Northacre PLC
Report and Accounts
2008

NORTHACRE

It has been a year of significant progress for Northacre in which the Group has secured two major planning consents and over the same period generated further growth in its fee income. Together with a third major planning consent in July 2008, the Group now has three developments in progress all of which are due for delivery by 2012. The Group is, therefore, ideally placed to provide for the growing shortage of supply in the Prime Central London sector for new developments. The diversity of the Group's services with improved activity overseas is a real strength for insulating the Group at a time of uncertainty when the mainstream market is experiencing a sharp downward shift in activity and values.

With construction now under way at The Lancasters, this imposing scheme overlooking Hyde Park with it's high impact hoarding is generating over fifty enquiries a month. A successful first phase of marketing has generated over £100m of secured sales revenue and has established a good level for base values and future sales. The Kensington (Odeon) scheme was granted planning consent in December 2007. Following last year's success in the High Court, planning for The Vicarage is to be determined at a second Public Inquiry in September 2008. Following our contracted acquisition of The Warwick Road site in November 2007, we are pleased to confirm our third planning consent with another unanimous decision by the Royal Borough of Kensington and Chelsea in July 2008.

The results for the year demonstrate that despite the absence of any major development profits, the Group has achieved a modest return from improved fee income. Now that three planning consents have been secured, the short term objective will be to agree the necessary loan facilities in order to deliver these developments over the next four years.

John Hunter
Chief Executive

Highlights

- Despite the absence of any major development profits, Group fee income has increased by 31% to £7.2m (2007: £5.5m) with profit before tax of £0.1m (2007: Profit £2.6m)
- Demolition and construction at The Lancasters is well underway and is scheduled for completion in 2010. The first phase of marketing has generated 25% of total anticipated revenue
- A second Public Inquiry hearing for Vicarage Gate takes place in September 2008 for which a determination is due before the end of 2008
- Planning consent granted for The Kensington (Odeon) in December 2007 with a Section 106 legal Agreement due for signing in September 2008
- The Group subsidiaries continue to generate growth in fee income, particularly for interior design, with increased activity from international private clients
- A further planning consent has been secured for The Warwick. The Section 106 Agreement will also be ready for signing in September 2008
- Northacre's portfolio now comprises a collection of four prime residential developments with further opportunities under consideration

Contents

Chief Executive's Review

Overview

Northacre continues to build on its exceptional track record for delivering the finest prime residential schemes in Central London, as illustrated overleaf by way of a table of completed schemes. The performance of the Company's development returns continue to be unrivalled. With the addition of a fourth major scheme in the year, Northacre has now established a pipeline of opportunities to provide for the growing shortage of developments in the prime residential market. As a result of improved activity in our subsidiary companies, income has been further enhanced from an increasing international private client base.

Operational Review

The Development Status Chart on page 4 demonstrates the milestone events reached in each of the schemes. At a glance one can assess the current status and risk profile of each development in progress. The critical milestone events in all major development programmes are extremely important indicators for assessing progress, value and risk for each scheme. This is a useful barometer for assessing value gain as each scheme achieves each of its milestones. It is, however, also important to realise that this added value does not represent or imply in any way that this is a surplus, which is receivable now or in the near future.

"Northacre has made significant progress with three major planning consents in the last 18 months and with improved fee income from Architectural and Interior Design services.

With the market suffering from the credit squeeze, the diversity of the Group is a real strength. It is time now for us to procure and build our strong pipeline of consented schemes before the recovery begins."

John Hunter
Chief Executive

Completed Schemes

Period	Northacre Scheme	Size (sq.ft)	No. of units	GDV £m	Current GDV £m
92 – 95	Observatory Gardens *Kensington, W8*	70,000	69	35	150
95 – 99	Earls Terrace *Kensington, W8*	120,000	23	100	330
96 – 00	The Bromptons *Chelsea, SW3*	125,000	74	100	375
00 – 04	Kings Chelsea *Chelsea, SW10*	350,000	289	250	500
01 – 05	The Phillimores *Kensington, W8*	130,000	66	173	325
04 – 07	Park Street *Mayfair, W1*	20,000	6	32	45
Total		**815,000**	**527**	**690**	**1,725**

Note: With an average gearing of 80% LTC the average IRR achieved in excess of 25% (based on GDV).

Current Schemes

Period	Northacre Scheme	Size (sq.ft)	No. of units	Status
06 -10	The Lancasters *Bayswater, W2*	187,000	77	• Planning Consent – May 2007 • Works commenced – November 2007 • Almost 1/3 apartments pre-sold in 2007
06 -11	The Kensington (Odeon) *Kensington, W8*	102,000	40	• Planning Consent – December 2007 • S106 agreement – September 2008 • Works due to start – Summer 2009
08 -12	The Warwick *Kensington, W8*	220,000	159	• Site acquisition – November 2007 • Planning consent – July 2008 • Works due to start – Spring 2009
08 -12	The Vicarage *Kensington, W8*	40,000	12	• High Court victory – April 2007 • Second Public Inquiry – September 2008
Total		**549,000**	**288**	

NORTHACRE

The Lancasters

This high profile scheme continues to generate an increasing number of enquiries in response to the hoarding and construction activity on site. Progress is on schedule, with the first phase of completed apartments available for occupation in 2010. The joint venture has also secured early off-plan sales with a value in excess of £100m, representing almost one third of the total apartments.

The Kensington

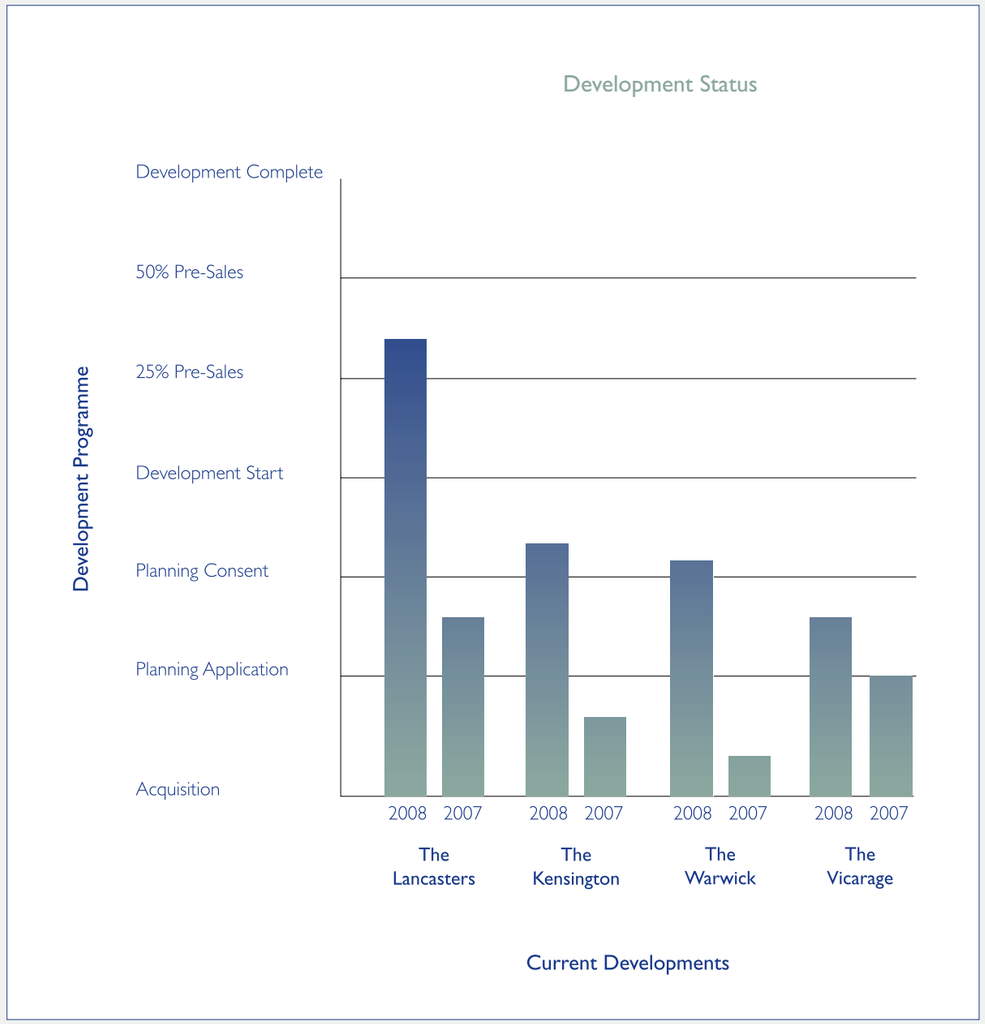
After two years of public consultation, The Kensington (Odeon) was granted a planning consent with a unanimous decision in December 2007. The scheme will comprise 35 lateral apartments, 5 trophy houses and has a state of the art underground cinema providing 6 screens of at least 1000 premier seats. The signing of a Section 106 legal Agreement is now imminent, following which the development is due to commence in the summer of 2009.

