

For Immediate Release

19<sup>th</sup> July 2007**Davenham Group plc****Full year trading update****Notice of preliminary results**

Davenham Group plc (“Davenham” or “the Group”), a leading independent asset based lender to the UK SME sector, today issues a trading update for the year ended 30 June 2007 ahead of announcing its preliminary results on 10<sup>th</sup> September 2007.

The Board of Davenham anticipates that the results for the financial year ended 30 June 2007 will be in line with expectations.

**David Coates, Chief Executive of Davenham Group plc, said:**

“We have made strong progress in the roll out of our growth strategy, delivering upon all five key objectives set out at the time of our Admission to AIM in November 2005. This includes geographic expansion throughout the UK and a selective acquisition.

“The Group has maintained a stable bad debt charge. We continue to monitor the effects of the recent interest rate rises, having bolstered our strong credit and risk management function with the appointment of a new Risk Director in February 2007.

“The Board continues actively to review acquisition opportunities in line with its stated strategy and will pursue those which are consistent with delivering shareholder value. The Group is progressing plans for securitisation and will update the market on progress in the coming months.

“The Board believes the Group is well positioned to take advantage of current trading conditions in the next twelve months.”

**- Ends -**

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**About Davenham:****Note to Editors:**

Davenham is a leading, independent asset based lender to the UK SME sector. The Group provides lending solutions designed to meet the financing needs of UK SMEs – typically involving loans of between £10,000 and £4.5 million. Davenham has a diverse loan portfolio, with its lending activities organised into the following divisions: property finance, asset finance, trade finance and the south east.

Davenham provides asset based lending to such organisations that are not adequately serviced by mainstream lenders, who tend to adopt a formulaic approach to lending decisions. This funding is used to finance short term property transactions, the acquisition of plant, machinery and equipment and the funding of stock, debtors and letters of credit.

The business was founded in 1991 in Manchester from where its core operations are run. In recent years, Davenham has begun to expand and it now also operates from offices in Leeds, Birmingham, Liverpool, London, Newcastle, Bristol and Glasgow.