NORTHACRE
LONDON

NORTHACRE PLC (the "Company" or "Group") Interim Report for the six months ended 31st August 2012

9th November 2012

Northacre PLC today announces its interim results for the six months ended 31 August 2012.

Northacre has produced some of the most successful residential developments in central London and has been at the forefront of the prime market for over 20 years.

The Company has created some of the most recognisable prime addresses including The Phillimores, The Bromptons, and The Lancasters and 44-46 Park Street, and a striking modern prime development is now being added to our portfolio at Vicarage Gate, Kensington, with completion due by early 2015. This spectacular development of lateral apartments and duplexes will demonstrate our capability in the new-build realm and is set to become another iconic London address.

Chairman's Statement

We were delighted to receive an interim dividend of £3.0m in May 2012 from our Lancasters joint venture. This was the second receipt and has contributed to us recording virtually a break-even position for the first half of the year. Added to this is the dividend received and announced in September 2012, of £13.6m, which has meant that total profit share from the Lancasters now stands at £17.7m. As at the date of today's announcement, only five units remain unsold, and we are confident of this development being 100% sold by early in the New Year. Considering there were 77 high-value units in the development, this is a tremendous achievement by the whole project team, and we are grateful in particular to our partners, Minerva, and the sales teams at Hamptons and Savills.

The development at Vicarage Gate, where Northacre is retained to manage construction and sales, is progressing well. Construction of the basement is underway with full completion of the development works expected by early 2015. The large modern lateral apartments at Vicarage Gate will benefit from 24-hour concierge, secure parking, and outdoor space, with an outlook towards Kensington Palace Gardens, and will undoubtedly be at the top end of the prime market in terms of quality and pricing. Marketing of the units has not yet commenced although drawings are being finalised in order to enable off-plan sales.

Our interiors business, Intarya, has delivered several new show apartments at the Lancasters and worked on private apartments at the development, and continues to make good progress. We are encouraged by the momentum of the business in what is a competitive market sector.

Outlook

The prime central London market continues to be a competitive and dynamic environment. Given Northacre's and Intarya's strong capability and brand, and with the cashflow coming from the Lancasters strengthening our finances, we are well-placed for the future.

Klas Nilsson
Chairman

Chief Executive's & Financial Review

For the first time in many years, we are benefiting from profit shares substantially in excess of our overheads. This is reflected only to a modest extent in the period under review (due to the timing of receipts) and will be more apparent at the year-end. After the period under review, we received further dividends from the Lancasters and consequently now have a good net cash position, which will improve further as more dividends are received.

Consolidated Interim Statement of Comprehensive Income (Unaudited)

The Group's revenue for the six month period decreased to £1.538m (2011: £1.884m) reflecting reduced activity and fee income from The Lancasters Development. The loss before taxation was reduced to £0.006m (2011: £3.194m). This performance has been helped by the start of a stream of profit share from The Lancasters Development and reflects a second interim dividend received of £3m (2011: £nil). A further dividend of £13.559m was received after the reporting period taking the total dividend received to date to £17.750m. Net assets per share is higher as at 31st August 2012, at 155.55 pence (2011: 119.87 pence). The Net Asset Value (NAV) reflects a number of factors, including the reserves and the Board's opinion of the value attributable to the Group's share of profits accruing from The Lancasters Development, in so far as this can be valued considering that the project has not been fully sold. However, it does not take account of the effect of future working capital dilution, the costs of delivering Vicarage Gate project or any adjustment to goodwill, which may in future have a negative impact on the NAV. Following revaluation the fair value of The Lancasters Development amounted to £45.244m (2011: £31.608m). This valuation is represented by the £49.394m fair value, less the £4.15m dividend received by the end of the reporting period. Although the loss attributable to equity holders is £0.006m (2011: £3.194m), the consolidated comprehensive income for the period is £4.427m (2011: £7.209m). This reflects the net position for the period after recognising the estimate of value in The Lancasters Development profit share entitlement.

