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Eatonfield Group plc
31 March 2011

FOR IMMEDIATE RELEASE **31 March 2011**

Eatonfield Group plc

("Eatonfield" or "the Group")

Unaudited Interim Results for the six months ended 31 December 2010

Eatonfield Group plc (AIM: EFD), the commercial property company and house builder announces its unaudited interim results for the six months ended 31 December 2010.

SUMMARY

- Revenue £3.26 million (Dec 2009: £2.71 million)
- Trading loss £0.20 million (Dec 2009: £2.96 million loss)
- Loss for the period £2.36 million (Dec 2009: £5.10 million)
- Net debt £26.9 million (2009: £25.3 million: 30 June 2010: £26.8 million)
- Board seeking imminent conclusion of negotiations with the Group's banks for the proposed sale of the Welsh land portfolio
- Sufficient working capital to fund the Group until mid April 2011

For further information, please contact:

Eatonfield Group plc
Brian Corfe (Executive Chairman) Tel: (+44) (0)1829 261 910
Rob Lloyd (Group Chief Executive)
Duncan Syers (Group Finance Director)

Evolution Securities
Joanne Lake/Peter Steel Tel: (+44) (0)113 243 1619

Optiva Securities Limited
Jeremy King Tel: (+44) (0)203 137 1904

Threadneedle Communications
Graham Herring/John Coles Tel: (+44) (0)207 653 9850

Chairman's Statement

During the period the Group generated turnover of £3.3 million, an increase of some 22% on the same period last year. Of this, £2.6 million was generated under contract from the construction and sale of new housing to a combination of the affordable housing sector and a private developer. A further £0.3 million was realised from the sale of part of the Group's commercial property portfolio in Driffield, Yorkshire and £0.4 million from the speculative sale of three apartments at the Groups development in Buckley, North Wales.

Whilst this turnover produced a gross profit of some 14%, a £0.7 million inventory write down resulted in a trading loss of £0.2 million being incurred (2009: £3 million).

Administration costs for the period were £1.43 million (2009: £1.47 million). Of this, £0.5 million related to the (non-recurring) write off of some trade receivables. By way of comparison, during the same period last year administrative costs included some £0.2 million of non-recurring legal and professional fees. The Group's underlying recurring staff costs fell from £0.56 million to £0.51 million (2008: £0.71 million).

Our joint venture with Jenard Properties Limited incurred losses of £60,000 (2009: £0.66 million) as a result of ongoing running costs and loan interest.

Finance costs in the period amounted to £0.68 million (2009: £1.17 million). The comparable 2009 figure of £1.17m included a non-recurring charge of £0.79 million reflecting the cost attributable to the issue of share warrants to one of the Group's banks.

Net debt at 31 December 2010 amounted to £26.9 million (2009: £25.3 million). At 30 June 2010, net debt stood at £26.8 million. Whilst the Group achieved a reduction in bank debt from the sale of its apartments in Buckley, the commercial property sale in Driffield and the use of some of the profits arising on one of its affordable housing contracts to partially repay a related loan, this was collectively more than offset by expenditure on overheads and interest costs.

On 15 March 2011, the Board made the latest in a series of announcements regarding Eatonfield's working capital position and in respect of negotiations for the sale of the Group's Welsh land portfolio and agreement of related follow-on house building contracts.

The Board announces that in lieu of the previously notified short-term loan secured over an unencumbered property, the Group has now sold the property in question for £52,000. The Group continues to defer payments of amounts due to certain of its senior lenders and trade creditors. The Group is also seeking to exchange contracts imminently on the sale of one of its land assets, which is expected to generate additional cash for the Group. On the basis that (i) the relevant lenders do not demand payment in the short-term and that Eatonfield continues to receive their support; and (ii) exchange of contracts takes place on the aforementioned land sale in accordance with the Board's expectations, the Board believes that the Group now has sufficient working capital through to mid April 2011.

The Board continues to negotiate with the Group's bankers with a view to procuring their consent to the proposed sale of the Welsh land portfolio. The Board is seeking to conclude these negotiations within the next two weeks, following which we plan to begin raising further equity. The Board also confirms that all the Group's existing bank facilities remain available at the date of this announcement.