The Warwick

In November 2007, contracts were exchanged on the site known as 'The West Kensington Telephone Exchange' in a joint venture with Bomac Developments UK Ltd. In less than seven months the Company has secured a second unanimous decision to grant planning consent for 159 market and affordable apartments at the centre of this new Kensington eco-village.

The Vicarage

Last year's success in the High Court means that our planning application returns to a second Public Inquiry to be heard in September 2008. The inspector's decision will be due before the end of 2008. The outcome of this planning wrangle will hopefully finally determine in favour of our proposed development of this prime residential site.



Financial Review

Financial Security

The year under review has seen a significant change in the economic world. The current difficult climate in the banking sector has, unfortunately, resulted in a more challenging debt market for securing the necessary development facilities for residential schemes. However our track record of success in adding significant value through the planning process from our skilled management teams gives us a better prospect of securing our senior debt requirements on reasonable terms. With this in mind, it is the Board's view that whilst continuing to seek further opportunities to add to our pipeline, the Group maintains a prudent fiscal policy to avoid over exposing itself in the current economic climate.

"Investment in schemes that can deliver healthy shareholder returns continue to be the priority of the Board whilst ensuring there is a prudent capital and leverage discipline. In a challenging financial climate our track record gives us a better prospect of securing our debt facilities on reasonable terms."

Manish Santilale
Finance Director

Review of Results

Headlines

Net Assets per share increased to 47.2 pence (2007 restated: 46.8 pence). Net profit for the year is £0.1m (2007 restated: £2.5m) with an earnings per share of 0.36 pence (2007 restated: 11.19 pence).

Consolidated Income Statement

Profit before tax for the year is £0.1m (2007 restated: £2.6m). Turnover for the year is £7.4m (2007: £8.1m).

Although the Group's turnover has reduced slightly to £7.4m (2007: £8.1m) the majority share is fee income rather than development profit. The Group fee income in the year increased to £7.2m (2007: £5.5m) demonstrating the impact of the secured development schemes. The Group's subsidiaries have again seen significant increases to their fee income this year as shown in the pie diagrams overleaf. The interior design company, Intarya Ltd, saw an increase of fee income by 31% to £2.6m (2007: £2.0m) as a result of increasing its international client base as well as the established domestic market. The architectural design company, Nilsson Architects Ltd, saw an increase of fee income by 12% to £1.8m (2007: £1.6m) as a result of design services for our secured projects.

Administration costs for the year increased to £5.7m (2007 restated: £4.0m) mainly due to further strengthening of the development and design teams and partly due to increased expenses as a result of the improvement and expansion of the business.

Including the above items the Group achieved a net profit before tax of £0.1m (2007 restated: £2.6m).

Consolidated Balance Sheet

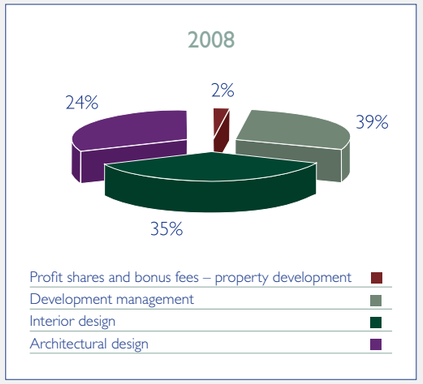
The investment in joint ventures represents the equity invested in each of our secured development schemes. This investment at the year-end was £2.4m (2007: £2.4m). In July 2007 the joint venture achieved a full debt re-financing of The Lancasters scheme, which resulted in the Group having all of its equity investment to date being returned. This has been fully re-invested in our new scheme, The Warwick, and further equity into The Kensington scheme.

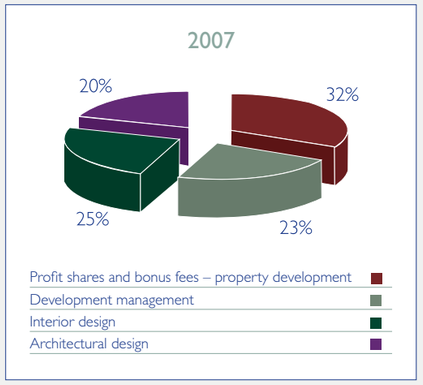
Trade and other receivables at the year-end include the final account performance bonus fee of £0.1m (2007 restated: £2.6m) which has been received since the year-end. This amount has been fully utilised in reducing the Group's debt position.

Financing

The Group finances its business activities through a mixture of equity, cash and bank borrowings with the intention of maximising its return from the equity invested into the various development opportunities which meet our strict investment criteria.

Despite the well publicised fears of the affect of the 'credit squeeze', the Group has continued to strengthen its position in the prime residential sector. In particular there is now real strength in the Group's diverse earning power from a growing international client base. Together with fee income from the four major schemes, we are confident that this momentum will be maintained in the short to medium term.





Investment in schemes that can deliver healthy shareholder returns continues to be the priority of the Board whilst ensuring there is a prudent capital and leverage discipline.

Outlook

The financial year has seen the Group continue to consolidate its position as the major player in the prime residential sector in Central London. Notwithstanding the difficult market conditions, the Group has seen an improvement in its fee income, together with the acquisition of another major site close to the centre of Kensington.

Works are well underway and on programme at The Lancasters and the sales and marketing campaign has generated pre-sales in excess of £100m. The re-financing of the loan facility has enabled the Group to receive back its equity investment for re-investment into The Warwick scheme, for which planning has already been secured.

Following the successful planning outcome for The Kensington (Odeon), we are finalising the details of the S106 obligations with the Council. This should be achieved in the next month at which point, the joint venture will review the programme for commencement of the main works.

Our planning application at The Vicarage is due for a second Public Inquiry in September 2008. Following the favourable High Court decision, the Group is more confident of a positive outcome on this occasion.

Despite the continuing turmoil in the financial markets, the global appetite for Central London and Northacre's branded, prime residential style of property is holding up. With the four developments due for completion in the next three years, Northacre is in a strong position to take advantage of the market conditions and the growing shortage of supply.

We continue to review new opportunities for further growth in our fee income as well as further enhancing our profit share entitlements.

Company Information

Directors
J.R.G Hunter
K.B. Nilsson
M.K. Santilale
E.B. Harris
M.F. Williams

Secretary
D.A. Salmon

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Nominated Advisor and Broker
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London EC2N IPH

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Capita Registrars
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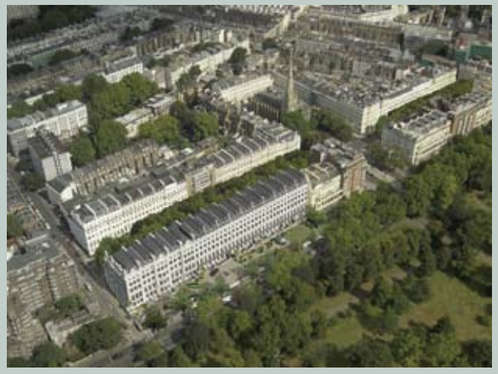


Directors' Report

For the year ended 29th February 2008

The Directors have pleasure in presenting their report and financial statements for the year ended 29th February 2008.

Principal Activities

The Group's business is property development, development management and the provision of architect and interior design services for high quality residential property schemes.

Review of the Business

Key Performance Indicators

Non Financial

The Company will, throughout the development process, achieve certain critical milestone events that will significantly impact on the value and risk profile of each scheme. Although these events cannot always be converted into having an immediate financial impact for the Group, the de-risking of the scheme as a result of these events being completed will increasingly secure the Group's fee and profit share entitlement. These targets and events are discussed in more detail in the Chief Executive's review but in summary are:

- to secure a satisfactory planning consent
- to secure suitable funding for the development of the scheme
- to achieve the appropriate levels of pre-sales in line with the development programme
- to reach appropriate stages in the construction programme
- the practical completion of the scheme
- the sales completion of the scheme.

Financial

The key financial indicators achieved in the year are reflected in more detail as follows:

Review of Results

Net assets per share increased to 47.2 pence (2007 restated: 46.8 pence). Net profit for the year is £0.1m (2007 restated: £2.5m) with an earnings per share of 0.36 pence (2007: 11.19 pence).

Consolidated Income Statement

Operating profit for the year is £0.1m (2007 restated: £2.7m).

