

Formation Group PLC

“Formation provides a range of professional services to high net worth individuals and organisations within the sports, entertainment and property sectors.”

Preliminary Results 2007

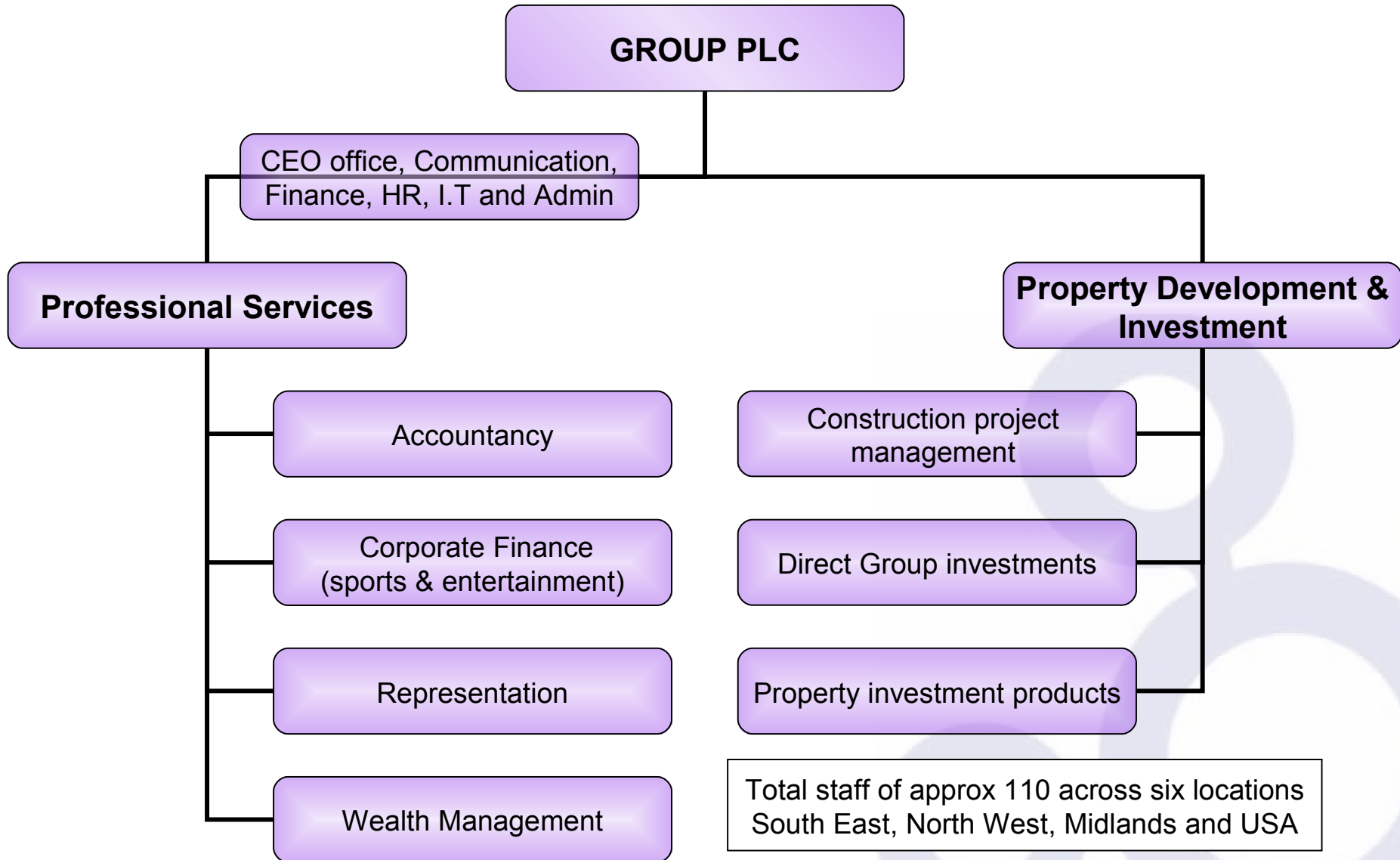
Formation comprises two Divisions:

