



# NORTHACRE PLC

COMPANY No: 3442280

## INTERIM RESULTS

FOR THE SIX MONTHS TO 31ST AUGUST 2006



## NORTHACRE PLC

### **Overview**

With its substantial track record, Northacre is now well established as a market leader in the business of developing residential property in Central London.

### **Financial Results**

Turnover for the period was £2,410,837 (2005 - £1,584,000) with gross profit of £1,789,819 (2005 - £941,000). Pre-tax profit was £123,401 (2005: loss £345,000) before amortisation of goodwill of £630,604 (2005 - £630,604) with a basic loss per share of 2.23 pence (2005 - loss 4.3 pence). The Board is not declaring an interim dividend.

### **Operational Review**

Following the acquisition of two major new revival schemes at The Odeon Cinema, Kensington High Street and Lancaster Gate, opposite Hyde Park, the Group has seen an increase in fee income. New appointments are also in hand for both the Architectural and Interior Design companies.

There remains one unsold apartment at the Phillimore. Upon the sale of this apartment the outstanding balance of our entitlement will be secured, which we anticipate by the end of our financial year to February 2007.

The appeal against the Planning Inspectorate's Vicarage Gate decision in October 2005 is due to be heard in the High Court within the next four months. A positive outcome is anticipated, upon which a further application will be submitted.

Following the successful launch of the Ambassadorial Show Apartment at 44-46 Park Street in October 2006 we expect that the majority of sales will be complete by the end of our financial year to February 2007. Depending on the timing of these sales, some profitshare entitlement can be expected during this financial year subject to completion of the scheme.

Following an intensive period of consultation, a planning application for the proposed cinema and residential scheme for the Odeon site in Kensington High Street was submitted on 14th November 2006. A decision is due in the Spring of 2007, with a start on site in the same year.

At Lancaster Gate, preparations for submitting a planning application will be complete by the end of November for a submission this year. This proposed variation to the existing residential consent comprising fewer larger family sized apartments for the revival of this imposing listed terrace.

As ever, other new opportunities for acquisition are under review.



NORTHACRE PLC

**Summarised Consolidated Profit and Loss Account (Unaudited)**

	Note	6 Months to 31.8.2006 Unaudited £'000	6 Months to 31.8.2005 Unaudited £'000	Year ended 28.2.2006 Audited £'000
<b>Turnover</b>	3	2,411	1,584	7,875
Cost of sales		(621)	(643)	(2,125)
<b>Gross Profit</b>		1,790	941	5,750
Administrative expenses	4	(2,300)	(1,964)	(4,800)
Other operating income		37	21	67
<b>Operating (Loss)/Profit</b>		(473)	(1,002)	1,017
Share of profit from associated undertakings		-	-	13
<b>(Loss)/Profit on Ordinary Activities before Interest and Investment Income</b>		(473)	(1,002)	1,030
Dividends received		30	40	70
Net interest payable		(64)	(14)	(60)
<b>(Loss)/Profit on Ordinary Activities before Taxation</b>		(507)	(976)	1,040
Taxation	5	-	-	-
<b>Retained (Loss)/Profit for the Period</b>	7	(507)	(976)	1,040
Basic (Loss)/Profit per ordinary share	8	(2.23)p	(4.30)p	4.58p