The Group's turnover for the year is £7.4m (2007: £8.1m). In line with the previous year the Group continues to generate a larger proportion of the turnover in fee income to the Group rather than profit shares or bonus fees and, as a result, the Group fee income from work in progress increased in the year by 31% to £7.2m (2007: £5.5m).

The Group's subsidiaries have all seen significant increases in their fee income due to two of the major schemes now having achieved planning consent. In particular, the interior design company, Intarya Limited, has achieved a 31% increase in fee income to £2.6m (2007: £2.0m) and the architectural design company, Nilsson Architects Ltd, achieved an increase of 12% to £1.8m (2007: £1.6m).

Administration costs for the year increased to £5.7m (2007 restated: £4.0m). After including the above items the Group recorded a profit before tax of £0.1m (2007 restated: £2.6m).

Consolidated Balance Sheet

The investment in joint ventures represents the cash equity invested in each of our development schemes and at the year end this amounted to £2.4m (2007: £2.4m). The equity returned in the year from the refinancing of The Lancasters scheme has been wholly re-invested as the Group's share of equity into The Warwick and The Kensington (Odeon) schemes.

Trade and other receivables at the year end include the balance of the final performance bonus fee of £0.1m due on the final account of Park Street which results in a total return of £2.7m from the scheme. This amount has been fully utilised in reducing the Group's debt position.

Financing

The Group continues to finance its activities through a mixture of equity, cash and bank borrowings.

The Group selectively gears its acquisitions with appropriate levels of bank debt to enable it to maximise its return from the equity invested. The current joint ventures have secured a total in excess of £300m of committed facilities to finance the development of the consented schemes.

The focus of the Group's business plan continues to be securing a pipeline of opportunities that will deliver attractive shareholder returns whilst ensuring there remains a flow of fees to the Group companies.

Results and Dividend

The results of the Group for the year are set out on page 17. The Directors do not recommend the payment of a dividend as the funds of the Company are fully employed, being used to finance current projects. The Directors are reviewing the financial forecasts, with the intention that once sufficient distributable reserves are available then a dividend policy will be considered. However, it is the Board's view that in the current business climate it is critical that the Company continues to maintain sufficient working capital reserves as well as ensuring there are sufficient capital funds to deploy in selective opportunities.

Directors and their Interests

The Directors who served the Company during the year together with their interests (including family interests) in the shares of the Company, at the beginning and end of the year, were as follows:

Number of Issued 2.5p Ordinary Shares

	At 29th February 2008	At 28th February 2007	% of Ordinary Shares
J.R.G. Hunter	5,000,000	5,000,000	22.0%
K.B. Nilsson	4,550,000	5,000,000	20.0%
M.K. Santilale	2,000	2,000	0.0%
E.B. Harris	-	-	-
M.F. Williams (appointed 17th April 2007)	-	-	-

J.R.G. Hunter disposed of 350,000 shares on 18th March 2008 at a price of 62 pence. Following this transaction, J.R.G. Hunter now holds 4,650,000 ordinary shares representing 20.47% of the issued share capital.

Directors' Report

For the year ended 29th February 2008 *(Continued)*

Substantial Shareholdings

As at the 8th August 2008, the following, in addition to the interests of the Directors noted above, held in excess of 3% of the ordinary share capital of the Company:

Fitel Nominees Limited	16.1%
Sutterton Label Printers Limited	6.0%
Fiske Nominees Limited	3.6%

Donations

During the year, the Group made charitable donations of £300 (2007: £150).

Policy and Practice on the Payment of Creditors

It is the Group's policy to maintain good relationships with its suppliers. Payment terms are agreed with each supplier in advance and these terms adhered to. Due to the nature of the business the Directors do not consider that a meaningful trade creditors days figure can be calculated.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Kingston Smith LLP be re-appointed as auditors of the Company will be put to the Annual General Meeting.

Directors' Responsibilities

The Directors are responsible for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards as adopted by the EU.

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Compliance with the Code of Best Practice and Good Corporate Governance

The Committee on Corporate Governance issued The Combined Code to promote the principles of transparency, integrity and accountability. The Code requires certain

Directors' Report

For the year ended 29th February 2008 *(Continued)*

disclosures to be made and although, as an AIM Company, it is not obliged to make disclosures, the Company is committed to high standards of corporate governance throughout the Group and meeting the disclosure requirements as far as it reasonably can.

The Board of Directors

The Board consists of five Directors: three executive; two non-executive. The Board of Directors is responsible for the management of the Company and the Board meets at least once a month. At each meeting a proper agenda is presented noting all the matters that require discussion and approval by the Directors. Generally the information available for discussion consists of project and financial updates.

The Board reserves the right to approve key decisions to ensure it retains proper control and direction of the Group whilst delegating authority to individual Directors who are responsible for the day to day management of the business.

All Directors have, at the Company's expense, access to the services of the Company Secretary and where necessary, appropriate independent professional advisors.

Board Appointments

All appointments to the Board are discussed at a full board meeting and each member is given the opportunity to meet the individual concerned prior to the appointment being made.
As permitted by the Combined Code and the QCA Guidelines, due to the small size of the Board, it is not considered appropriate to establish a Nominations Committee.

The Remuneration Committee

The Remuneration Committee is composed of two non-executive Directors with advice obtained, where necessary, from the Finance Director and the Company Secretary. It meets as required during the financial year to carry out its responsibility of reviewing the performance of the executive Directors and setting the scale and structure of their remuneration packages.

The Company operates within a competitive environment and its performance and success depends on the performance of certain key Directors and employees. Executive remuneration packages are designed to attract, motivate, and retain Directors of the calibre to maintain the Company's position at the forefront of the prime residential sector.

The remuneration packages of individual Directors are structured so that the performance related elements form a more significant proportion of the total packages in order that they are aligned with the interests of the shareholders.

The Remuneration Committee is also responsible for determining the share option allocation to employees. Share incentives are designed so that they recognise the long term growth of the Company.

It is a rule of the Committee that a Director shall not participate in the decision making in his/her remuneration.

Re-election of Directors

Directors retire by rotation in accordance with the Company's Articles of Association which

Directors' Report

For the year ended 29th February 2008 *(Continued)*

prescribe, that at every Annual General Meeting, one third of the Directors for the time being shall retire from office. Non-executive Directors are appointed initially on a three year term with a written notice period of three months by either party.

Shareholder Relations

The Company maintains a website (www.northacre.com) where the Group's statutory accounts and announcements will be available. The website conforms to the requirements of AIM Rule 26 and all the relevant information can be found there. Queries raised by any shareholder are responded to by either the Chief Executive Officer or the Company Secretary.

Accountability and Audit

The Board believes that the Annual Report and Accounts are an important mechanism for presenting an updated record of the Group's position and prospects. This is highlighted in the Chief Executive's Review and the Finance Director's Review.

Internal Control

The Board of Directors has overall responsibility for the Group's system of internal control and for reviewing its effectiveness. The purpose of the system of internal control is to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material mis-statement or loss.

The Directors have established an organisational structure with clear operating procedures, lines of responsibility and delegated authority. In particular there are detailed procedures for capital investment into new development schemes and the approval of financial reporting. The Board has reviewed the need for an internal audit team and concludes that, given the size of the Group, it is not currently appropriate to employ such a function.

Statement of Disclosure to Auditor

(a) so far, as the Directors are aware, there is no relevant audit information of which the Group's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

By Order of the Board

D.A. Salmon
Secretary

Date: 27th August 2008

Independent Auditors' Report to the Shareholders of Northacre PLC

For the year ended 29th February 2008

We have audited the Group and Parent Company financial statements of Northacre PLC for the year ended 29th February 2008 which comprise the Consolidated Income Statement, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Cash Flow Statements, the Consolidated and Parent Company Statements of Changes in Shareholder's Equity and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken for no purpose other than to draw to the attention of the Company's members those matters which we are required to include in an auditors report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the Company and Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation. We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Chief Executive's Review, the Directors' Report and the Financial Review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting

Independent Auditors' Report to the Shareholders of Northacre PLC

For the year ended 29th February 2008 *(Continued)*

policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs at 29th February 2008 and of the Group's profit for the year then ended
- the Parent Company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 1985, of the state of the Parent Company's affairs at 29th February 2008
- the financial statements have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation and
- the information given in the Director's report is consistent with the financial statements.