- ***Professional Services***

- focus on clients (individuals and organisations) in the sports and entertainment sectors
- services include: accountancy, corporate finance, representation, and wealth management

- ***Property Development & Investment***

- manages property development projects, typically mixed use and/or residential
- creates bespoke property investment products



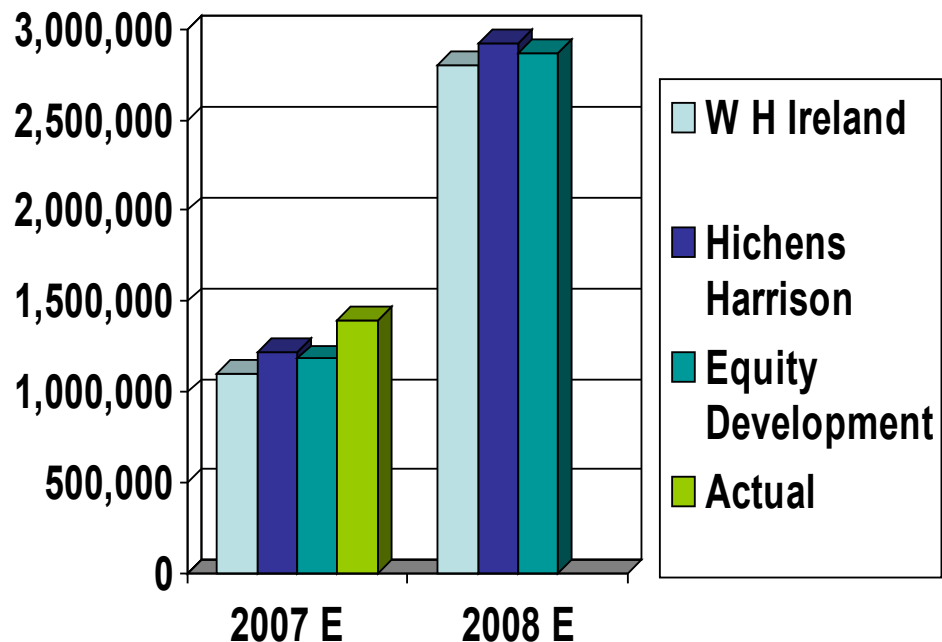
- **Acquisition of Columbia Design & Build Ltd (renamed Formation Design & Build Limited) for £14.6 million**
 - Forming the Group's Property Development & Investment division
- **Acquisition of 90% of the issued share capital of the Accountancy practice; O J Kilkenny & Co Ltd for a total consideration of over £6 million**
 - Adding complementary new offering to our Professional Services division
- **10% equity stake in Columbia Formation Group (Ireland) Ltd for £4.2 million**
 - re-development of two prime sites in Dublin, with combined land value of €235 million
- **Achieved the FSA status of 'directly authorised' for our IFA business**
- **Investment adviser, raising approx £25 million from Formation's wealth management clients, for two property investment funds**
 - 'The Whitechapel Property Fund Ltd' and 'The Aldgate East Property Company Ltd'

- Total profit before tax of £6.3 million (2006: £0.9 million) includes exceptional profit from the disposal of the Sports Marketing division in October 2006
- Total basic earnings per share increased to 4.02p (2006: 0.46p)
 - basic EPS from continuing operations - 0.66p (2006: 0.13p)
- Net funds of £3.6 million (2006: £2.1m) at the end of the year
- £4.0 million of net funds as at 31 October 2007
- Committed future gross profit at the end of the year of £12.9 million (2006: £2.8 million)
- Proposed dividend increase of 10% - 0.115p per share (2006: 0.105p)