Administrative expenses decreased by over 30% to £2.262m (2011: £3.295m) as a result of measures undertaken to reduce overheads. The full impact of cost reduction measures will be realised in the full year. The Group reported an increase in finance costs to £1.417m (2011: £0.619m) due to increased debt levels during the reporting period in comparison to the same period last year. Again, with much of the debt repaid in the 2nd half and only a small balance remaining, finance costs ought to be eliminated next year.

In accordance with International Accounting Standards we have made a fair valuation of our investment in The Lancasters Development with reference to secured and forecast sales as at 31st August 2012. The change in fair value reported for the period was an increase of £7.433m (2011: £10.353m) from the year-end figure.

Consolidated Interim Statement of Financial Position (Unaudited)

The Group has an improved cash position and as at 31st August had cash and cash equivalents of £5.236m (2011: overdraft: £0.176m). The Group had debt of £14.305m (2011: £0.278m) as it had drawdown £13.0m on the £15.0m loan facility during the period, although £11.75m plus interest of £0.793m of the new loan facility was repaid post period end leaving only £1.25m plus accrued interest currently outstanding as at November 2012, and we now have a healthy net cash position.

In accordance with International Accounting Standards, the investments in development projects (classified as available for sale financial assets in the Consolidated Interim Statement of Financial Position (Unaudited)) represent, where appropriate, the equity value in each of our secured development schemes and any fair value adjustments. As mentioned above, we have calculated the fair value of our investment at The Lancasters Development and, including this fair value adjustment, the available for sale financial assets amounted to £45.244m (2011: £31.608m) which principally reflects our opinion of the entitlement to profits from The Lancasters joint venture project.

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Capital and reserves

As we noted at the year-end, the Board considers the payment of a dividend to Shareholders a priority, just as soon as sufficient profits are received from The Lancasters Development. In anticipation of this, we are constrained in making any declaration of a dividend until such time as our reserves are sufficient. Given the extent of historic accrued losses, we may need to re-structure our reserves in order to enable a dividend to be declared. In this event, the Board will write to Shareholders in relation to this matter at a future date.

Outlook

The wider economic environment remains unpredictable, with austerity measures by governments across Europe contributing to a bleak economic backdrop across the continent. The London prime residential market continues to display a certain detachment from this although it is not possible to know for how long this can continue.

The market continues to be extremely competitive and affected by the reduced appetite of banks for development financing. However, we continue to evaluate suitable development opportunities and remain cautiously optimistic for the future, while our strengthened financial position means we are better placed than in recent years.

Ken MacRae
Chief Executive Officer & Finance Director

Copy of the announcement will be available on our website:
www.northacre.com.

Enquiries:
Northacre PLC
Klas Nilsson (Chairman)
Ken MacRae (Chief Executive Officer & Finance Director)
020 7349 8000

Hudson Sandler Limited
Michael Sandler
020 7796 4133

Peel Hunt LLP (Nominated Adviser and Broker)
Capel Irwin
Harry Florry
020 7418 8900

Northacre PLC
Consolidated Interim Statement of Comprehensive Income (Unaudited)

	Note	6 Months ended 31.8.2012 Unaudited £'000	6 Months ended 31.8.2011 Unaudited Restated £'000	Year ended 29.2.2012 Audited £'000
Continuing Operations				
Group Revenue	2	1,538	1,884	3,021
Cost of sales		(877)	(1,189)	(2,069)
Gross Profit		661	695	952
Administrative expenses		(2,262)	(3,295)	(7,432)
Group Loss from Operations		(1,601)	(2,600)	(6,480)
Investment revenue		3,012	25	1,177
Other gains	3	-	-	313
Finance costs		(1,417)	(619)	(2,054)
Impairment of goodwill		-	-	(821)
Loss before Taxation		(6)	(3,194)	(7,865)
Taxation		-	-	577
Loss for the period attributable to equity holders of the Company		(6)	(3,194)	(7,288)
Other comprehensive income: Changes in fair value of available for sale financial assets	6	4,433	10,403	19,605
Total comprehensive income for the period		4,427	7,209	12,317
Loss per ordinary share	4			
Basic		(0.02)p	(11.95)p	(22.27)p
Diluted		(0.02)p	(11.95)p	(22.27)p