Brian Corfe
Executive Chairman
31 March 2011

Eatonfield Group plc **Consolidated Statement of Comprehensive Income**	6 Months ended 31-Dec-10 Unaudited £	6 Months ended 31-Dec-09 Unaudited £	Year ended 30-Jun-10 Audited £
Revenue	3,261,898	2,710,062	5,710,359
Direct costs	(2,782,797)	(2,479,099)	(6,857,461)
Foreseeable losses on inventory and assets held for resale	(679,513)	(3,195,623)	(8,538,421)
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Trading loss	(200,412)	(2,964,660)	(9,685,523)

Investment property revaluation losses		-	(226,625)	-
Administration expenses		(1,434,709)	(1,471,897)	(2,872,461)
		----------------	----------------	----------------
Loss from operations		(1,635,121)	(4,663,182)	(12,557,984)
Loss on disposal of plant and equipment		(5,766)	-	-
Share of result from joint venture		(56,149)	(655,127)	(828,308)
Finance income		825	530	754
Other operating income		-	8,603	18,532
Finance costs		(682,991)	(1,173,964)	(2,067,993)
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Loss before taxation		(2,379,202)	(6,483,140)	(15,434,999)
Income tax credit		18,143	1,383,990	1,622,994
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Total comprehensive loss for the period		(2,361,059)	(5,099,150)	(13,812,005)
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Loss attributable to:				
Owners of the parent company		(2,361,059)	(5,099,150)	(12,723,005)
Non-controlling interests		-	-	(1,089,000)
Loss attributable to equity holders of the parent company:				
Loss per share - basic (p)	3	(0.67)	(7.19)	(7.63)
Loss per share - diluted (p)	3	(0.67)	(7.19)	(7.63)

The results for the period are derived from continuing activities.

Eatonfield Group plc
Consolidated Statement of Financial Position
As at 31 December 2010

		31-Dec-10	31-Dec-09	30-Jun-10
		Unaudited	Unaudited	Audited
		£	£	£
Assets				
Non Current Assets				
Property, plant and equipment		69,289	47,737	41,485
Investment properties		-	5,114,954	-
Investment in joint ventures				
Share in joint venture		(1,099,807)	(870,476)	(1,043,658)
		----------------	----------------	----------------
		(1,030,518)	4,292,215	(1,002,173)
Current Assets				
Inventories		33,908,406	16,653,699	15,271,890
Assets held for resale		-	19,206,999	19,931,493
Trade and other receivables		5,763,459	5,885,430	6,779,511
Cash and cash equivalents		394,738	3,521,356	1,393,481
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		40,066,603	45,267,484	43,376,375
		----------------	----------------	----------------
Total Assets		39,036,085	49,559,699	42,374,202
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Equity and liabilities				
Equity				
Issued capital	2	5,635,700	4,429,678	5,635,700

Share premium	15,627,669	15,625,070	15,627,669
Merger reserve	(1,499,000)	(1,499,000)	(1,499,000)
Share based payment reserve	1,103,590	1,170,269	1,103,590
Retained earnings	(11,746,912)	(1,761,998)	(9,385,853)
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Total equity attributable to equity holders of the parent	9,121,047	17,964,019	11,482,106
Non controlling interests	(1,089,000)	-	(1,089,000)
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Total equity	8,032,047	17,964,019	10,393,106
Non current liabilities			
Provision for deferred tax	-	350,000	-
Obligations under finance leases	41,890	-	-
Other liabilities	-	400,000	-
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	41,890	750,000	-
Current liabilities			
Financial liabilities	27,277,917	28,801,528	28,139,933
Trade and other payables	3,663,958	2,010,262	3,815,373
Obligations under finance leases	20,273	33,890	25,790
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	30,962,148	30,845,680	31,981,096
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Total liabilities	31,004,038	31,595,680	31,981,096
Total equity and liabilities	39,036,085	49,559,699	42,374,202
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Eatonfield Group plc
Consolidated Statement of Cash Flows
For the period to 31 December 2010