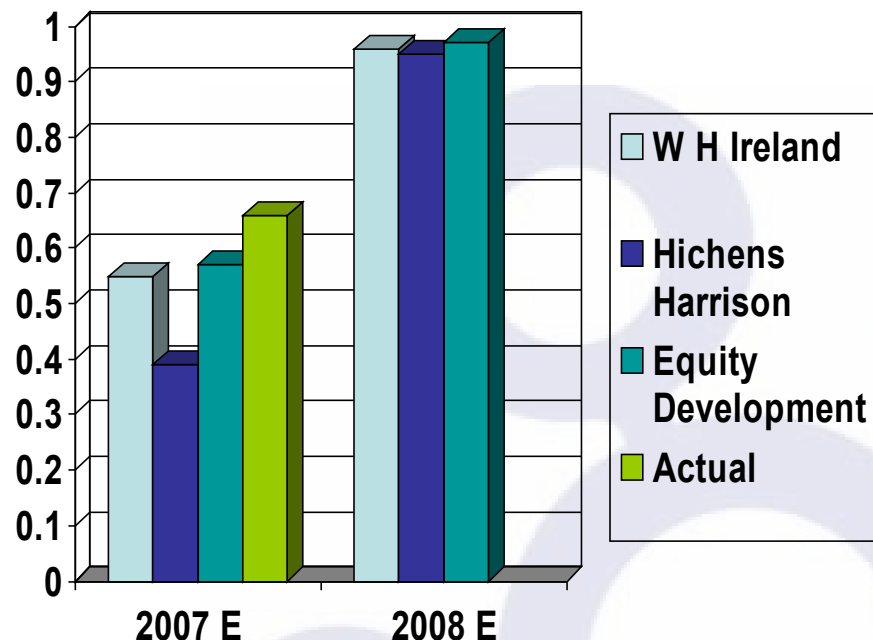
Broker Forecasts (continuing businesses)

Pre Tax Profit PTP (£)

** re-stated to £1.4m as of 4 Sept '07*



Earnings Per Share EPS (pence)



Consolidated income statement



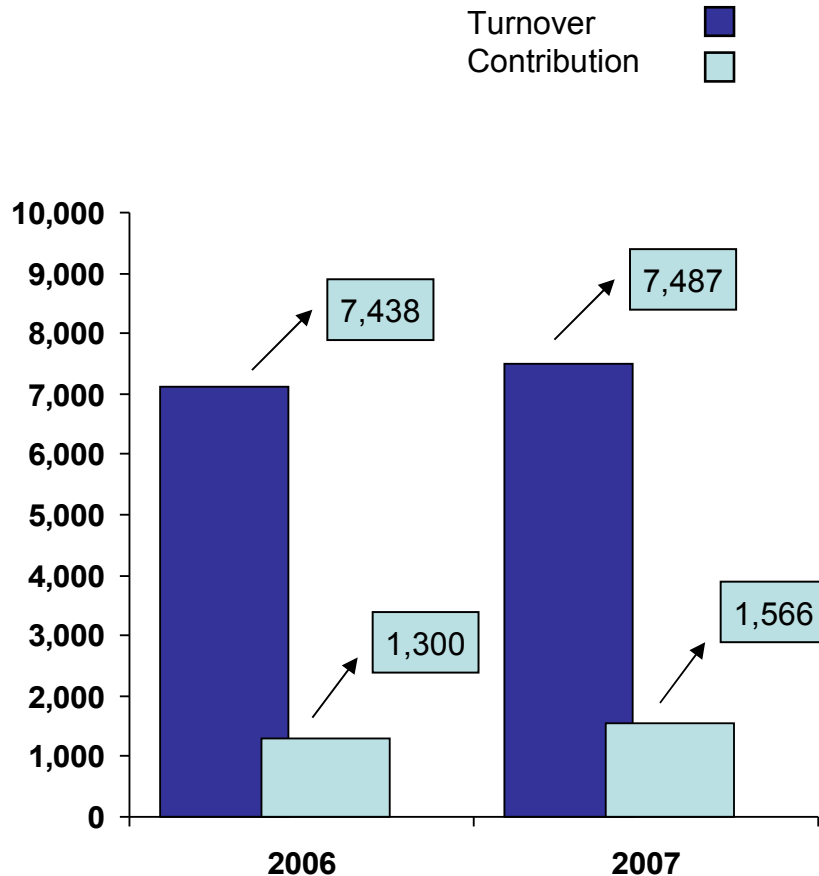
	2007 £'000	2006 £'000
Continuing Operations		
Revenue	11,138	6,766
Cost of Sales	<u>- 3,697</u>	<u>- 343</u>
Gross Profit	7,441	6,423
Administrative expenses	<u>- 6,293</u>	<u>-6,077</u>
Operating profit from continuing operations	1,148	346
Net Interest	<u>221</u>	<u>- 99</u>
Profit before taxation	1,369	247
Taxation	<u>- 434</u>	<u>- 88</u>
Profit for the year from continuing operations	935	159
Discontinued operations		
Profit for the year from discontinued operations	<u>4,748</u>	<u>384</u>
Profit for the year attributable to equity holders of parent	5,683	543
Dividends	<u>- 131</u>	<u>-109</u>
Retained profit for the financial year	<u>5,552</u>	<u>434</u>
Earnings per share		
From continuing operations		
Basic	0.66p	0.13p
Diluted	<u>0.65p</u>	<u>0.13p</u>
From continuing and discontinued operations		
Basic	4.02p	0.46p
Diluted	<u>3.93p</u>	<u>0.46p</u>