Northacre PLC
Consolidated Interim Statement of Financial Position (Unaudited)

	Note	31.8.2012 Unaudited £'000	31.8.2011 Unaudited £'000	29.2.2012 Audited £'000
Non-Current Assets				
Goodwill		8,007	8,828	8,007
Property, plant and equipment		992	1,169	1,063
Non-current asset held for sale	5	-	42	-
Available for sale financial assets	6	45,244	31,608	40,811
		54,243	41,647	49,881
Current Assets				
Inventories		32	124	118
Trade and other receivables		566	961	998
Cash and cash equivalents		5,236	-	917
		5,834	1,085	2,033
Total Assets		**60,077**	**42,732**	**51,914**
Current Liabilities				
Trade and other payables	7	4,203	9,670	3,559
Borrowings, including lease finance	8	14,305	278	10,513
		18,508	9,948	14,072
Non-Current Liabilities				
Borrowings, including lease finance		-	750	700
		-	750	700
Total Liabilities		**18,508**	**10,698**	**14,772**
Equity				
Share capital		668	668	668
Share premium account		18,552	18,552	18,552
Retained earnings		22,349	12,814	17,922
Total Equity		**41,569**	**32,034**	**37,142**
Total Equity and Liabilities		**60,077**	**42,732**	**51,914**

Northacre PLC
Consolidated Interim Statement of Cash Flows (Unaudited)

	6 Months ended 31.8.2012 Unaudited £'000	6 Months ended 31.8.2011 Unaudited £'000	Year ended 29.2.2012 Audited £'000
Cash flows from operating activities			
Loss for the period before tax	(6)	(3,194)	(7,866)
Adjustments for:			
Investment revenue	(3,012)	(25)	(1,177)
Finance costs	1,417	619	2,054
Loss on disposal of investment	-	-	(128)
Depreciation and amortisation	79	118	224
Goodwill impairment	-	-	821
Decrease in working capital	1,161	465	(1,391)
Cash used in operations	(361)	(2,017)	(7,463)
Interest paid	(1,417)	(619)	(2,054)
Corporation tax – consortium relief refunded	-	-	577
Net cash used in operating activities	(1,778)	(2,636)	(8,940)
Cash flows from investing activities			
Proceeds from sale of investment in associate	-	-	170
Purchase of property, plant and equipment	(7)	(35)	(35)
Interest received	14	5	7
Dividends received	2,998	20	1,170
Net cash generated (used in) from investing activities	3,005	(10)	1,312
Cash flows from financing activities			
Proceeds from borrowings	13,605	2,800	10,491
Repayment of borrowings	(10,490)	(32)	(1,568)
Repayment of finance leases	(23)	(79)	(159)
Net cash inflow from financing activities	3,092	2,689	8,764
Increase in cash and cash equivalents	4,319	43	1,136
Cash and cash equivalents at beginning of period	917	(219)	(219)
Cash and cash equivalents at end of the period	5,236	(176)	917

Cash and cash equivalents at 31st August 2012 represent bank deposits held by the Group.
Cash and cash equivalents at 31st August 2011 represent bank deposits and bank overdrafts repayable on demand and are as included within 'Borrowings, including lease finance' in the Consolidated Interim Statement of Financial Position (Unaudited).

