
- the cessation of speculative new house building
- building relationships with housing associations who continue to be buyers of land
- reappraising planning consents on existing owned assets to improve land values

It is with regret that Sir Leslie Young has decided to retire as Chairman of the Group in the near future. He has contributed enormously to the board and was fundamental to the success of Eatonfield's AIM listing in November 2006. His wisdom and experience have proven invaluable to me.

Whilst the outlook for the UK construction market remains uncertain, the team here at Eatonfield is well placed to maximise the profitable opportunities that exist, both from within our existing property portfolio and from new projects that we continue to identify and progress.

We are confident that having taken the actions described above, together with the skills and expertise that we have within our business, Eatonfield remains well positioned to take advantage of the property market as it starts to recover.

Rob Lloyd
Chief Executive

GROUP INCOME STATEMENT
For the year ended 30 June 2008

	Note	2008 £	2007 £
REVENUE		10,060,072	18,628,867
Direct costs		(11,987,657)	(11,272,103)
Inventory losses		(5,098,561)	-
Trading (loss)/profit		(7,026,146)	7,356,764
Investment property revaluation gains/(losses)		14,236,254	(5,000)
Administrative expenses		(2,469,879)	(1,974,311)
PROFIT FROM OPERATIONS		4,740,229	5,377,453
Profit/(loss) on disposal of plant and equipment		122	(7,243)
Share of result from joint venture		(153,078)	(7,087)
Finance income		66,703	103,251
Finance costs		(616,379)	(143,572)
PROFIT BEFORE TAXATION		4,037,597	5,322,802
Income tax expense		(1,157,083)	(1,692,921)
PROFIT FOR THE PERIOD		2,880,514	3,629,881
Profit attributable to equity holders of the parent company		2,880,514	3,629,881
Profit per share – basic (pence)	4	12.5	18.2
Profit per share – diluted (pence)	4	12.4	18.1

The results for the period are derived from continuing activities.

GROUP BALANCE SHEET As at 30 June 2008	2008 £	2007 £
ASSETS		
NON CURRENT ASSETS		
Goodwill	-	72,000
Property plant and equipment	1,019,825	1,070,975
Investment properties	19,755,000	200,317
Investment in joint venture:		
Share in joint venture	(160,165)	(7,087)
	20,614,660	1,336,205
CURRENT ASSETS		
Inventories	25,363,572	26,582,401
Taxation	860,350	-
Trade and other receivables	6,057,584	18,746,683
Cash and cash equivalents	1,734,697	1,045,717
	34,016,203	46,374,801
TOTAL ASSETS	54,630,863	47,711,006
EQUITY AND LIABILITIES		
EQUITY		
Issued capital	2,306,478	2,300,000
Share premium	8,218,939	8,182,018
Merger reserve	(1,499,000)	(1,499,000)
Share based payment reserve	15,859	14,221
Retained earnings	7,689,707	5,154,193
TOTAL EQUITY attributable to equity holders of the parent	16,731,983	14,151,432
NON CURRENT LIABILITIES		
Other liabilities	-	16,920
Deferred taxation	2,800,614	89,006
Obligations under finance leases	39,280	26,794
Financial liabilities	15,309,920	13,387,745
	18,149,814	13,520,465
CURRENT LIABILITIES		
Financial liabilities	16,740,001	15,834,758
Taxation	-	1,677,372
Trade and other payables	2,991,442	2,489,377
Obligations under finance leases	17,623	37,602
	19,749,066	20,039,109
TOTAL LIABILITIES	37,898,880	33,559,574
TOTAL EQUITY AND LIABILITIES	54,630,863	47,711,006

GROUP STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2008

	Issued capital	Share Premium	Merger reserve	Share based compensation	Retained earnings	Total Equity
	£	£	£	£	£	£
Balance at 1 July 2006	1,500,000	-	(1,499,000)	-	1,674,312	1,675,312
Profit for the period	-	-	-	-	3,629,881	3,629,881
Dividend paid	-	-	-	-	(150,000)	(150,000)
Issue of shares	800,000	8,182,018	-	-	-	8,982,018
Share based compensation	-	-	-	14,221	-	14,221
Balance as at 30 June 2007	2,300,000	8,182,018	(1,499,000)	14,221	5,154,193	14,151,432
Profit for the period	-	-	-	-	2,880,514	2,880,514
Dividend paid	-	-	-	-	(345,000)	(345,000)
Issue of shares	6,478	36,921	-	-	-	43,399
Share based compensation	-	-	-	1,638	-	1,638
Balance at 30 June 2008	2,306,478	8,218,939	(1,499,000)	15,859	7,689,707	16,731,983

Issued capital
The issued capital account includes the par value for all shares issued.