Cash Flow Statement

Cash generated by operations	1,703	1,017
Income taxes paid	-101	-395
Interest paid	-40	-108
Net cash inflow from operating activities	1,562	514
Investing activities		
Interest received	262	14
Proceeds on disposal of property, plant and equipment	8	18
Purchases of property, plant and equipment	-1,075	-170
Purchases of trade marks and rights	-1	-2
Deferred consideration paid	-385	-356
Acquisition of subsidiaries	-1,600	-242
Cash acquired with subsidiaries	425	135
Acquisition expenses	-141	-107
Purchase of long term financial assets	-4,862	
Net proceeds on disposal of subsidiary companies	8,662	1,366
Cash disposed of with subsidiary companies	-1,986	-8
Net cash (used by)/generated by investing activities	-693	648
Financing activities		
Dividends paid	-131	-109
Proceeds on issue of shares	1,500	791
Purchase of own shares	-751	-138
Repayments of obligations under finance leases	-12	-20
Net cash generated by financing activities	606	524
Net increase in cash and cash equivalents	1,475	1,686
Cash and cash equivalents at the beginning of the year	2,143	474
Effect of foreign exchange rate changes	-13	-17
Cash and cash equivalents at the end of the year	3,605	2,143

Balance Sheet

	2007 £'000	2006 £'000
Non-current assets		
Intangible assets (inc Goodwill)	31,731	16,083
Property plant and equipment	314	349
Long term financial assets	4,862	-
	<u>36,907</u>	<u>16,432</u>
Current Assets		
Inventories	2,291	-
Trade and other receivables	7,281	6,782
Cash and cash equivalents	3,605	2,187
	<u>13,177</u>	<u>8,969</u>
Total assets	<u>50,084</u>	<u>25,401</u>
Current liabilities	<u>- 10,686</u>	<u>- 9220</u>
Net current assets / (liabilities)	<u>2,491</u>	<u>- 251</u>
Non Current liabilities	<u>- 1,575</u>	<u>- 373</u>
Total liabilities	<u>- 12,261</u>	<u>- 9,593</u>
Net assets	<u>37,823</u>	<u>15,808</u>



Scope of Services:

Representation - Proactive Sports Management (UK & USA)
Management services inc transfers and renewals, sponsorship and image rights negotiation

Sports Corporate Finance - Formation Sports Capital Ltd
Corporate finance: advancing club cash flows against future guaranteed incomes (e.g. TV rights)

Wealth Management - Kingsbridge Asset Management Ltd
FSA 'directly authorised' IFA business

Established post period end:

Accountancy - O J Kilkenny & Co Ltd
Accountancy practice operating in the entertainment and sports sectors

IFA business - Formation Wealth Solutions Ltd
Wholesale IFA subsidiary providing bespoke financial solutions to other IFA's

- ***Representation***

- completed 47 transfers and contract negotiations in competitive market (2006: 60 inc those in the Scandinavian business which was sold in July 06)
- formed rugby representation service post year end
- looking to strengthen business in the UK and USA with new people

- ***Sports Capital Finance***

- strong performance, completing 12 transactions
- increasing profile in sports and media finance arena
- considering new target areas for growth via our own fund

- ***Wealth Management***

- achieved accreditation as a 'directly authorised' business from FSA
- undertook major re-branding exercise and refined offering
- significant investment in IT to enhance operations and sales functions

- ***Acquisition of 90% of O J Kilkenny & Co Ltd on 31 August 2007***
 - specialising in accountancy and tax advisory services for the entertainment and sports industries
 - established in 1986, now employing approx. 35 people
 - adds complementary new offering to Professional Services division
 - has substantial presence in the entertainment sector
 - material contribution to come through in current financial year

This division enables the Group to source and manage property development projects and originate bespoke investment products

- ***Formed following acquisition of Columbia Design & Build Ltd (now Formation Design & Build Ltd) in June 2007***
 - manages all stages of development process of residential / mixed use property
 - historically manages 3 large developments (£20m+) and 3 smaller projects each year
 - developments provide investment product opportunities which the Group's IFA business can offer to wealth management clients

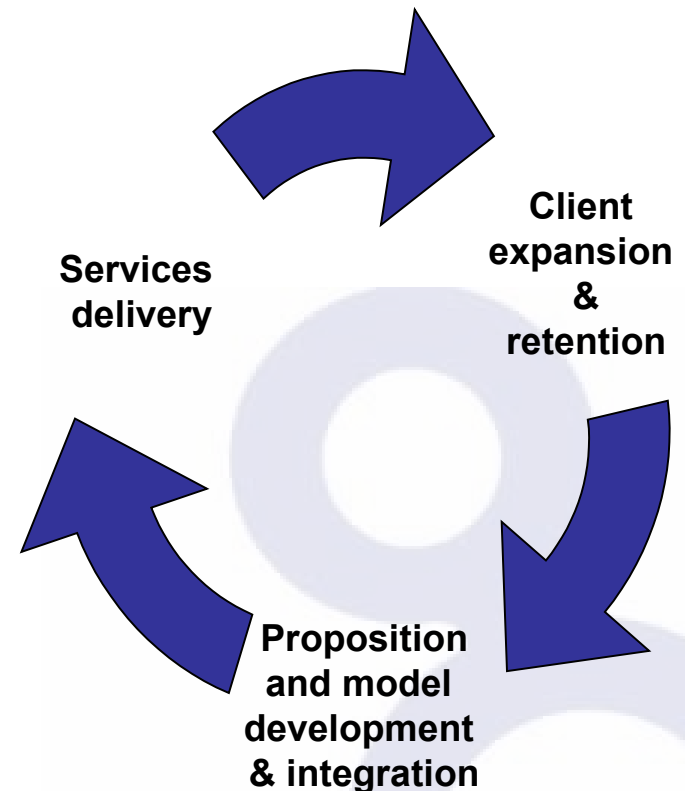
- ***Three major management contracts currently in place, with total construction value in excess of €300 million***
 2. 52-58 Commercial Road, London
 3. 1 Commercial Street / 111-120 Whitechapel High Street, London
 4. Clancy Quay, Dublin, Ireland
- ***Investment adviser to two Investment funds to support developments 1 and 2 above: “The Whitechapel Property Fund Limited” and “The Aldgate East Property Company Limited” raising over £25 million from existing wealth management clients***
- ***Strategic 10% equity investment in Columbia Formation Group (Ireland) Ltd***
 - direct Group investment which adds assets to our balance sheet
 - company established to undertake re-development of 2 sites in Dublin
 - other equity shareholders are Impala Holdings Limited - 70% and Bank of Scotland (Ireland) Ltd - 20%