Northacre PLC
Consolidated Interim Statement of Changes in Equity (Unaudited)

	Called Up Share Capital £'000	Share Premium Account £'000	Retained Earnings £'000	Total £'000
As at 1st March 2011	668	18,552	5,605	24,825
Total Comprehensive Income for the period	-	-	7,209	7,209
As at 31st August 2011	668	18,552	12,814	32,034
Total Comprehensive Income for the period	-	-	5,108	5,108
As at 29th February 2012	668	18,552	17,922	37,142
Total Comprehensive Loss for the period	-	-	(3,003)	(3,003)
As at 31st August 2012	668	18,552	14,919	34,139

Northacre PLC
Notes to the Unaudited Interim Financial Statements
For the Six Months ended 31st August 2012

1. Basis of Preparation and Accounting Policies

Basis of preparation

The interim financial information for the six months ended 31st August 2012 and 31st August 2011 is unaudited. The interim financial information was approved by the Board of Directors on 9th November 2012.

The statutory financial statements for the year ended 29th February 2012, prepared under International Financial Reporting Standards (IFRS), have been reported on by the Group auditors and delivered to the Registrar of Companies. The audit report was unqualified and did not contain a statement under s498 of the Companies Act 2006.

These accounts have been prepared in accordance with International Accounting (IAS) 34 'Interim Financial Reporting'.

The interim financial information does not constitute statutory financial statements within the meaning of the Companies Act 2006.

Accounting Policies

The accounting policies adopted are consistent with those applied as at 29th February 2012 and those that the Directors expect to be adopted as at 28th February 2013. They are set out in full in the financial statements for the year ended 29th February 2012.

Going Concern

The Company and Group currently meet their day-to-day working capital requirements through monies loaned from a third party loan as detailed below:

(i) The loan due to Northacre PLC Directors Retirement and Death Benefit Scheme of £699,602 (2011: £750,000) is not repayable until 31st July 2013. Due to a pension fund split which was signed on 11th January 2012, the Group repaid £50,398 of the loan. The balance is due to be repaid on 31st July 2013.

(ii) A Eurobond loan facility of £10,500,000 was agreed with Abu Dhabi Capital Management LLC ("ADCM") on 20th October 2011 and drawn down in full on 31st October 2011. This loan allowed the Group to repay its bankers facility and all Directors and related party loans. A fixed premium of £800,000 was due on signature of the agreement. According to the agreement, the Group had a right to early redemption and after receiving the first dividend payment from The Lancasters Development, the Group repaid £1,051,448 of the loan on 18th January 2012 plus £76,050 accrued interest. When the Group secured new financing, the Eurobond was repaid in full on 30th May 2012. The total amount repaid was £11,276,653 including interest of £1,828,101.

(iii) A new loan facility of £15,000,000 was agreed with Auster Real Estate Opportunities S.a.r.l. on 1st May 2012 and £13,000,000 was drawn down on 30th May 2012. This loan allowed the Group to repay the ADCM loan and secure more flexible loan terms for the Group. A fixed premium of 2% of the facility amount was due on draw down of the loan. The loan is due to be repaid in 18 months from the date of the draw down unless sufficient dividends are received from The Lancasters Development. If dividends received from The Lancasters Development are greater than the remaining liabilities, the loan will have to be repaid within 5 business days from the date of the dividend distribution. According to the agreement, the Group had a right to early redemption and after receiving the third dividend from The Lancasters Development of £13,559,500, the Group repaid part of the loan on 27th September 2012. The total amount repaid was £12,543,339 including interest of £793,339. The remaining balance amounts to £1,250,000 and is due to be repaid in 18 months from the date of the draw down unless sufficient dividends are received from The Lancasters Development.

The Directors have prepared detailed cash flow projections for the period ended 28th February 2015 making reasonable assumptions about the levels and timings 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 current available facilities. On this basis the Directors consider it appropriate to prepare the financial statements on a going concern basis.