Devonshire House
60 Goswell Road
London EC1M 7AD

Kingston Smith LLP
Chartered Accountants
and Registered Auditors

Date: 27th August 2008

Consolidated Income Statement

For the year ended 29th February 2008

	Note	2008 £	2007 £ Restated
Group Revenue	3	7,370,859	8,087,325
Cost of sales		(1,562,786)	(1,498,618)
Gross Profit		5,808,073	6,588,707
Administrative expenses		(5,714,889)	(3,982,067)
Other operating income	4	22,626	62,239
Group Profit from Operations		115,810	2,668,879
Finance Income		130,180	68,983
Finance Expense	5	(148,314)	(163,360)
Share of (loss)/profit of associate	12(a)	(15,142)	18,921
Profit before Taxation	6	82,534	2,593,423
Taxation	8	-	(51,468)
Retained Profit for the Year		**82,534**	**2,541,955**
Profit per ordinary share			
Basic - Continuing and total operations	22	0.36p	11.19p
Diluted - Continuing and total operations	22	0.36p	11.19p

There were no acquisitions or disposals of any activities in the period.

Consolidated Balance Sheet

For the year ended 29th February 2008

	Note	2008 £	2007 £ Restated
Non Current Assets			
Goodwill	10	8,828,460	8,828,460
Property, plant and equipment	11	89,856	21,075
Investments in associates	12(a)	51,096	66,238
Investments	12(b)	2,409,919	2,412,830
		11,379,331	11,328,603
Current Assets			
Inventories	13	123,260	113,682
Trade and other receivables	14	3,016,140	3,924,886
Cash and cash equivalents	15	296,573	32,952
		3,435,973	4,071,520
Total Assets		**14,815,304**	**15,400,123**
Current Liabilities			
Trade and other payables	16	2,542,059	2,180,158
Corporation tax	17	-	51,468
Borrowings, including lease finance	18	-	977,786
		2,542,059	3,209,412
Non Current Liabilities			
Borrowings, including lease finance	19	1,550,000	1,550,000
		1,550,000	1,550,000
Total Liabilities		**4,092,059**	**4,759,412**
Equity			
Share capital	23	567,841	567,841
Share premium account		17,449,610	17,449,610
Retained earnings		(7,294,206)	(7,376,740)
Total Equity		**10,723,245**	**10,640,711**
Total Equity and Liabilities		**14,815,304**	**15,400,123**

Approved by the Board on 27th August 2008

J.R.G. Hunter *Director*

K.B. Nilsson *Director*

Company Balance Sheet

For the year ended at 29th February 2008

	Note	2008 £	2007 £ Restated
Non Current Assets			
Investments	12(c)	10,089,981	10,089,977
		10,089,981	10,089,977
Current Assets			
Trade and other receivables	14	11,690,148	11,710,409
Cash and cash equivalents	15	447,261	-
		12,137,409	11,710,409
Total Assets		**22,227,390**	**21,800,386**
Current Liabilities			
Trade and other payables	16	9,245,028	9,506,422
Corporation tax	17	-	26,118
Borrowings, including lease finance	18	-	1,033,491
		9,245,028	10,566,031
Non Current Liabilities			
Borrowings, including lease finance	19	1,550,000	1,550,000
		1,550,000	1,550,000
Total Liabilities		**10,795,028**	**12,116,031**
Equity			
Share capital	23	567,841	567,841
Share premium account		17,449,610	17,449,610
Retained earnings		(6,585,089)	(8,333,096)
Total Equity		**11,432,362**	**9,684,355**
Total Equity and Liabilities		**22,227,390**	**21,800,386**

Approved by the Board on 27th August 2008

J.R.G. Hunter *Director*

K.B. Nilsson *Director*

Consolidated and Company Cash Flow Statement

For the year ended 29th February 2008

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
		Restated		
Cash flows from operating activities				
Profit for the period	82,534	2,541,955	1,748,007	2,395,013
Adjusted for:				
Investment income recognised in the profit for the year	(130,180)	(68,983)	(2,573,602)	(60,657)
Finance costs recognised in the profit for the year	148,314	163,360	132,536	152,483
Share of loss/(profit) in associate	15,142	(18,921)	-	-
Depreciation and amortisation	27,838	11,910	-	-
Taxation	(51,664)	-	(26,118)	-
	91,984	2,629,321	(719,177)	2,486,839
Movements in working capital:				
(Increase)/decrease in work in progress	(9,578)	(89,415)	-	-
(Increase)/decrease in trade and other receivables	908,746	(2,947,605)	20,257	(4,604,159)
Increase/(decrease) in trade and other payables	362,097	(157,100)	2,198,606	1,338,899
Net cash used in operating activities	**1,353,249**	**(564,799)**	**1,499,686**	**(778,421)**
Cash flows from investing activities				
Purchase of interest in joint venture	(977,084)	(816,605)	-	-
Disposal of interest in joint venture	979,995	-	-	-
Purchase of plant, property & equipment	(96,619)	(12,237)	-	-
Net cash used in investing activities	**(93,708)**	**(828,842)**	**-**	**-**
Cash flows from financing activities				
Interest received	60,180	8,983	43,602	657
Interest paid	(148,314)	(47,619)	(132,536)	(152,483)
Dividends received	70,000	60,000	70,000	60,000
Net cash from financing activities	**(18,134)**	**21,364**	**(18,934)**	**(91,826)**
Increase/(decrease) in cash and cash equivalents	1,241,407	(1,372,277)	1,480,752	(870,247)
Cash and cash equivalents at the beginning of the year	(944,834)	427,443	(1,033,491)	(163,244)
Cash and cash equivalents at the end of the year	**296,573**	**(944,834)**	**447,261**	**(1,033,491)**

Consolidated and Company Statement of Changes in Shareholders' Equity

For the year ended 29th February 2008

Group	Called Up Share Capital £	Share Premium Account £	Retained Earnings £	2008 Total £
Balance at 1st March 2007	567,841	17,449,610	(7,376,740)	10,640,711
Profit for the year	-	-	82,534	82,534
Balance at 29th February 2008	**567,841**	**17,449,610**	**(7,294,206)**	**10,723,245**
Balance at 1st March 2006	567,841	17,449,610	(9,918,695)	8,098,756
Profit for the year	-	-	2,541,955	2,541,955
Balance at 28th February 2007	**567,841**	**17,449,610**	**(7,376,740)**	**10,640,711**

Company	Called Up Share Capital £	Share Premium Account £	Retained Earnings £	2008 Total £
Balance at 1st March 2007	567,841	17,449,610	(8,333,096)	9,684,355
Profit for the year	-	-	1,748,007	1,748,007
Balance at 29th February 2008	**567,841**	**17,449,610**	**(6,585,089)**	**11,432,362**
Balance at 1st March 2006	567,841	17,449,610	(10,728,109)	7,289,342
Profit for the year	-	-	2,395,013	2,395,013
Balance at 28th February 2007	**567,841**	**17,449,610**	**(8,333,096)**	**9,684,355**

Notes to the Consolidated Financial Statements

For the year ended 29th February 2008

1. Principal Accounting Policies

The principal accounting policies are as follows:

Accounting basis and standards

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union for the first time. The Group's financial statements were previously prepared under UK GAAP. Details of the effects of changes are given below.

The results, assets and liabilities for the year ended 28th February 2007 have been restated in order to adopt International Financial Reporting Standards for the first time. The information for the year ended 28th February 2007 is based on the statutory financial statements for the year but has been adjusted to comply with International Financial Reporting Standards. The statutory financial statements for the year ended 28th February 2007, prepared under applicable UK accounting standards, 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 s237(2) or s237(3) of the Companies Act 1985.

IFRS 1 permits those companies adopting IFRS for the first time to take certain exemptions from the full requirements of IFRS in the transtition period. The Group has taken advantage of the following exemptions:

(a) IFRS 3 "Business Combinations" - IFRS 3 has not been retrospectively applied to acquisitions that took place prior to 1st March 2006.

The principal change to accounting policies arising from the adoption of IFRS is as follows:

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 the income statement in the period of acquisition. Goodwill is tested annually for impairment.

Going Concern

The Company and Group currently meet their day to day working capital requirements partly through monies loaned from the Northacre PLC Directors Retirement and Death Benefits Scheme, partly from the Group's bankers and partly from other loans. The Directors expect the facilities currently agreed to remain in place for the foreseeable future and to be renewed on equally favourable terms in due course. In particular:

(i) One of the loans due to Northacre PLC Directors Retirement and Death Benefit Scheme of £1 million has been extended for a further five years until July 2013.
(ii) Two further loans of £275,000 each, from the Northacre PLC Directors Retirement and Death 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 2009.
(iii) The Group's bankers are in the process of agreeing revised facilities.