NORTHACRE PLC

**Summarised Consolidated Balance Sheet (Unaudited)**

	Note	As at 31.8.2006 Unaudited £'000	As at 31.8.2005 Unaudited £'000	As at 28.2.2006 Audited £'000
<b>Fixed Assets</b>				
Intangible assets		8,198	9,459	8,829
Tangible assets		25	20	21
Investments		47	34	47
Investment in joint venture		2,151	965	1,596
		10,421	10,478	10,493
<b>Current Assets</b>				
Stock and work in progress		113	21	24
Debtors		897	773	885
Cash at bank and in hand		-	-	427
		1,010	794	1,336
<b>Creditors: Amounts falling due within one year</b>				
	6	(2,165)	(5,189)	(2,180)
<b>Net Current Liabilities</b>				
		(1,155)	(4,395)	(844)
<b>Total Assets less Current Liabilities</b>				
		9,266	6,083	9,649
<b>Creditors: Amounts falling due after more than one year</b>				
		(1,674)	-	(1,550)
<b>Net Assets</b>				
		7,592	6,083	8,099
<b>Capital and Reserves</b>				
Share capital		568	568	568
Share premium account		17,449	17,449	17,449
Profit and loss account		(10,425)	(11,934)	(9,918)
<b>Shareholders' Funds</b>				
	7	7,592	6,083	8,099



NORTHACRE PLC

**Summarised Consolidated Cash Flow Statement (Unaudited)**

	Note	6 Months to 31.8.2006 Unaudited £'000	6 Months to 31.8.2005 Unaudited £'000	Year ended 28.2.2006 Audited £'000
<b>Net Cash (Outflow)/Inflow from Operating Activities</b>	9	(349)	(306)	458
<b>Returns on Investments and Servicing of Finance</b>				
Interest received		7	2	7
Interest paid		(71)	(16)	(67)
Dividends received		30	40	70
<b>Net Cash (Outflow)/Inflow from Returns on Investments and Servicing of Finance</b>		(34)	26	10
<b>Taxation</b>				
Corporation tax paid		-	-	-
<b>Capital Expenditure and Financial Investment</b>				
Purchase of other tangible assets		(10)	-	(9)
Net cash (outflow)/inflow for capital expenditure		(10)	-	(9)
<b>Acquisitions and Disposals</b>				
Investment in joint venture		(555)	-	(631)
<b>Cash (Outflow)/Inflow before Management of Liquid Resources and Financing</b>		(948)	(280)	(172)
<b>Financing</b>				
Increase/(decrease) in debt		124	-	490
Net cash inflow/(outflow) from management of liquid resources and financing		124	-	490
<b>(Decrease)/Increase in Cash in the Period</b>	10	(824)	(280)	318



## NORTHACRE PLC

### Notes to the Unaudited Financial Statements for the period ended 31st August 2006

#### 1 Accounting Policies

The interim financial statements have been prepared on the basis of the accounting policies set out in the 2006 Northacre PLC Annual Report.

#### Going Concern

The company and group meet their day to day working capital requirements partly through monies loaned from the Northacre PLC Directors Retirement and Death Benefit Scheme, partly from the group's bankers and partly from other loans. These facilities have been renewed during the period and are expected to remain in place for the foreseeable future. In particular:

- (i) One of the loans due to the Northacre PLC Directors Retirement and Death Benefit Scheme of £1million is not due for repayment until 31st July 2008.
- (ii) Two further loans of £275,000 each, from the Northacre PLC Directors Retirement Benefit Scheme and from a third party are not repayable until the return of equity and/or realisation of profit share from one specific project, which is not expected to occur before August 2007.
- (iii) The group's current banking facilities are in place until August 2007.

The directors have prepared detailed cash flow projections for the period ended 31st August 2007 making reasonable assumptions about the levels and timing of income and expenditure, and in particular the timing of receipt of certain fees due from major developments. These projections show that the group can operate within the available facilities. On this basis the directors consider it appropriate to prepare these interim financial statements on a going concern basis.

#### 2 Financial Information

The financial information contained in this document does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. The comparative figures for the financial period ended 31st August 2005 have been extracted from the company's interim report for that financial period. The statutory accounts for the period ended 28th February 2006 have been given an unqualified audit report and have been filed with the Registrar of Companies.