Significant judgements and estimates of areas of uncertainty

In preparing these financial statements the Directors are required to make judgements and best estimates of the outcome of and in particular, the timing of revenues, expenses, assets and liabilities based on assumptions. These assumptions are based on historical experience and various other factors that are considered reasonable under the various circumstances. The estimates and assumptions are reviewed on a regular basis with any revisions being applied in the relevant period. The material areas where estimates and assumptions are made are:

- The valuation of goodwill
- The valuation of available for sale financial assets
- The status and progress of the developments and projects

Basis of Consolidation

The Group financial statements include the financial statements of the Company and its subsidiary undertakings. The Group's proportion of the voting rights of Lancaster Gate (Hyde Park) Limited increased from to 5% to 25.1% on 30th June 2010. Lancaster Gate (Hyde Park) Limited continues to be treated as an available for sale financial asset. The Directors do not regard Lancaster Gate (Hyde Park) Limited as an associate because the Directors consider that the Group does not exercise significant influence over its operating and financial activities, despite the fact that the Group holds in excess of 20% of the voting rights in Lancaster Gate (Hyde Park) Limited, because the control of the Board by Minerva PLC, the controlling shareholding they hold and their power to exercise, and actual exercise of, the commercial decision making for Lancaster Gate (Hyde Park) Limited preclude the Group from exercising such influence.

Revenue

Revenue represents amounts earned by the Group in respect of services rendered during the period net of value added tax. Shares in development profits and bonus fees are recognised when the amounts involved have been finally determined. Fees in respect of project management and interior and architectural design are recognised in accordance with the stage of completion of the contract.

Investments

Fixed asset investments are stated at cost less amounts written off.

Associates

Associates are all entities over which the Group exercise significant influence but does not exercise control. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost, which includes goodwill identified on acquisition, net of any accumulated impairment loss. The Group's share of its associate's profits or losses after acquisition of its interest is recognised in profit or loss and cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Where the Group's share of losses of an associate equals or exceeds the carrying amount of the investment, the Group only recognises further losses where it has incurred obligations or made payments on behalf of the associate.

Financial Assets

Available for sale financial assets consist of equity investments in other companies where the Group does not exercise either control or significant influence. The investments reflect loans and capital contributions made in respect of projects undertaken with other partners in which the Group will be entitled to an eventual profit share.

Available for sale financial assets are shown at fair value at each reporting date with changes in fair value being shown in Other Comprehensive Income, or at cost less any necessary provision for impairment where a reliable estimate of fair value is not able to be determined.

Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation but are instead tested annually for impairment and are subject to additional impairment testing if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Indicators of impairment are reviewed annually.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Any impairment charge is recognised in profit or loss in the year in which it occurs. When an impairment loss, other than an impairment loss on goodwill, subsequently reverses due to a change in the original estimate, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, up to the carrying amount that would have resulted, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Business Combinations and Goodwill

Goodwill relating to acquisitions prior to 1st March 2006 is carried at the net book value on that date and is no longer amortised but is subject to annual impairment review. On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to profit or loss in the period of acquisition. Goodwill is tested annually for impairment.

Capital and Financial Risk Management

The Group manages its capital to ensure that the Group will be able to continue as a going concern, while maximising the return to shareholders through the optimisation of its debt and equity balances.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in notes 19 and 20, cash and cash equivalents and equity attributable to equity holders of the Parent Company, comprising issued capital, share premium account and retained earnings.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends payable to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt or increase capital.

The Board regularly reviews the capital structure, with an objective to reduce net debt over time whilst investing in the business.

The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the property business and the operational risks are an inevitable consequence of being in business. The Group's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks by means of a reliable up-to-date information system. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by the Board of Directors. In addition, the internal financial control board is responsible for the identification of the major business risks faced by the Group and for determining the appropriate course of action to manage those risks. The most important types of risk are credit risk, liquidity and market risk. Market risk includes currency, interest rate and other price risks.