Notes to the Consolidated Financial Statements

For the year ended 29th February 2008 *(Continued)*

1. Principal Accounting Policies *(Continued)*

Going Concern (Continued)

The Directors have prepared detailed cash flow projections for the period ended 31st August 2009 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 and those expected to be shortly agreed. 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 thereof, 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 and recoverability of goodwill
- The book value of fixed assets and depreciation.

Basis of Consolidation

The Group accounts include the accounts of the Company and its subsidiary undertakings, together with the Group's share of the results of joint ventures and associates.

Depreciation

Depreciation on fixed assets is provided at rates estimated to write off the cost or revalued amounts, less estimated residual value, of each asset over its expected useful life as follows:

Fixtures, fittings and office equipment
– 25% straight line

Computer equipment
– 33 1/3% straight line

Inventories

Work in progress is valued at the lower of cost and net realisable value. Cost of work in progress includes overheads appropriate to the stage of development. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal.

Revenue

Turnover 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.

Notes to the Consolidated Financial Statements

For the year ended 29th February 2008 *(Continued)*

1. Principal Accounting Policies *(Continued)*

Deferred Taxation

In accordance with IAS12, deferred tax is recognised in respect of all taxable temporary differences arising between the tax base and the accounting base of balance sheet items. This means that deferred tax is recognised on certain temporary differences that would not have given rise to deferred tax under previous GAAP.

Leased Assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease on a straight line basis.

Rentals under operating leases are charged to income on a straight-line basis over the lease term.

Investments

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

Investments in joint ventures

The Company's investments described as investments in joint ventures represent equity stakes and capital contributions made in respect of projects undertaken with other partners. The Group's equity stake in all the joint ventures ranges from 5% to 45% with an incentivised profit share entitlement ranging from 50% to 60% depending on certain thresholds being achieved in each project.

All the investments are in unquoted undertakings where a reliable estimate of fair value is not able to be determined because of the range of potential estimates. The investments are therefore stated at cost, less any necessary provision for impairment.

Goodwill

Goodwill is determined by comparing the amount paid on the acquisition of a business and the aggregate fair value of its separable net assets and is reviewed annually for impairment and adjusted appropriately to reflect the true value as at that date.

Pension Scheme Arrangements

The Group operates a money purchase scheme on behalf of two of its Directors. It also contributes to certain Directors' and employees' personal pension schemes. Pension costs charged represent the amounts payable to the schemes in respect of the period.

Foreign currency translation

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Assets and liabilities are translated at the rate of exchange ruling at the balance sheet date. Exchange differences are taken into account at arriving at Group operating profit.

Notes to the Consolidated Financial Statements

For the year ended 29th February 2008 *(Continued)*

1. Principal Accounting Policies *(Continued)*

Financial Assets

Loans and Receivables

Trade debtors, loans and other receivables are classified as 'trade and other receivables' and are measured at cost less any provisions. Interest income is recognised by applying the appropriate interest rate of the contractual arrangement.

Financial Liabilities

Loans and Payables and Borrowings

Trade payables, other payables and borrowings are classified as 'trade and other payables' and 'borrowings'. These are measured at amortised cost and the interest expense is recognised by applying the appropriate interest rate of the contractual arrangement.

2. Financial Risk Management

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 to 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 to the internal financial control, the 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.

Notes to the Consolidated Financial Statements

For the year ended 29th February 2008 *(Continued)*

3. Segmental Information

The Group's primary segments are business segments. The segmental analysis of the Group's business was derived from its principal activities as follows:

Revenue	2008 £	2007 £
Principal activities:		
Profit shares and bonus fees - property development	147,163	2,619,385
Development management	2,816,013	1,870,815
Interior design	2,603,100	1,985,474
Architectural design	1,804,583	1,611,651
	7,370,859	**8,087,325**

Profit before Taxation	2008 £	2007 £ Restated
Development management	(740,560)	1,880,339
Interior design	373,874	69,215
Architectural design	464,362	624,948
	97,676	2,574,502
Share of (loss)/profit of associate	(15,142)	18,921
	82,534	**2,593,423**

Net Assets	2008 £	2007 £ Restated
Development management	9,148,331	9,888,895
Interior design	421,343	47,464
Architectural design	1,102,475	638,114
	10,672,149	10,574,473
Share of investment in associate	51,096	66,238
	10,723,245	**10,640,711**

Notes to the Consolidated Financial Statements

For the year ended 29th February 2008 *(Continued)*

3. Segmental Information *(Continued)*

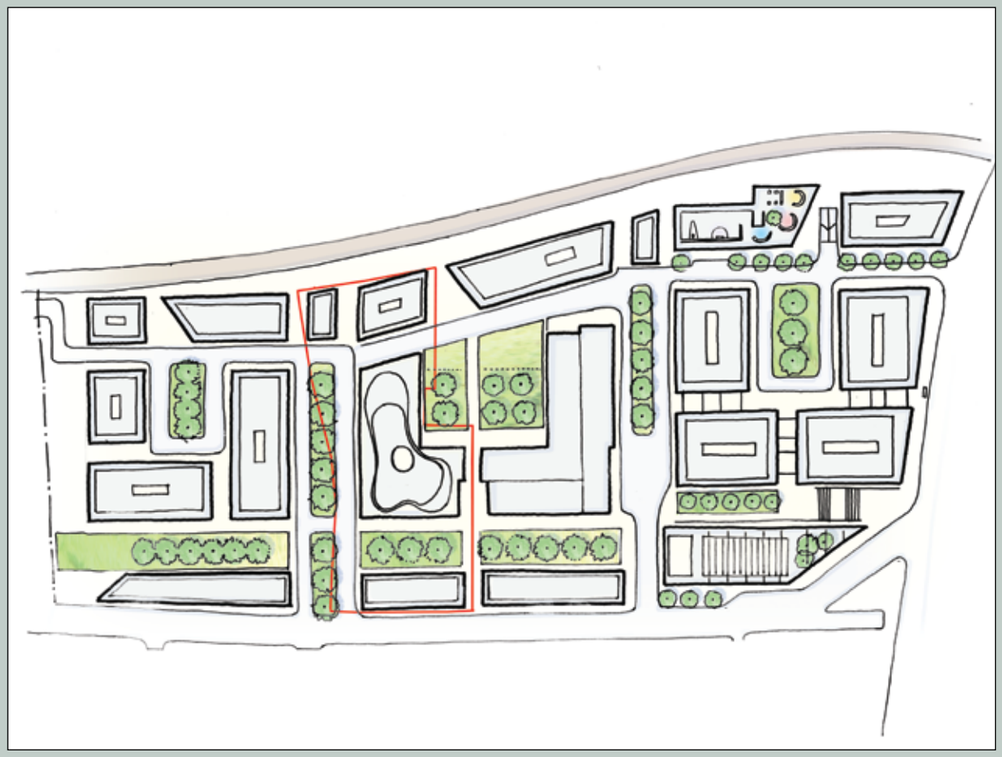
Sales were made in the following geographical markets:	2008 £	2007 £
United Kingdom	6,662,541	8,087,325
Russia	69,116	-
Saudi Arabia	415,187	-
United Arab Emirates	224,015	-
	7,370,859	**8,087,325**

4. Other Operating Income

	2008 £	2007 £
Rental income	18,801	57,729
Other income	3,825	4,510
	22,626	**62,239**

5. Finance Expense

	2008 £	2007 £
Interest on:		
Bank loans and overdrafts	14,633	16,215
Overdue tax	13,315	5,030
Other loans	120,366	142,115
	148,314	**163,360**



Notes to the Consolidated Financial Statements

For the year ended 29th February 2008 *(Continued)*

6. Profit Before Taxation

Profit on ordinary activities before taxation is stated after charging/(crediting):	2008 £	2007 £ Restated
Depreciation and amounts written off tangible fixed assets:		
Owned assets	27,838	11,910
Operating lease rentals:		
Land and buildings	193,663	195,400
Auditors' remuneration	64,644	38,000
Auditors' remuneration in non-audit capacity:		
Other services relating to taxation	16,138	41,299
All other services	9,780	-
Foreign exchange loss/(gain)	551	(218)

7. Employees

The average weekly number of persons (including Directors) employed by the Group during the year was:	2008 Number	2007 Number
Office and management	14	11
Design and management	28	20
	42	31

Staff costs for the above persons:	2008 £	2007 £
Wages and salaries	2,393,024	2,246,386
Social security costs	298,921	265,280
Other pension costs - money purchase schemes	131,912	15,440
	2,823,857	2,527,106