## NORTHACRE PLC

### Notes to the Unaudited Financial Statements for the period ended 31st August 2006 (continued)

#### 3 Turnover

The group's turnover has been analysed by principal activity as follows:

	6 Months to 31.8.2006 Unaudited £'000	6 Months to 31.8.2005 Unaudited £'000	Year ended 28.2.2006 Audited £'000
Profit Shares - property development	-	-	4,305
Development management	795	496	1,647
Interior design	777	677	1,214
Architect design	839	411	709
	2,411	1,584	7,875

#### 4 Administrative Expenses

The administrative expenses of £2,300,335 (6 months to 31st August 2005: £1,963,973) include amortisation of goodwill of £630,604 (6 months to 31st August 2005: £630,604).

#### 5 Taxation

There is no taxation charge due to the availability of losses.

#### 6 Creditors due within one year

	31.8.2006 Unaudited £'000	31.8.2005 Unaudited £'000	28.2.2006 Audited £'000
Bank loans and overdrafts	397	170	-
Trade creditors	453	531	250
Social security and other taxes	614	378	692
Other creditors	516	3,407	1,049
Accruals and deferred income	185	703	189
	2,165	5,189	2,180



NORTHACRE PLC

**Notes to the Unaudited Financial Statements for the period ended 31st August 2006  
(continued)**

**7 Shareholders' Funds**

**£'000**

The reconciliation of movements in shareholders' funds is as follows:

Shareholders' funds at 1st March 2006	8,099
Retained loss for the period	(507)
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Shareholders' funds at 31st August 2006	7,592

**8 Earnings Per Share**

The basic loss per share has been calculated on the loss on ordinary activities after tax of £507,203 (2005 - £975,793) and on the weighted average number of shares in issue in the six months to 31st August 2006 of 22,713,644 (2005 - 22,713,644).

**9 Reconciliation of Operating (Loss)/Profit to Net Cash Flow  
from Operating Activities**

Note	6 Months to 31.8.2006 £'000	6 Months to 31.8.2005 £'000	Year ended 28.2.2006 £'000
Group operating (loss)/profit	(473)	(1,002)	1,017
Depreciation	7	11	20
(Increase)/Decrease in work in progress	(89)	162	158
(Increase)/Decrease in debtors	(13)	(278)	(389)
(Increase)/Decrease in creditors	(412)	170	(1,609)
Amortisation of goodwill	631	631	1,261
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Net cash outflow from operating activities	(349)	(306)	458





NORTHACRE PLC

**Notes to the Unaudited Financial Statements for the period ended 31st August 2006  
(continued)**

**10 Reconciliation of Net Cash Flow to movement in Net Debt**

Note	6 Months to 31.8.2006 £'000	6 Months to 31.8.2005 £'000	Year ended 28.2.2006 £'000
(Decrease)/Increase in cash in the period	(824)	(280)	318
Cash (inflow)/outflow resulting from (increase)/decrease in debt	(124)	-	(490)
Net debt at start of period	(1,123)	(950)	(951)
Net debt at end of period	(2,071)	(1,230)	(1,123)

**11 Analysis of changes in Net Debt**

	At 1.3.2006 £'000	Cash Flow £'000	At 31.8.2006 £'000
Cash at bank and in hand	427	(427)	-
Bank loans and overdrafts	-	(397)	(397)
		(824)	-
Debt due within one year	-	-	-
Debt due after more than one year	(1,550)	(124)	(1,674)
		-	
	(1,123)	(948)	(2,071)

**12 Dividends**

The directors do not recommend the payment of an interim dividend.

**13 Other Information**

The interim statement was approved by the directors on 21 November 2006.

A copy of the interim statement will be posted to shareholders and made available to the public for a period of 14 days from today at the company's registered office:  
48 Old Church Street, London SW3 5BY.



## NORTHACRE PLC

### **Independent Review Report to Northacre PLC**

#### **Introduction**

We have been instructed by the company to review the financial information for the six months ended 31st August 2006 which comprises the consolidated profit and loss account, the consolidated balance sheet, the consolidated cash flow statement and the related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

#### **Directors' Responsibilities**

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The Listing Rules of the London Stock Exchange require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

#### **Review Work Performed**

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board. 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.

#### **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 ended 31st August 2006.

#### **Kingston Smith LLP**

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21 November 2006