	6 Months ended 31-Dec-10 Unaudited £	6 Months ended 31-Dec-09 Unaudited £	Year ended 30-Jun-10 Audited £
Loss before taxation	(2,379,202)	(6,483,140)	(15,434,999)
Net finance costs	682,166	1,173,434	2,067,240
Loss on disposal of property, plant and equipment	5,766	-	-
Share of joint venture operating result	56,149	655,127	828,308
Share based compensation	-	-	35,000
Depreciation	8,035	10,267	16,519
Investment property revaluation losses	-	226,625	-
Decrease in inventories and assets for resale	1,294,976	1,422,850	7,492,773
Decrease / (increase) in trade and other receivables	1,034,194	(619,371)	(1,660,701)
(Decrease) / increase in trade and other payables	(214,644)	587,236	2,030,382
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Cash generated from / (used in) operations	487,440	(3,026,972)	(4,625,478)
Taxation	-	21,991	-
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Cash generated from / (used in) operating activities	487,440	(3,004,981)	(4,625,478)
Investing activities			
Increase in investment properties	-	(34,953)	(105,982)
Acquisition of property, plant and equipment	-	(818)	(818)

Proceeds from the disposal of property, plant and equipment	25,000	-	-
Finance income received	825	530	754
Cash generated from / (used) in investing activities	25,825	(35,241)	(106,046)
Financing			
Net proceeds from the issue of ordinary shares	-	6,825,831	7,935,501
Net movement in short term borrowings	(862,016)	(559,521)	(1,221,116)
Net movement in long term borrowings	-	(1,123,570)	(1,123,570)
Finance costs paid	(619,134)	(388,438)	(1,264,986)
Repayment of finance leases	(30,858)	(8,100)	(16,200)
Cash (used in) / from financing	(1,512,008)	4,746,202	4,309,629
(Decrease) / increase in cash and cash equivalents	(998,743)	1,705,980	(421,895)
Opening cash and cash equivalents	1,393,481	1,815,376	1,815,376
Closing cash and cash equivalents	394,738	3,521,356	1,393,481

Eatonfield Group plc
Consolidated Statement of Changes in Equity
As at 31 December 2010

	Issued capital £	Share premium £	Merger reserve £	Share based payment reserve £	Retained earnings £	Non controlling interests £	Total equity £
Balance at 1 July 2009	2,306,478	8,218,939	(1,499,000)	-	3,337,152	-	12,363,569
Loss for the period	-	-	-	-	(5,099,150)	-	(5,099,150)
Share based compensation	-	(326,500)	-	1,170,269	-	-	843,769
Issue of shares	2,123,200	7,732,631	-	-	-	-	9,855,831
Balance as at 31 December 2009	4,429,678	15,625,070	(1,499,000)	1,170,269	(1,761,998)	-	17,964,019
Loss for the period	-	-	-	-	(7,623,855)	(1,089,000)	(8,712,855)
Share based compensation	-	(50)	-	(66,679)	-	-	(66,729)
Issue of shares	1,206,022	2,649	-	-	-	-	1,208,671
As at 1 July 2010	5,635,700	15,627,669	(1,499,000)	1,103,590	(9,385,853)	(1,089,000)	10,393,106
Loss for the period	-	-	-	-	(2,361,059)	-	(2,361,059)
Balance at 31 December 2010	5,635,700	15,627,669	(1,499,000)	1,103,590	(11,746,912)	(1,089,000)	8,032,047

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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 2006.

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 share options and warrants issued to date upon vesting for the period to 31 December 2010.

Notes to the Interim Financial Statements

1. Accounting policies and basis of preparation

These interim financial statements do not constitute statutory accounts as defined by section 434 of the Companies Act 2006 and are unreviewed and unaudited. They do not therefore include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 30 June 2010, which have been prepared in accordance with IFRSs as adopted by the European Union.