2. Segmental Information

Segmental information is presented in respect of the Group's business segments. The business segments are based on the Group's corporate and internal reporting structure. Segment results and assets include items directly attributable to a segment as well as those that can be allocated to a segment on a reasonable basis. The segmental analysis of the Group's business as reported internally to management is as follows:

Revenue	6 Months ended 31.8.2012 Unaudited £'000	6 Months ended 31.8.2011 Unaudited £'000 Restated	Year ended 29.2.2012 Audited £'000
Development management	150	261	693
Interior design	1,340	1,501	2,192
Architectural design	48	122	136
	1,538	**1,884**	**3,021**

Loss before taxation	6 Months ended 31.8.2012 Unaudited £'000	6 Months ended 31.8.2011 Unaudited £'000 Restated	Year ended 29.2.2012 Audited £'000
Development management	163	(2,315)	(6,176)
Interior design	25	(373)	(818)
Architectural design	(194)	(506)	(871)
	(6)	**(3,194)**	**(7,865)**

Assets

	31.8.2012 Unaudited £'000	31.8.2011 Unaudited £'000	29.2.2012 Audited £'000
Development management	58,804	38,549	50,795
Interior design	1,241	2,418	1,076
Architectural design	32	1,723	43
	60,077	42,690	51,914
Non-current asset held for sale	-	42	-
	60,077	**42,732**	**51,914**

Liabilities

	31.8.2012 Unaudited £'000	31.8.2011 Unaudited £'000	29.2.2012 Audited £'000
Development management	16,139	6,210	12,726
Interior design	1,425	2,268	1,285
Architectural design	944	2,220	761
	18,508	**10,698**	**14,772**

3. Other Gains

	6 Months ended 31.8.2012 Unaudited £'000	6 Months ended 31.8.2011 Unaudited £'000	Year ended 29.2.2012 Audited £'000
Profit on disposal of interest in Campden Estates Limited	-	-	128
Decrease in provision for acquisition of Templeco 643 Limited in lieu of settlement	-	-	135
Decrease in provision for Northacre PLC Directors Retirement and Death Benefit Scheme profit share	-	-	50
	-	**-**	**313**

4. Loss Per Share

	6 Months ended 31.8.2012 Unaudited	6 Months ended 31.8.2011 Unaudited	Year ended 29.2.2012 Audited
Weighted average number of shares in issue	26,723,643	26,723,643	26,723,643
Loss for the period attributable to equity holders of the Company (£'000)	(6)	(3,194)	(7,288)
Basic Loss Per Share (pence)	(0.02)	(11.95)	(27.27)
Diluted Loss Per Share (pence)	(0.02)	(11.95)	(27.27)

There were no potentially dilutive instruments in issue during the current or preceding periods. All amounts shown relate to continuing and total operations.

5. Non-Current Asset Held for Sale

The investment in Campden Estates Limited was presented as held for sale following a Board decision on 1st July 2011 to sell the interest in the associated undertaking. The completion date for the transaction was 27th September 2011.

6. Available for Sale Financial Assets

	Unaudited £'000
At 1st March 2011	21,205
Increase in fair value transferred to equity	10,403
At 31st August 2011	31,608
Increase in fair value transferred to equity	10,353
Dividend received	(1,150)
At 29th February 2012	40,811
Increase in fair value transferred to equity	7,433
Dividend received	(3,000)
At 31st August 2012	**45,244**

A fair valuation exercise has been undertaken based predominantly on the Group's expected profit from secured sales on The Lancasters Development as at 31st August 2012. As at 31st August 2012 the Group had received £4,147,559 of the expected profits from The Lancasters Development. A further dividend of £13,559,500 was received on 21st September 2012.

7. Trade and Other Payables

	31.8.2012 Unaudited £'000	31.8.2011 Unaudited £'000	29.2.2012 Audited £'000
Trade payables	274	758	304
Social security and other taxes	173	260	196
Other payables	21	50	368
Accruals and deferred income	2,535	1,266	1,491
Directors loans	-	4,986	-
Loan settlement costs and profit share payable	1,200	2,350	1,200
	4,203	**9,670**	**3,559**

On 22nd June 2010, the Company entered into an agreement to acquire the entire issued share capital of Templeco 643 Limited for a consideration of £1,250,000. The Company acquired Templeco 643 Limited as settlement in lieu of the loan arrangement agreement to share in the profits of The Abingdons Partnership. Of the consideration, two payments of £75,000 each were made on 22nd June 2010 and 16th August 2010. The balance of £1,100,000 was due from the proceeds of the dividends from The Lancasters Development. The balance payable was renegotiated to £965,000 payable in instalments. The Group repaid £625,000 on 31st January 2012, £175,000 on 30th March 2012, £150,000 on 31st May 2012 and the balance of £15,000 on 30th June 2012.