Share premium account
This comprises the premium over nominal value on issued shares. The use of this reserve is restricted by the Companies Act 1985.

Merger reserve
The Group reconstruction before flotation in 2006 was accounted for in accordance with the principles of merger accounting.

Share based compensation
This reflects the expected value to the company of options issued to date upon vesting

Eatonfield Group Plc
GROUP CASH FLOW STATEMENT
For the year ended 30 June 2008

	2008	2007
	£	£
Profit before taxation	4,037,597	5,322,802
Goodwill impairment	72,000	-
Net finance costs	549,676	40,321
(Profit)/loss on disposal of property, plant and equipment	(122)	7,243
Share of joint venture operating result	153,078	7,087
Share based compensation	1,638	14,221
Depreciation	85,719	76,621
Investment property revaluation (gains)/losses	(14,236,254)	5,000
Increase/(decrease) in inventories	1,218,829	(14,467,266)
Decrease/(increase) in trade and other receivables	12,497,694	(11,637,385)
Increase in trade and other payables	606,900	1,639,061
Net cash generated from/(used in) operations	4,986,755	(18,992,295)
Taxation	(913,547)	(1,112,395)
Cash generated from/(used in) operating activities	4,073,208	(20,104,690)
Investing activities		
Acquisition of investment properties	(5,308,429)	-
Acquisition of property, plant and equipment	(153,449)	(19,162)
Proceeds from the disposal of plant and equipment	109,002	215,070
Finance income received	66,703	103,251
Acquisition of subsidiary undertakings	-	(118,090)
Cash (used in)/from investing activities	(5,286,173)	181,069
Financing		
Equity dividends paid	(345,000)	(150,000)
Net proceeds from issue of ordinary shares	43,399	8,982,018
Net movement in short term borrowings	905,243	151,927
Net movement in long term borrowings	1,922,175	11,700,142
Finance costs paid	(616,379)	(143,572)
Repayment of finance leases	(7,493)	(29,657)
Cash generated from financing activities	1,901,945	20,510,858
Increase in cash and cash equivalents	688,980	587,237
Opening cash and cash equivalents	1,045,717	458,480
Closing cash and cash equivalents	1,734,697	1,045,717

1. GENERAL INFORMATION

The preliminary financial information does not constitute full accounts within the meaning of section 240 of the Companies Act 1985 but is derived from accounts for the years ended 30 June 2008 and 30 June 2007. These figures are audited. The preliminary announcement is prepared on the same basis as set out in the statutory accounts for the year ended 30 June 2008. The auditors have issued an audit report modified by the inclusion of an emphasis of matter paragraph which highlights the existence of a material uncertainty that casts doubt on the company's and group's ability to continue as a going concern. Their opinion is not qualified in this respect. Further information is disclosed in the going concern paragraph under significant accounting policies.

While the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), this announcement does not in itself contain sufficient information to comply with IFRS's.

Eatonfield Group plc is incorporated and domiciled in the United Kingdom.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared on the historic cost basis. The principal accounting policies adopted are set out below.

GOING CONCERN

The financial statements have been prepared on a going concern basis.

The Group has two overdraft facilities to be repaid by September 2009, although one of the facilities is reviewed on a quarterly basis, with the next review being 31 December 2008. Based on positive discussions with the related banker the board is satisfied that this facility will be renewed on 31 December 2008. In addition the Group has loan facilities secured on specific assets which are repayable at the earlier of the sale of the related asset or specified agreed terms.