The Group's statutory accounts for the year ended 30 June 2010 have been delivered to the Registrar of Companies. The report of the auditors thereon contained a disclaimer of view which is reproduced below:

*"**Opinion: disclaimer on view given by the financial statements***
In forming our opinion on the financial statements, we have considered the adequacy of the disclosures made in the accounting policies to the financial statements concerning the following matters:

- *The successful outcome of the group negotiating an extension of its current facilities with certain of its banks;*
- *The renewal of the group's facility with The Royal Bank of Scotland plc is dependent on the group securing the sale of certain of the group's land bank and agreement from the other banks that they are willing to consent for The Royal Bank of Scotland plc to obtain a floating charge over all the group's assets;*
- *The renewal of the group's facility with Allied Irish Bank plc on similar lines to the one to be agreed with The Royal Bank of Scotland plc;*
- *The uncertainty as to the ability of the company being able to obtain further equity investment to ensure adequacy of working capital.*

The disclosures indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern. Because of the potential significance, to the financial statements, of the combined effect of the four matters referred to in the paragraph above, we are unable to form an opinion as to whether:

- *the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2010 and of the group's loss for the year then ended;*
- *the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;*
- *the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and*
- *the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.*

Opinion on other matters prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements."

The Group has not applied IAS 34, Interim Financial Reporting, which is not mandatory for UK Groups, in the preparation of these interim financial statements.

The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Estimates and judgements are continually evaluated and are based on historical experience and other factors, such as expectations of future events and are believed to be reasonable under the circumstances. Actual results may differ from these estimates. In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the audited consolidated financial statements for the year ended 30 June 2010.

The interim financial information has been prepared using the same accounting policies and estimation techniques as will be adopted in the Group financial statements for the year ending 30 June 2011. The Group financial statements for the year ended 30 June 2010 were prepared under International Financial Reporting Standards.

These interim financial statements have been prepared on a consistent basis.

Going Concern

These accounts have been prepared on a going concern basis.

The Board continue to negotiate with the Group's bankers with a view to procuring their consent to the proposed sale of the Welsh land portfolio. The Board is seeking to conclude these negotiations within the next two weeks, following which we plan to begin raising further equity.

2. Analysis of the changes in Share Capital

		6 Months ended 31-Dec-10 Unaudited		6 Months ended 31-Dec-09 Unaudited		Year ended 30-Jun-10 Audited
	No of shares	£	No of shares	£	No of shares	£
Authorised:						
0.1p Ordinary shares	389,267,025	389,267	-	-	-	-
0.9p Def A shares	389,267,025	3,503,403	-	-	-	-
1.0p Ordinary shares	-	-	389,267,025	3,892,670	389,267,025	3,892,670
9.0p Def B shares	23,414,775	2,107,330	23,414,775	2,107,330	23,414,775	2,107,330
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		6,000,000		6,000,000		6,000,000
Allotted, called up and fully paid:						
Ordinary shares of 10p						
At the beginning of the period/year	-	-	23,064,775	2,306,478	23,064,775	2,306,478
Issued in the period	-	-	350,000	35,000	350,000	35,000
Capital reorganisation	-	-	(23,414,775)	(2,341,478)	(23,414,775)	(2,341,478)
As at end of the period/year	-	-	-	-	-	-
Ordinary shares of 1p						
At the beginning of the period/year	352,836,925	3,528,370	-	-	-	-
Capital reorganisation	(352,836,925)	(3,528,370)	23,414,775	234,148	23,414,775	234,148
Issued in the period	-	-	208,820,000	2,088,200	329,422,150	3,294,222
As at end of the period/year	-	-	232,234,775	2,322,348	352,836,925	3,528,370
Ordinary shares of 0.1p						
At the beginning of the period/year	-	-	-	-	-	-
Capital reorganisation	352,836,925	352,837	-	-	-	-
As at end of the period/year	352,836,925	352,837	-	-	-	-
Def A shares of 0.9p						
At the beginning of the period/year	-	-	-	-	-	-
Capital reorganisation	352,836,925	3,175,533	-	-	-	-
As at end of the period/year	352,836,925	3,175,533	-	-	-	-
Def B shares of 9p						
At the beginning of the period/year	23,414,775	2,107,330	-	-	-	-
Capital reorganisation	-	-	23,414,775	2,107,330	23,414,775	2,107,330
As at end of the period/year	23,414,775	2,107,330	23,414,775	2,107,330	23,414,775	2,107,330
		5,635,700		4,429,678		5,635,700

During the latter part of 2010 the Company's Existing Ordinary Share price fell below its then nominal value of one penny per share. Then, as now, the Board wished to leave open the possibility of raising additional equity. However, as Company law prohibits the issue of shares at a price below their nominal value a Share Capital Reorganisation was necessary in order to facilitate an issue of New Ordinary Shares in the future.