Notes to the Consolidated Financial Statements

For the year ended 29th February 2008 *(Continued)*

7. Employees *(Continued)*

Directors' Remuneration	2008 £	2007 £
Emoluments (including benefits in kind)	837,900	911,705
Fees	20,000	18,333
	857,900	930,038
Company contributions to money purchase schemes	93,004	68,484
Directors emoluments disclosed above included the following payments made to:		
Highest paid Director	354,320	372,053
The number of Directors to whom relevant benefits are accruing under:	Number	Number
Money purchase pension schemes and personal pension schemes	3	3

Notes to the Consolidated Financial Statements

For the year ended 29th February 2008 *(Continued)*

8. Taxation

(a) Analysis of charge in year

	2008	2007 Restated
	£	£
Current tax:		
Corporation tax at the rate of 30% (2007 - 30%) (note 8 (b))	-	51,468
Total current tax	**-**	**51,468**

(b) Factors affecting the tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 30%. The differences are explained below:	2008 £	2007 £
Profit on ordinary activities before tax	**82,534**	**2,593,423**
Profit on ordinary activities multiplied by the standard rate of corporation tax of 30%	24,760	778,027
Effects of:		
Expenses not deductible for tax purposes	20,683	41,672
Capital allowances for the period in excess of depreciation	(7,351)	(2,661)
Dividends and distributions received	(21,000)	-
Utilisation of tax losses	(21,635)	(757,733)
Share of profits of associates	4,543	(5,677)
Effect of smaller rates of tax	-	(2,160)
Current tax charge for the year (note 8 (a))	**-**	**51,468**

(c) Factors that may affect future tax charges

No deferred tax asset has been recognised on losses carried forward nor on the origination and reversal of timing differences. The total amount of the unprovided asset is £84,947 (2007: £98,062). At the balance sheet date there are unrelieved capital losses of £472,598 (2007: £472,958).

9. Profit of the Parent Company

As permitted by section 230 of the Companies Act 1985, the income statement of the Company is not presented as part of these financial statements. The Group profit for the financial year of £82,534 (2007: profit £2,541,955) includes a profit of £1,748,007 (2007: profit £2,395,013), which was dealt with in the financial statements of the Company.

Notes to the Consolidated Financial Statements

For the year ended 29th February 2008 *(Continued)*

10. Goodwill

	£
Cost	
At 1st March 2007 and 29th February 2008	14,940,474
Amortisation	
At 1st March 2007	6,112,014
Charge for the year	-
At 29th February 2008	6,112,014
Net Carrying Amount at 29th February 2008	**8,828,460**
Net Carrying Amount at 28th February 2007	**8,828,460**

Goodwill is tested annually for impairment and adjusted appropriately to reflect the true value as at that date.

The Directors regularly review the carrying value of goodwill with reference to profit and cashflow forecasts for each income generating unit. As at the balance sheet date the Directors are satisfied that no impairment has taken place.

11. Property, plant and equipment

Group	Fixtures, Fittings and Office Equipment £	Computer Equipment £	Total £
Cost			
At 1st March 2007	230,875	174,494	405,369
Additions	6,612	90,007	96,619
At 29th February 2008	237,487	264,501	501,988
Depreciation			
At 1st March 2007	225,521	158,773	384,294
Charge for the year	471	27,367	27,838
At 29th February 2008	225,992	186,140	412,132
Net Book Value			
At 29th February 2008	**11,495**	**78,361**	**89,856**
At 28th February 2007	**5,354**	**15,721**	**21,075**

Notes to the Consolidated Financial Statements

For the year ended 29th February 2008 *(Continued)*

12. Investments

(a) Interest in Associated Undertaking

Group	£	Interest in Associated Undertaking £
Cost		
At 1st March 2007 and at 29th February 2008		300
Group's Share of Undistributed Post Acquisition Results of Associated Undertaking		
At 1st March 2007		65,938
Share of undistributed profit	16,520	
Taxation	(31,662)	
		(15,142)
At 29th February 2008		50,796
Net Book Value		
At 29th February 2008		**51,096**
At 28th February 2007		**66,238**

Revenue of Associated Undertaking for the year to 31st December 2007	845,677
Net Profit of Associated Undertaking for the year to 31st December 2007	271,816
Net Assets of Associated Undertaking as at 31st December 2007	72,444

Notes to the Consolidated Financial Statements

For the year ended 29th February 2008 *(Continued)*

12. Investments *(Continued)*

(b) Investments in joint ventures

Group	2008 £	2007 £
Brought forward	2,412,830	1,596,225
Additions	977,084	816,605
Disposals	(979,995)	-
At 29th February 2008	2,409,919	2,412,830
Group's Share of Results		
Group share of profit/(loss) for the year	-	-
Net Book Value		
At 29th February 2008	**2,409,919**	**2,412,830**

£177,084 of the additions relate to further investment in a joint venture partnership with Minerva (Kensington) Limited, in which the Group share is 5%. A further £200,000 relates to additional investment in Lancaster Gate (Hyde Park) Limited, a joint venture partnership with Minerva (Lancaster Gate) Limited, in which the Group share is 5%. A further £600,000 relates to the initial investment in The Warwick representing the Group's share of 5%. The disposal relates to the return of the equity following a re-financing by the Lancaster Gate (Hyde Park) Limited joint venture in July 2007.

(c) Other Investments

Group and Company	Total £
Cost	
At 1st March 2007	1,250,000
Disposals	(1,250,000)
At 29th February 2008	-
Provision for diminution in value	
At 1st March 2007	1,250,000
Eliminated on disposal	(1,250,000)
At 29th February 2008	-
Net Book Value	
At 29th February 2008	-
At 28th February 2007	-

Notes to the Consolidated Financial Statements

For the year ended 29th February 2008 *(Continued)*

12. Investments *(Continued)*

Company	Subsidiary Undertakings £	Associated Undertaking £	Total Investments £
Cost			
At 1st March 2007	14,492,579	300	14,492,879
Additions	4	-	4
At 29th February 2008	**14,492,583**	**300**	**14,492,883**
Impairment			
At 1st March 2007	4,402,902	-	4,402,902
Impairment in the year	-	-	-
	4,402,902	**-**	**4,402,902**
Net Book Value			
At 29th February 2008	**10,089,681**	**300**	**10,089,981**
At 28th February 2007	**10,089,677**	**300**	**10,089,977**

Notes to the Consolidated Financial Statements

For the year ended 29th February 2008 *(Continued)*

12. Investments *(Continued)*

(d) Group Shareholdings

The Group has shareholdings in the following companies, all incorporated in England and Wales:

Subsidiary undertakings	Holding	Proportion Held	Nature of Business
Waterloo Investments Limited	Ordinary shares	100%	Development management Services
Northacre Residential Limited	Ordinary shares	100%	Property development
Intarya Limited	Ordinary shares	100%	Interior design
Nilsson Design Limited	Ordinary shares	100%	Design architects
Northacre Land Limited	Ordinary shares	100%	Property development
Northacre Holdings Limited	Ordinary shares	100%	Property development
Northacre Development Management Services Limited	Ordinary shares	100%	Development management services
Northacre Design Limited	Ordinary shares	100%	Design architects
Nilsson Architects Limited	Ordinary shares	100%	Design architects
Northacre Capital Limited	Ordinary shares	100%	Dormant
Northacre Capital (1) Limited	Ordinary shares	100%	Property development
Northacre Capital (2) Limited	Ordinary shares	100%	Property development
Northacre Capital (3) Limited	Ordinary shares	100%	Property development
Northacre Capital (5) Limited	Ordinary shares	100%	Property development
Northacre Capital (6) Limited	Ordinary shares	100%	Property development
Northacre Capital (7) Limited	Ordinary shares	100%	Property development
Associated undertaking			
Campden Estates Limited (year ended 31st December)	Ordinary shares	25%	Residential property lettings and management
Joint ventures			
Vicarage Gate Holdings Limited (incorporated in Jersey)	Ordinary shares	10%	Property development
44-46 Park Street Limited	Ordinary shares	45%	Property development
The Abingdons Partnership	Partnership	5%	Property development
Lancaster Gate (Hyde Park) Limited	Ordinary shares	5%	Property development
The Empress Partnership LLP	Limited Liability Partnership	5%	Property development

Notes to the Consolidated Financial Statements

For the year ended 29th February 2008 *(Continued)*

13. Inventories

	Group	
	2008	2007
	£	£
Work in progress	123,260	113,682

14. Trade and other receivables

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Trade receivables	651,569	114,702	6,696	3,656
Amounts owed by group undertakings	-	-	5,831,648	6,605,587
Other receivables	411,428	228,445	115,641	179,662
Prepayments and accrued income	1,953,143	3,581,739	5,736,163	4,921,504
	3,016,140	**3,924,886**	**11,690,148**	**11,710,409**

At the year end there was no provision for doubtful debts (2007: £9,555)

15. Cash and cash equivalents

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Cash and cash equivalents	296,573	32,952	447,261	-
	296,573	**32,952**	**447,261**	**-**

The Company's bank deposits are placed in accounts which provide a competitive interest return together with a flexible access arrangement.