However should any overdraft facility not be renewed or other loan facility becomes payable prior to the sale of the related asset, and in the absence of alternative funding sources, the Group would be required to dispose of assets to realise cash to meet its debts as they fall due. Given current market conditions there is a risk that the assets would take an extended period to realise cash which might also be less than their book values. As a result, should the Group be unable to repay their bank borrowings from asset sales or the refinancing of existing assets, a material uncertainty exists which casts doubt over the Group's ability to continue as a going concern.

The Directors have prepared projected cashflow information for the period ending 12 months from the date of approval of these financial statements. On the basis of these projections and the continuing support from our bankers, as detailed above, the directors expect that the Group will generate sufficient funds to meet its debts as they fall due for at least the next 12 months.

Focus on cash generation and cost cutting has been key in the last few months and will continue going forward. Support from our banks by way of overdraft facilities (in addition to existing approved loans), plus a loan from our CEO have been needed to secure the companies ongoing activities.

The Group was fully compliant with its financial covenants in respect of its bank overdrafts and loan facilities. However since the year end the Group has breached 1 covenant in relation to the submission of audited financial information and has obtained a waiver from the respective bank in relation to the breach.

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the accounts of Eatonfield Group Plc and its subsidiary undertakings Eatonfield Developments Ltd, Kingfisher Real Estate Limited, Eatonfield Asset Management Limited, Eatonfield Homes Limited and Eatonfield Group Limited up to 30 June 2008.

REVENUE

The revenue shown in the Income Statement represents amounts receivable during the period, exclusive of Value Added Tax. Revenue is measured at the fair value of amounts received or receivable during the period exclusive of value added tax.

REVENUE RECOGNITION

Revenue is recognised on house sales at the date of legal completion. Revenue is recognised on land and commercial property sales from the date of both parties having signed and exchanged an unconditional contract, and the buyer has confirmed it has funds to complete the transaction.

FINANCE COSTS

Finance costs in relation to borrowed funds used to purchase development property currently held are capitalised. Finance costs are loan interest and associated bank charges. The amount of finance costs capitalised during the year was £998,749 (2007: £1,010,713).

CAPITALISATION OF INTEREST

Interest is calculated on the development expenditure by reference to specific borrowings and is capitalised until the date the asset is ready for sale. Capitalisation of interest will cease should there be a material pause in work being carried out on an asset between the date of the granting of detailed planning permission and the date the asset is ready for sale.

GOODWILL

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition.

Goodwill on acquisition of subsidiaries is separately disclosed.

Goodwill is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

Goodwill is allocated to cash generating units for the purpose of impairment testing. Each of these cash generating units represents the Group's investment by primary reporting segment.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising on the acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date.

PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment are initially recorded at cost. Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Freehold property	-	4% straight line
Plant, machinery and equipment	-	25% - 33% straight line
Fixtures and fittings	-	25% reducing balance
Motor vehicles	-	25% reducing balance

Residual value and estimating remaining lives are reviewed annually.

IMPAIRMENT

At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

INVESTMENT PROPERTIES

Investment properties, being freehold and leasehold properties held for capital appreciation and/or to earn rental income, are carried at fair value following initial recognition at the present value of the consideration payable. To establish fair value, investment properties are independently valued on an open market basis. Any surplus or deficit arising is recognised in the income statement for the period.

Once classified as an investment property, a property remains in this category until development with a view to sale is authorised, at which point the asset is transferred to inventory at its current valuation.

Where an investment property is being redeveloped for continued use as an investment property, the property remains within investment property and any movement in valuation is recognised in the income statement.

INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Costs include, where appropriate, attributable overheads and financing. The cost of properties in the course of development includes attributable loan interest and other outgoings having regard to the development potential of the property. Interest is calculated on the development expenditure by reference to specific borrowings and is capitalised until the date the asset is ready for sale. A property ceases to be treated as a development on practical completion, which is evidenced by the receipt of the final signed building control certificate for the site. Capitalisation of interest will cease should there be a material pause in work being carried out on an asset between the date of the granting of detailed planning permission and the date the asset is ready for sale.