This Capital Reorganisation was undertaken on 18 October 2010. As a result, each Existing Ordinary Share wassub-divided and converted into one New Ordinary Share of 0.1 pence and one Deferred A Share of 0.9 pence. Further, the Existing Deferred Shares were reclassified into Deferred B Shares.

Each New Ordinary Share has the same rights (including voting and dividend rights and rights on a return of capital) as each Existing Ordinary Share had prior to the Capital Reorganisation. Certificates for Existing Ordinary Shares remain valid for the same number of New Ordinary Shares arising on the Capital Reorganisation and no new certificates were issued nor were CREST accounts credited in respect of the New Ordinary Shares arising as a result of the Capital Reorganisation.

The Deferred A Shares, created on the Capital Reorganisation have the same rights as the Existing Deferred Shares. That is, they have no voting or dividend rights and on a return of capital, have the right to receive the amount paid up thereon only after the holders of the New Ordinary Shares have received, in aggregate the amount paid thereon, together with the sum of £10,000,000 per New Ordinary Share.

No share certificates were issued in respect of the Deferred A Shares, nor were CREST accounts
of Shareholders credited in respect of any entitlement to Deferred A Shares, nor were they admitted to trading on AIM or any other investment exchange. The rights of the Existing Deferred
Shares, which were reclassified as Deferred B Shares following the Capital Reorganisation, remain unchanged. At the time of the Reorganisation there were no immediate plans for the Company to purchase or to cancel the Deferred A Shares or Deferred B Shares, although the Directors proposed to keep the situation under review.

The effect of the Capital Reorganisation means that each New Ordinary Share has a nominal value of 0.1 pence and the number of shares admitted to trading on AIM remains the same. Consequently, the market price of a New Ordinary Share immediately after completion of the Capital Reorganisation was, theoretically, the same as the market price of an Existing Ordinary Share immediately prior to the Capital Reorganisation.

On completion of the Capital Reorganisation, each Shareholder held one New Ordinary Share of 0.1 pence and one Deferred A Share of 0.9 pence for each Ordinary Share held prior to the Reorganisation.

Immediately following the Capital Reorganisation, the Company's equity capital structure prior to any further equity issuance, was as follows:

Nominal value per share	Number of shares
Ordinary Shares 0.1 pence	352,836,925
Deferred A Shares 0.9 pence	352,836,925
Deferred B Shares 9.0 pence	23,414,775

3. Loss per ordinary share

	6 Months ended 31-Dec-10	6 Months ended 31-Dec-09	Year ended 30-Jun-10
	Unaudited	Unaudited	Audited
	£	£	£
Loss for the period attributable to owners of the parent company	(2,361,059)	(5,099,150)	(12,723,005)
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Weighted average number of shares for basic earnings per share	352,836,925	70,935,645	166,763,137
Dilutive potential ordinary shares:			
Employee share options	-	-	-

Warrants	-	-	-
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For fully diluted earnings per share	352,836,925	70,935,645	166,763,137
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Basic profit per ordinary share (p)	(0.67)	(7.19)	(7.63)
Fully diluted profit per ordinary share (p)	(0.67)	(7.19)	(7.63)

The weighted average number of ordinary shares for calculating the diluted loss per share for the period ended 31 December 2010 is identical to those for the basic loss per share. This is because the outstanding share options would have the effect of reducing the loss per ordinary share and would therefore not be dilutive under the terms of International Accounting Standard ("IAS") 33.

The board of Directors approved the interim report on 31 March 2011.

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