A provision of £1,200,000 (2011: £1,250,000) included within loan settlement costs and profit share payable, represents the profit share payable to the Northacre PLC Directors Retirement and Death Benefit Scheme in relation to sale of Group's interest in The Abingdons Partnership. The amount represents the maximum possible profit share and will be paid from dividends received from The Lancasters Development.

8. Borrowings, including lease finance

	31.8.2012 Unaudited £'000	31.8.2011 Unaudited £'000	29.2.2012 Audited £'000
Bank Overdraft	-	176	-
Finance Lease	-	102	23
Other Loans	13,605	-	10,490
Loan from pension scheme	700	-	-
	14,305	**278**	**10,513**

The bank overdraft facility of £500,000 was repaid on 31st October 2011 and cancelled on 1st November 2011.
As at 31st August 2012 the Group had no obligations under finance leases that were secured on related assets.
Other loans represent the Auster Real Estate Opportunities S.a.r.l. loan facility and Eurobond loan facility as detailed in note 1 paragraph (ii) and (iii). The loan facility is secured by way of a first fixed charge over the 100 ordinary shares of £1 each of Northacre Capital (5) Limited, a fully owned subsidiary of Northacre PLC.

The loan from the pension scheme of £699,602 (2011: £750,000) in non-current liabilities is in respect of the Northacre PLC Directors Retirement and Death Benefit Scheme. The loan is due to be repaid on 31st July as detailed in note 1 paragraph (i).

9. Related Party Transactions

	Nature of Relationship	31.8.2012 Unaudited £'000	31.8.2011 Unaudited £'000	29.2.2012 Audited £'000	Nature of Transactions
Northacre PLC Directors Retirement and Death Benefit Scheme	1	-	3	-	Management fees receivable from the Scheme representing a balance at the end of the period
Northacre PLC Directors Retirement and Death Benefit Scheme	1	(700)	(750)	(700)	Loan repayable to the Scheme by Northacre PLC. Balance at the end of the period. £50,000 was repaid on 22nd December 2011
Northacre PLC Directors Retirement and Death Benefit Scheme	1	-	(116)	-	Interest payable to the Scheme on the loan to Northacre PLC representing a balance outstanding at the end of the period
Northacre PLC Directors Retirement and Death Benefit Scheme	1	(16)	(17)	(38)	Interest payable to the Scheme on the loan to Northacre PLC representing interest accrued during the period
Northacre PLC Directors Retirement and Death Benefit Scheme	1	-	108	-	Disbursements paid by Northacre PLC on behalf of the Scheme representing a balance at the end of the period
Northacre PLC Directors Retirement and Death Benefit Scheme	1	(1,200)	(1,250)	(1,200)	Profit share payable to the Scheme in relation to the sale of Group's interests in The Abingdons Partnership
K.B. Nilsson	2	-	(109)	-	Amount owed to K.B. Nilsson from Northacre PLC
K.B. Nilsson	2	-	(104)	-	Interest payable to K.B. Nilsson on the loan to Northacre PLC
K.B. Nilsson	2	-	-	-	K.B. Nilsson personal guarantee of £570,000 to the Group's bankers as a security in respect of all liabilities of the Group to the bank. The guarantee was released on 7th November 2011
E.B. Harris	3	(45)	(15)	(30)	Non-executive Directors Fees representing a balance at the end of the period
E.B. Harris	3	(15)	(15)	(30)	Non-executive Directors Fees representing amounts accrued during the period
M. Williams	4	(15)	(15)	(30)	Non-executive Directors Fees representing amounts paid during the period
M.A. AlRafi	5	-	(300)	-	Loan repayable to MTAF Group (M.A. AlRafi) by Northacre PLC
M.A. AlRafi	5	-	(58)	-	Interest payable to MTAF Group (M. A. AlRafi) on £300,000 loan to Northacre PLC
M.A. AlRafi	5	-	(350)	-	Loan and premium repayable to MTAF Group (M.A. AlRafi) by Northacre PLC
M.A. AlRafi	5	-	(20)	-	Interest payable to M. A. AlRafi on £350,000 loan to Northacre PLC
M.A. AlRafi	5	-	(3)	-	Executive Directors fees representing balance at the end of the period
M.A. AlRafi	5	(60)	(15)	(60)	Executive Directors fees representing amounts paid and accrued during the period
A. AlRafi	6	-	(3,600)	-	Loan repayable to A. AlRafi by Northacre PLC
A. AlRafi	6	-	(449)	-	Interest payable to A. AlRafi on the £3.6m loan to Northacre PLC