LEASING COMMITMENTS

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased item or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

DEFERRED TAXATION

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity. The tax rates applied are those that have been enacted or substantively enacted at the balance sheet date, in line with IAS 12.

SHARE-BASED COMPENSATION

The Group operates an equity-settled, share based compensation plan. The fair value of the employee services received in exchange for the grant of options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and growth targets). Non-market vesting conditions are included in the assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the Income Statement, and a corresponding adjustment to reserves over the remaining vesting period.

The proceeds received net of any attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the balance sheet when the Group has become party to the contractual provisions of the instrument.

FINANCIAL LIABILITIES
The Group's principal financial liabilities comprise of trade payables and other payables, bank loans and overdrafts.

The Group's financial liabilities fall to be categorised as "Other Liabilities" in accordance with IAS 39. They are initially measured at fair value net of transaction costs and are subsequently measured at amortised costs. Finance costs including premiums payable on settlement or redemption are allocated over the term of the instrument by applying a constant rate of return on the outstanding carrying amount of the instrument. Finance costs are either capitalised as part of the cost of a qualifying asset or expensed to the income statement in accordance with the policy set out above.

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

An instrument will be classified as a financial liability when there is a contractual obligation to deliver cash or another financial asset to another enterprise.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Interest-bearing bank loans and overdrafts are initially recorded at fair value, which represents the fair value of the consideration received, net of any issue costs associated with other borrowings. Borrowings are subsequently stated at amortised cost.

Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

FINANCIAL ASSETS
The Group's principal financial assets comprise of trade and other receivables and cash and cash equivalents which fall to be categorised as "loans and receivables" in accordance with IAS 39.

Trade and other receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. If applicable we would provide for impairment in the income statement.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand, deposits on call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are disclosed within borrowings in current liabilities on the balance sheet.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money.

DERECOGNITION OF FINANCIAL INSTRUMENTS

The derecognition of financial instruments takes place when the Group no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all of the cash flows attributable to the instrument are passed through to an independent third party.

JOINT VENTURES

Interests in joint ventures are recognised using the equity method of accounting. Under this method, the interest in the joint venture is carried in the Balance Sheet at cost plus post-acquisition changes in the group's share of its net assets, less distributions received and less any impairment in value of individual investments. The income statement reflects the group's share of the jointly controlled entities result after tax.

Financial statements of the jointly controlled entity are prepared for year ending 30 June 2008. Where necessary adjustment are made to bring the accounting policies used into line with those of the group.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial information in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results which form the basis of making the judgments about carrying values of assets and liabilities that are both readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The only item of significant estimate is Inventory where the directors review carrying values to ensure they are less than anticipated realizable value. Loans are verified with the lenders and Investment properties are valued by an independent third party.

INTERPRETATIONS AND STANDARDS WHICH BECAME EFFECTIVE DURING THE YEAR

IFRS 7 Financial Instruments: Disclosures became effective for accounting periods commencing on or after 1 January 2007. The Group has adopted IFRS 7 accordingly. The accounting policy amendment affects disclosure only and has no material impact on the current or preceding periods' financial position and performance.

IFRS 8 Operating Segments became effective for accounting periods commencing on or after 1 January 2007. The Group has adopted IFRS 8 accordingly. The accounting policy amendment affects disclosure only and has no material impact on the current or preceding periods' financial position and performance.

INTERPRETATIONS AND STANDARDS ISSUED BUT NOT YET EFFECTIVE

At the date of the authorization of the financial information the following standards and interpretations, which have not been applied in the financial information, were in issue but not yet effective:

IFRIC 10	Interim financial reporting and impairment
IFRIC 11	Group and treasury share transactions
IFRIC 12	Service concession arrangements
IFRIC 13	Customer loyalty programs
IFRIC 14	Limit on a Defined Benefit Asset, Minimum Funding Requirement and their Interaction
IFRIC 15	Agreements for the construction of Real Estate
IFRIC 16	Hedges of a Net Investment in a Foreign Operation
IAS 27	Amendment: Consolidated and Separate Financial Statements
IFRS 2	Amendment: Share based payment

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact of the financial information when the relevant standards and interpretations come into effect.