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Notes to the Consolidated Financial Statements

For the year ended 29th February 2008 *(Continued)*

16. Trade and other payables

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Trade payables	431,263	371,114	142,461	120,317
Amounts owed to group undertakings	-	-	8,526,528	8,272,474
Social security and other taxes	628,041	729,850	266,753	487,239
Other payables	362,331	393,013	16,894	301,999
Accruals and deferred income	1,120,424	686,181	292,392	324,393
	2,542,059	**2,180,158**	**9,245,028**	**9,506,422**

17. Corporation Tax

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Corporation Tax	-	51,468	-	26,118
	-	**51,468**	**-**	**26,118**

18. Borrowings, including lease finance

	Group		Company	
Current Liabilities	2008	2007	2008	2007
	£	£	£	£
Bank loans and overdrafts	-	977,786	-	1,033,491
	-	**977,786**	**-**	**1,033,491**

The Company's bank loans and overdrafts are secured by way of a debenture over all of the assets of Northacre PLC.

Notes to the Consolidated Financial Statements

For the year ended 29th February 2008 *(Continued)*

19. Borrowings, including lease finance

	Group		Company	
Non Current Liabilities	2008	2007	2008	2007
	£	£	£	£
Loans from pension scheme	1,275,000	1,275,000	1,275,000	1,275,000
Equity finance loan	275,000	275,000	275,000	275,000
	1,550,000	**1,550,000**	**1,550,000**	**1,550,000**

The loans from pension scheme of £1,275,000 are in respect of the Northacre PLC Directors Retirement and Death Benefit Scheme. The period of the short term £1,000,000 loan has been extended to 31 July 2013. Interest is charged at 4% above the Clearing Banks' base rate. A further loan of £275,000 has been granted to 23 November 2012 and is repayable on the refund of equity provided by Northacre Capital (3) Limited in respect of the The Kensington (Odeon) project. Interest is charged at 3% above the Clearing Banks' base rate and the lender is entitled to 25% of Northacre's profit share on The Kensington (Odeon) project.

The equity finance loan of £275,000 was provided by Templeco 643 Limited for the purpose of providing funding for the acquisition and development of the Group's interest in The Kensington (Odeon) project. The loan is non-interest bearing and the lender is entitled to 30% of Northacre's profit share on The Kensington (Odeon) project.

20. Future financial commitments

	Group		Company	
Operating Leases	2008	2007	2008	2007
	£	£	£	£
	Land & Buildings	Land & Buildings	Land & Buildings	Land & Buildings
Net amount payable on operating leases which expire:				
Within one year	193,663	195,400	193,663	195,400

Notes to the Consolidated Financial Statements

For the year ended 29th February 2008 *(Continued)*

21. Capital Commitments

As part of the joint venture agreement with Minerva (Kensington) Limited, Northacre Capital (3) Limited has a commitment to pay 5% as equity to The Abingdons Partnership in respect of The Kensington (Odeon) project up to a maximum of £750,000 of which £727,085 had already been paid at the year end. Therefore Northacre Capital (3) Limited is committed to pay a further £22,915 capital contribution to The Abingdons Partnership.

22. Earnings per Share

Earnings per share of 0.36p (2007 - 11.19p) is calculated on the profit attributable to ordinary shares of £82,534 (2007 - £2,541,955) divided by the weighted number of ordinary shares in issue during the period.

Computation of basic earnings per share:	2008 £	2007 £
Net profit	82,534	2,541,955
Weighted average number of shares outstanding	22,713,644	22,713,644
Basic earnings per share	0.36p	11.19p
Diluted earnings per share	0.36p	11.19p

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

23. Share Capital

	2008 £	2007 £
Authorised:		
200,000,000 Ordinary shares of 2.5p each	5,000,000	5,000,000
300,000 'A' shares of 2.5p each	7,500	7,500
	5,007,500	**5,007,500**
Called up, allotted and fully paid:		
22,713,644 Ordinary shares of 2.5p each	567,841	567,841
Nil 'A' shares of 2.5p each	-	-
	567,841	**567,841**

Notes to the Consolidated Financial Statements

For the year ended 29th February 2008 *(Continued)*

24. Contingent Liabilities

A third party has brought a claim against a subsidiary Company, Waterloo Investments Limited, regarding payment of a profit share in respect 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 accounts for this liability as the Board are of the opinion that there is no prospect that the claim against Waterloo Investments Limited will be successful.

25. Related Party Transactions

Group

The Group's related parties as defined by International Accounting Standard 24, the nature of the relationship and the amount of transactions with them during the period were as follows:

Related Party	Nature of Relationship	2008 £ Total transactions in the year	2008 £ Balance at the year end	2007 £ Total transactions in the year	2007 £ Balance at the year end	Nature of Transaction
J.R.G. Hunter	1	(82,868)	74,749	157,617	157,617	Amount owed by/(to) J.R.G Hunter to Northacre PLC at 29th February 2008 (repaid prior to 9 months after the year end) The highest amount owed by J.R.G Hunter in the year was £200,964 (2007: £163,437)
J.R.G. Hunter	1	-	-	5,000	5,000	Amount included in work in progress in respect of services provided at arm's length to J.R.G Hunter during the year
J.R.G. Hunter	1	(20,000)	161,187	181,187	181,187	Amount included in accrued income in respect of services provided at arm's length to J.R.G Hunter during the year
Campden Estates Limited	2	-	14,800	14,800	14,800	Rent and services payable by Campden Estates Limited for use of office space
Campden Estates Limited	2	1,814	5,470	3,656	3,656	Amount owed by Campden Estates Limited to Northacre PLC at 29th February 2008

Notes to the Consolidated Financial Statements

For the year ended 29th February 2008 *(Continued)*

25. Related Party Transactions *(Continued)*

Related Party	Nature of Relationship	2008 £ Total transactions in the year	2008 £ Balance at the year end	2007 £ Total transactions in the year	2007 £ Balance at the year end	Nature of Transaction
Northacre PLC Directors Retirement and Death Benefit Scheme	3	1,326	1,326	-	-	Management fee receivable from the scheme
Northacre PLC Directors Retirement and Death Benefit Scheme	3	-	1,000,000	-	1,000,000	Loan repayable to scheme by Northacre PLC
Northacre PLC Directors Retirement and Death Benefit Scheme	3	-	275,000	-	275,000	Loan repayable to scheme by Northacre PLC
Northacre PLC Directors Retirement and Death Benefit Scheme	3	(125,000)	-	125,000	125,000	Loan repayable to scheme by Northacre PLC
Northacre PLC Directors Retirement and Death Benefit Scheme	3	(62,013)	115,894	177,907	177,907	Interest payable on the loans to Northacre PLC
K.B. Nilsson	4	(21,600)	(16,894)	4,706	4,706	Amount owed by/(to) K.B. Nilsson to Northacre PLC at 29th February 2008 (repaid prior to 9 months after the year end) The highest amount owed by K.B. Nilsson in the year was £4,706 (2007: £12,534)

Notes to the Consolidated Financial Statements

For the year ended 29th February 2008 *(Continued)*

25. Related Party Transactions *(Continued)*

Related Party	Nature of Relationship	2008 £ Total transactions in the year	2008 £ Balance at the year end	2007 £ Total transactions in the year	2007 £ Balance at the year end	Nature of Transaction
E.B. Harris	5	20,000	20,000	18,333	18,333	Non-executive Directors fees for March 2007 - February 2008 invoiced from E.C. Harris LLP
M. F. Williams	6	17,434	-	-	-	Non-executive Directors fees for April 2007 - February 2008

Nature of Relationships

1. J.R.G. Hunter is a Director of the Company.
2. Campden Estates Limited is an associated undertaking of Northacre PLC.
3. J.R.G. Hunter and K.B. Nilsson, Directors, are trustees and potential beneficiaries of the Northacre PLC Directors Retirement and Death Benefit Scheme.
4. K.B. Nilsson is a Director of the Company.
5. E.B. Harris is a Director of the Company and a member of E.C. Harris LLP.
6. M.F. Williams is a Director of the Company.

Company

The Directors', associated Company and pension fund transactions in the Company are included in the group disclosure above. In addition to these, the Company has the following related party transactions as defined by International Accounting Standard 24.