Nature of Relationship

1. K.B. Nilsson is a trustee and beneficiary of the Northacre PLC Directors Retirement and Death Benefit Scheme.
2. K.B. Nilsson is a Director of the Company.
3. E.B. Harris is a Director of the Company, and a member of E.C. Harris LLP.
4. M. Williams is a Director of the Company.
5. M.A. AlRafi is a Director of the Company.
6. A. AlRafi is the father of M.A. AlRafi.

10. Contingent Liabilities

A third party brought a claim against a subsidiary Company, Waterloo Investments Limited, regarding payment of a profit share of a completed development. Legal proceedings were commenced by the third party in 2001. The amount claimed is £744,008. Waterloo Investments Limited has counterclaimed against the third party for £333,708 plus interest and costs. No provision has been made in these financial statements for this liability as the Board is of the opinion that there is no prospect that the claim against Waterloo Investments Limited will be successful.

The Company is included in a group registration for VAT purposes and is therefore jointly and severally liable for all other group companies' VAT liabilities amounting to £38,038 (2011: £25,658).

On receipt of sufficient dividends from The Lancasters Development, it is the Board's intention to make the following payments, with this priority:

i. repayment of existing debt including interest
ii. repayment of the pension fund loan and profit share
iii. other accrued liabilities
iv. to pay a dividend to the Company's shareholders.

After retaining sufficient cash to fund future development projects and if, following the payment of dividends as referred to above, there are sufficient retained profits and funds available (which is at present uncertain), the Board then intends to make bonus payments to staff and directors, reflecting the success of The Lancasters Development. Should all expected dividends from The Lancasters Development be received, and there are sufficient cash resources remaining after satisfying the aforementioned priorities including a substantial dividend, the aggregate of these bonus payments could amount to c12.5% of the anticipated total profit share from The Lancasters Development.

11. Events after the Reporting Date

On 21st September 2012 the Group received a third distribution from The Lancasters Development. The total amount received was £13,559,500. The Group received to date £17,707,059 of the total expected profits from The Lancasters Development. Following receipt of the third distribution the Group repaid £12,543,339 including accrued interest of the Auster Real Estate Opportunities S.a.r.l. loan leaving only £1,250,000 outstanding.

12. Other Information

The interim statement was approved by the Directors on 9th November 2012.

A copy of the announcement will be made available on our website:

www.northacre.com

NORTHACRE
LONDON

Independent Review Report to Northacre PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31st August 2012 which comprises the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity and the related notes. We have read other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information contained in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. Our work is 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 half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Rules of the Alternative Investment Market.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRS as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting' as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months to 31st August 2012 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Rules of the Alternative Investment Market.

Kingston Smith LLP
Chartered Accountants

Devonshire House
60 Goswell Road
London EC1M 7AD

9th November 2012