3. SEGMENTAL REPORTING

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

4. EARNINGS PER SHARE

Earnings and the number of shares used in the calculations of earnings per share are set out below:

	2008	2007
	£	£
Profit for the period	2,880,514	3,629,881
	No.	No.
Weighted average number of shares in issue:		
For basic earnings per share	23,051,820	19,945,055
Exercise of share options	93,369	75,115
For fully diluted earnings per ordinary share	23,145,189	20,020,170
Earnings per share:		
Basic	12.50	18.20
Diluted	12.45	18.13

5. TRANSITION FROM UK GAAP TO IFRS

For all periods up to and including the year ended 30 June 2007 the Group prepared its financial statements in accordance with United Kingdom Generally Accepted Accounting Practices (UK GAAP).

In preparing the financial statements for the year ended 30 June 2008, the Group has started from an opening balance sheet as at 1 July 2006, the Group's date of transition to IFRS, and applied those changes in accounting policies and other restatements required by IFRS.

IFRS 1 allows first time adopters certain exemptions from the general requirements to retrospectively apply IFRS as effective for the year ended 30 June 2006. The optional exemptions taken by the Group are as follows:

(a) Business combinations exemption

Business combinations prior to 30 June 2006, the Group's date of transition to IFRS have not been restated to comply with IFRS 3 'Business Combinations'. Consequently goodwill arising on business combinations before transition date remains at its previous UK GAAP carrying value as at the date of transition.

(b) Share based payment transactions

Only share based payment arrangements granted after 7 November 2002 that had not vested prior to 1 July 2006 are recognised in the financial statements.

Eatonfield Group Plc has applied the following mandatory exemptions from retrospective application:

(a) Estimates exemption

Estimates under IFRS at 30 June 2006 should be consistent with estimates made for the same date under previous UK GAAP, unless there is evidence that those estimates were in error.

(b) Assets held for sale and discontinued operations exception

Management applies IFRS 5 prospectively from 1 July 2007.
Any assets held for sale or discontinued operations are recognised in accordance with IFRS 5 only from 1 July 2007.

(c) Derecognition of financial assets and liabilities exception

Financial assets and liabilities derecognised before 30 June 2006 are not re-recognised under IFRS.

The principal effects identified on adoption of IFRS are discussed below:

Goodwill
IFRS 3 'Business Combinations', IAS 36 'Impairment of Assets' and IAS 38 'Intangible Assets' resulted in a change to the carrying values of Goodwill.

- Until 30 June 2006, goodwill was amortised on a straight line basis over a period of up to 10 years from the year of acquisition and assessed for an indication of impairment at each balance sheet date.
- From 1 July 2006 onwards, under IAS 38, goodwill is no longer amortised and, instead, is assessed annually for impairment. As a result of this change, the goodwill has been increased by £8,000.

Investment Properties
IAS 40 'Accounting for Investment Properties' has resulted in a change to accounting for surpluses on revaluation of certain properties.

- Until 30 June 2006 these properties were revalued at the balance sheet date and the surplus or deficit on revaluation taken to reserves, unless the deficit was below original cost or the reversal on an individual property was expected to be permanent, in which case it was recognised in the profit and loss for the year.
- From 1 July 2006 onwards, under IFRS at each reporting date the investment properties are re-valued to their fair values based on a professional valuation. Gains or losses arising from changes in fair value of investment properties are included in the income statement for the period in which they arise.

Taxation
IAS 12 "Taxation" has resulted in a change to accounting for deferred taxation.

- Until 30 June 2006 provision was made for tax on gains arising from the revaluation (and similar fair value adjustments) of non current assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However no provision is made where, on the basis of all the available evidence at the balance sheet date, it is more likely or not that the taxable gain will be rolled over into replacement assets and charged tax only where the replacement assets are sold.
- From 1 July 2006 IAS 12 requires full provision to be made for the deferred tax on revaluation gains or losses of investment properties at the tax rate estimated at the point of realisation. A tax charge therefore arises in the Consolidated Income Statement if a revaluation surplus occurs, the corresponding entry being a deferred tax liability in the balance sheet. Under IAS 12 the provision for deferred tax will take no account of indexation allowances afforded under UK taxation law, the tax provided is not a calculation of potential capital gains tax liability.