Professional Services

- **Continued client base expansion**
 - organic growth through proposition development
 - selective complementary business acquisitions
- **Holistic approach to client services**
 - continued service orientation
 - cross marketing of products and services
- **Fee based model developments**
 - funds under management
 - agency services
 - greater visibility of predictable revenue

Property Development and Investment

- **Continued 'management fee' model development**
- **Bespoke property investments**
- **European outlook to seek advantages of regional property opportunities**
- **Greater visibility of contracted income**



- Listed on AIM since 2001
- Proven results track record
- Unique business mix targeting the high net worth, niche sporting institutions and property developers
- Strong net cash position
- History of successful acquisition complemented by organic growth
- Strong management team

“Looking forward, we see substantial opportunity to further enhance the on-going businesses both from an organic and selective acquisition standpoint. We have a dynamic business which is constantly striving to develop services for our clients and enhance returns for our shareholders. The prospects for the Group remain positive”.

John Lawrence MBE, Non Executive Chairman

APPENDICES

Neil Rodford, Chief Executive - Neil is the former Managing Director of Fulham Football Club and Harrods Holdings. Neil is an expert in change management, strategy and negotiation, skills he leveraged to make him the youngest General Manager in WH Smith's history. Having graduated from both the WH Smith and Marks & Spencer Management Training Programmes, Neil's experience is proving a huge asset to the Group.

Mark Page, Finance Director - Mark joined the board in 2002 in his capacity as Finance Director. A chartered accountant, Mark began his career at Critchleys (Oxford) before qualifying as a chartered accountant for Coopers & Lybrand. In 1991, Mark moved to the Big Food Group PLC progressing from Internal Audit Manager to Group Financial Accountant.

Ian Battersby, Director of Wealth Management - Ian has been involved at a senior level with the Wealth Management Division since 2000 and has been its Director since 2003. Prior to joining Kingsbridge, Ian was Regional Commercial Director for Lloyds TSB Group and has held senior positions with Hill Samuel and National Westminster Bank PLC.

Noel O'Carroll, Director of Property - Noel joined the board in June 2007 following the acquisition of Columbia Design & Build. Noel is managing Director of Formation Design & Build Limited having joined the business in 1996 as chief surveyor. He is a member of the Royal Institution of Chartered Surveyors and has a professional practice and contracting background, both in the UK and overseas, in civil engineering and general construction.

Mike Wallwork, Company Secretary - Mike began his career in 1986 with Royal & SunAlliance. Having undertaken various underwriting and marketing roles, he became Head of UK Media Relations in 1999. Mike left R&SA in 2002 to join Felix Group PLC as Head of Communications. He joined Formation in July 2007 as both Communications Director and Company Secretary.

John Lawrence, Non-Executive Chairman

John was appointed Non Executive Chairman in August 2003. Previous to this he held a Non Executive Directorship on the Board, a position he has held since flotation. John formed JEL Energy Conservation Services in 1975, which was sold to Thorn EMI. Following this, he was Chairman & CEO of a number of Thorn EMI technology companies. Since 1993 he has been an investor and Non Executive Chairman / Director of both public and private companies. He is currently a Non-Executive Director of W.H. Ireland Group PLC.

Michael Kennedy, Non-Executive Director

Michael joined the board in January 2005. Michael is a senior partner at the law firm Herbert Reeves & Co and has represented football players for more than 20 years. As a solicitor, he also specialises in property law.

Alexander Craig, Non-Executive Director

Alec was appointed as a Non Executive Director of the Group in September 2003. Alec is a senior partner of Halliwells solicitors and is also Non-Executive Chairman of Tepnel Life Sciences PLC and a Non Executive Director of Aberdeen Growth Opportunities VCT PLC. He also has considerable AIM experience with previous directorships at Zi Medical PLC and Biolife Capital PLC.

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