Capitalisation of interest
IAS23 "Capitalisation of interest" has resulted in a change to accounting for the capitalisation of interest.

- Until 30 June 2006 borrowing costs were capitalised up to the date of formal completion.
- From 1 July 2006 borrowing costs are now only capitalised to the date the asset is ready for sale with any subsequent interest costs being charged to the income statement in the period in which they occur.

Reconciliations between IFRS and UK GAAP

The following reconciliations provide a quantification of the effect of the transition to IFRS. The first reconciliation provides an overview of the impact on equity of the transition at 1 July 2006. The following reconciliations provide details of the impact of the transition on:

(a) Net income for the year ended 30 June 2007
(b) Equity at 30 June 2007
(c) Balance sheets as at 30 June 2007 & 1 July 2006

a) Reconciliation of profit for the year ended 30 June 2007

	Year ended 30-J £
Profit after tax under UK GAAP	3,409,867
Capitalisation of interest	161,014
Amortisation of goodwill	8,000
Realisation of revaluation deficit	(5,000)
Provision for deferred taxation	56,000
Profit after tax under IFRS	3,629,881

Reconciliation of equity as at 30 June 2007

	As at 30-J £
Total equity under UK GAAP	13,931,576
Amortisation of goodwill	8,000
Realisation of revaluation deficit	(2,000)
Capitalisation of interest	302,862
Provision for deferred taxation	(89,006)
Total equity under IFRS	14,151,432

Reconciliation of income statement for the year ended 30 June 2007

	UK GAAP	IAS 38 Note 1	IAS 40 Note 2	IAS23 Note 3	IAS 12 Note 4	IFRS
	£	£	£	£	£	£
REVENUE	18,628,867	-	-	-	-	18,628,867
Direct costs	(11,502,123)	-	-	230,020	-	(11,272,103)
Trading profit	7,126,744	-	-	230,020	-	7,356,764
Investment property revaluation	-	-	(5,000)	-	-	(5,000)
Administration expenses	(1,982,311)	8,000	-	-	-	(1,974,311)
PROFIT FROM OPERATIONS	5,144,433	8,000	(5,000)	230,020	-	5,377,453
Profit on disposal of property, plant and equipment	(7,243)	-	-	-	-	(7,243)
Share of result from joint venture	(7,087)	-	-	-	-	(7,087)
Finance Income	103,251	-	-	-	-	103,251
Finance Costs	(143,572)	-	-	-	-	(143,572)
PROFIT BEFORE TAXATION	5,089,782	8,000	(5,000)	230,020	-	5,322,802
Income tax expense	(1,679,915)	-	-	(69,006)	56,000	(1,692,921)
PROFIT FOR THE PERIOD	3,409,867	8,000	(5,000)	161,014	56,000	3,629,881

Reconciliation of balance sheet as at 30 June 2007

	UK GAAP	IAS 38 Note 1	IAS 40 Note 2	IAS23 Note 3	IAS 12 Note 4	IFRS
	£	£	£	£	£	£
ASSETS						
NON CURRENT ASSETS						
Goodwill	64,000	8,000	-	-	-	72,000
Property, Plant and equipment	1,070,975	-	-	-	-	1,070,975
Investment properties	200,317	-	-	-	-	200,317
Investment in joint ventures						
Share in joint venture	(7,087)	-	-	-	-	(7,087)
	1,328,205	8,000	-	-	-	1,336,205
CURRENT ASSETS						
Inventories	26,582,401	-	-	-	-	26,582,401
Amounts owed by joint ventures	-	-	-	-	-	-
Trade and other receivables	18,746,683	-	-	-	-	18,746,683
Cash and cash equivalents	1,045,717	-	-	-	-	1,045,717
	46,374,801	-	-	-	-	46,374,801
TOTAL ASSETS	47,703,006	8,000	-	-	-	47,711,006
EQUITY AND LIABILITIES						
EQUITY						
Issued capital	2,300,000	-	-	-	-	2,300,000
Share premium account	8,182,018	-	-	-	-	8,182,018
Merger reserve	(1,499,000)	-	-	-	-	(1,499,000)
Share based payment reserve	14,221	-	-	-	-	14,221
Retained earnings	4,934,337	8,000	(2,000)	302,862	(89,006)	5,154,193
TOTAL EQUITY	13,931,576	8,000	(2,000)	302,862	(89,006)	14,151,432
NON CURRENT LIABILITIES						
Provisions	16,920	-	-	-	-	16,920
Deferred taxation	-	-	-	-	89,006	89,006
Finance lease obligations	26,794	-	-	-	-	26,794
Financial liabilities	13,387,745	-	-	-	-	13,387,745
	13,431,459	-	-	-	89,006	13,520,465
CURRENT LIABILITIES						
Financial liabilities	15,834,758	-	-	-	-	15,834,758
Taxation	1,677,372	-	-	-	-	1,677,372
Trade payables	793,291	-	-	-	-	793,291
Other payables	1,996,948	-	2,000	(302,862)	-	1,696,086
Finance lease obligations	37,602	-	-	-	-	37,602
	20,339,971	-	2,000	(302,862)	-	20,039,109
TOTAL LIABILITIES	33,771,430	-	2,000	(302,862)	89,006	33,559,574
TOTAL EQUITY AND LIABILITIES	47,703,006	8,000	-	-	-	47,711,006

Reconciliation of balance sheet as at 1 July 2006 (date of transition to IFRS)

	UK GAAP	IAS 23 Note 3	IAS 40 Note 2	IAS 12 Note 4	IFRS
	£	£	£	£	£
ASSETS					
NON CURRENT ASSETS					
Goodwill	72,000	-	-	-	72,000
Property, Plant and equipment	1,564,022	-	(424,275)	-	1,139,747
Investment properties	-	-	424,275	-	424,275
	1,636,022	-	-	-	1,636,022
CURRENT ASSETS					
Inventories	12,115,135	-	-	-	12,115,135
Trade and other receivables	7,109,298	-	-	-	7,109,298
Cash and cash equivalents	458,480	-	-	-	458,480
	19,682,913	-	-	-	19,682,913
TOTAL ASSETS	21,318,935	-	-	-	21,318,935
EQUITY AND LIABILITIES					
EQUITY					
Issued capital	1,500,000	-	-	-	1,500,000
Revaluation reserve	183,958	-	(183,958)	-	-
Merger reserve	(1,499,000)	-	-	-	(1,499,000)
Retained Earnings	1,494,471	51,883	183,958	(56,000)	1,674,312
TOTAL EQUITY	1,679,429	51,883	-	(56,000)	1,675,312
NON CURRENT LIABILITIES					
Provisions	16,920	-	-	-	16,920
Deferred taxation	-	20,000	-	56,000	76,000
Finance lease obligations	64,396	-	-	-	64,396
Financial liabilities	1,687,603	-	-	-	1,687,603
	1,768,919	20,000	-	56,000	1,844,919
CURRENT LIABILITIES					
Financial liabilities	15,682,831	-	-	-	15,682,831
Taxation	1,342,834	-	-	-	1,342,834
Trade payables	342,588	-	-	-	342,588
Other payables	472,677	(71,883)	-	-	400,794
Finance lease obligations	29,657	-	-	-	29,657
	17,870,587	(71,883)	-	-	17,798,704
TOTAL LIABILITIES	19,639,506	(51,883)	-	56,000	19,643,623
TOTAL EQUITY AND LIABILITIES	21,318,935	-	-	-	21,318,935

6. BASIS OF THE PRELIMINARY ANNOUNCEMENT

The board of directors of Eatonfield Group plc approved the Preliminary Results on 10 November 2008.

The statutory accounts for the year ended 30 June 2008 will be delivered to the Registrar of Companies following the Annual General Meeting. The statutory accounts will be posted to shareholders in due course. Further copies will be available to the public, free of charge, at the company's registered office, Eatonfield House, 4 Mold Business Park, Wrexham Road, Mold CH7 1XP and the Company's website at www.eatonfield.com