Related Party	Nature of Relationship	2008 £ Total transactions in the year	2008 £ Balance at the year end	2007 £ Total transactions in the year	2007 £ Balance at the year end	Nature of Transaction
Group entities	1	1,095,796	-	2,007,314	-	Management Fees receivable in year from group subsidiaries provided at arm's length
Group entities	1	47,500	-	55,000	-	Management Fees payable in year to group subsidiaries provided at arm's length

Nature of Relationships

1. The group entities are wholly owned subsidiaries of the Company.

The balances at the year end are shown under notes 14 and 16 of the financial statements.

Notes to the Consolidated Financial Statements

For the year ended 29th February 2008 *(Continued)*

26. Restatement of Prior Periods to IFRS

The effect of the changes in accounting policies and other restatements described in note 1 on the previously reported results, assets and liabilities for the periods are, in summary, as follows:

	As Previously Stated £'000	IFRS Adjustments Goodwill Amortisation Written back £'000	As Restated £'000
Year ended 28th February 2007			
Summarised Income Statement			
Revenue	8,087	-	8,087
EBITDA	2,619	-	2,619
Group profit from operations	1,408	1,261	2,669
Profit before and after taxation	1,281	1,261	2,542
Summarised Balance Sheet			
Goodwill	7,567	1,261	8,828
Property, plant and equipment	21	-	21
Investments in associates	66	-	66
Investments	2,413	-	2,413
Current Assets	4,072	-	4,072
Total Assets	**14,139**	**1,261**	**15,400**
Current Liabilities	3,209	-	3,209
Non-current Liabilities	1,550	-	1,550
Total Liabilities	4,759	-	4,759
Equity	9,380	1,261	10,641
Total Equity and Liabilities	**14,139**	**1,261**	**15,400**

The above IFRS adjustments relates to the write-back of amortised goodwill since 1st March 2006. There were no reconciling items between IFRS and UK GAAP at the date of transition (1st March 2006).

Registered in England – No: 3442280 (the "Company")

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that an ANNUAL GENERAL MEETING of the Company will be held at The Capital Hotel, 22 Basil Street, London SW3 1AT on 1st day of October 2008 at 10.00 am for the following purposes:

As Ordinary Business

To consider, and if thought fit, to pass the following resolutions as ordinary resolutions:

1. To receive and duly approve the Company's audited accounts and the Directors' report and auditors' report on those accounts for the period ended 29th February 2008.

2. To re-elect as a Director Klas Bengt Nilsson who retires by rotation.

3. To re-appoint Kingston Smith LLP as auditors of the Company.

4. To authorise the Directors to fix the remuneration of the auditors.

As Special Business

To consider, and if thought fit, to pass the following resolution as a special resolution:

5. That under section 95(1) of the Companies Act 1985 (the "Act"), the Directors are authorised to grant options over and to allot equity securities, as defined in section 94(2) of the Act, for the period commencing on the date of this resolution and expiring on 29th September 2013 as if section 89(1) of the Act did not apply to such allotment, except that the Directors may allot relevant securities following an offer or agreement made before the expiry of the authority, and provided that the authority is limited to:

5.1 the allotment of equity securities in connection with an offer of securities open for acceptance for a period fixed by the Directors by the holders of shares or any loan stock in the Company in proportion, as nearly as possible, to their holdings on a record date fixed by the Directors, but subject to any exclusions or arrangements the Directors think necessary or expedient for the purpose of dealing with fractional entitlements or legal or practical problems under the laws of any territory or the requirements of any recognised regulatory body or stock exchange in any territory;

5.2 the allotment of equity securities pursuant to conversion of loan stock under the Instrument not exceeding in the aggregate thirty per cent of the Company's enlarged issued share capital at the time of conversion and

5.3 in addition to the allotment referred to at special resolution 5.2 above, the allotment of equity securities for cash or other consideration up to an aggregate nominal amount of £243,360 being thirty per cent of the Company's enlarged issued share capital at the date of this resolution.

By Order of the Board

D.A. Salmon
Secretary

Registered Office:
The Inner Court
48 Old Church Street
London SW3 5BY

Dated: 28th August 2008

Notes:

1. A member entitled to attend and vote at the above-mentioned Annual General Meeting may appoint one or more proxies to attend to speak and to vote instead of him/her. A member can appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him. A proxy need not be a member of the Company.

2. To be effective, the enclosed form of proxy (together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such authority) must be deposited at the offices of the Company's registrars, Capita Registrars, Proxy Department, PO Box 25, Beckenham, Kent BR3 4BR, not later than 10.00 am on 29th September 2008. Completion of the form of proxy will not preclude a member from attending and voting in person.

3. In the case of joint holders, the vote of the senior who tenders a vote, whether by person or by proxy, will be accepted to the exclusion of the votes of other joint holders. For these purposes, seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.

4. In the case of a corporation the form of proxy must be executed under its common seal or signed on its behalf by a duly authorised attorney or a duly authorised officer of the corporation.

5. The Company, pursuant to regulation 34 of The Uncertificated Securities Regulations 1995, specifies that only those shareholders registered in the register of members of the Company by 6pm on 29th September 2008 hours before the Annual General Meeting shall be entitled to attend or vote at the Annual General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of securities after that time will be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting.

6. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in (i) above.

NORTHACRE

Northacre PLC ("the Company")

Proxy Form

BEFORE COMPLETING THIS FORM PLEASE READ THE EXPLANATORY NOTES OVERLEAF

For use at the Annual General Meeting of the Company to be held at The Capital Hotel, 22 Basil Street, London SW3 1AT on 1st day of October 2008 at 10.00 am and at any adjournment thereof.

(BLOCK LETTERS PLEASE)

I/We

of

being (a) Member(s) of the Company **HEREBY APPOINT**:

Name of proxy

Number of shares proxy appointed over

or failing him (or in the event that no person is named) the Chairman of the meeting to act as my/our proxy and to attend, to speak and to vote for me/us on my/our behalf at the above mentioned meeting and any adjournment thereof, and I/we desire this proxy to be used as directed below or, where no instruction is given by me/us as to how the proxy should vote or if any other matter is brought before the meeting, the proxy will abstain or vote at his discretion.

THE MANNER IN WHICH THE PROXY IS TO VOTE SHOULD BE INDICATED BY INSERTING "X" IN THE BOX PROVIDED:

	Ordinary Resolutions	For	Against
1	To receive and duly approve the Company's audited accounts and the directors' report and auditors' report on those accounts for the period ended 29th February 2008.		
2	To re-elect as a director Klas Bengt Nilsson who retires by rotation		
3	To re-appoint Kingston Smith LLP as auditors of the Company		
4	To authorise the directors to fix the remuneration of the auditors.		

	Special Resolution	For	Against
5	That under section 95(1) of the Companies Act 1985 (the "Act"), the directors are authorised to grant options over and to allot equity securities, as defined in section 94(2) of the Act, for the period commencing on the date of this resolution and expiring on 29th September 2013 as if section 89(1) of the Act did not apply to such allotment, except that the directors may allot relevant securities following an offer or agreement made before the expiry of the authority, and provided that the authority is limited to: 5.1 the allotment of equity securities in connection with an offer of securities open for acceptance for a period fixed by the directors by the holders of shares or any loan stock in the Company in proportion, as nearly as possible, to their holdings on a record date fixed by the directors, but subject to any exclusions or arrangements the directors think necessary or expedient for the purpose of dealing with fractional entitlements or legal or practical problems under the laws of any territory or the requirements of any recognised regulatory body or stock exchange in any territory; 5.2 the allotment of equity securities pursuant to conversion of loan stock under the Instrument not exceeding in the aggregate thirty per cent of the Company's enlarged issued share capital at the time of conversion; and 5.3 in addition to the allotment referred to at special resolution 5.2 above, the allotment of equity securities for cash or other consideration up to an aggregate nominal amount of £243,360 being thirty per cent of the Company's enlarged issued share capital at the date of this resolution.		

☐ Please tick here if you are appointing more than one proxy.

Signed

Dated

NORTHACRE

Notes:

1. As a member of the Company who is entitled to attend and vote at the meeting, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting. You can only appoint a proxy using the procedures set out in these notes.

2. A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name above. If you sign and return this proxy form with no name inserted, the Chairman of the meeting will be deemed to be your proxy. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions.

3. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. To appoint more than one proxy you may photocopy this form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.

4. To direct your proxy how to vote on the resolutions set out on this form, mark the appropriate boxes above with an "X". If you do not give your proxy an indication of how to vote on any resolution, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

5. To be valid, this proxy form and the power of attorney (if any) under which it is signed, or a notarially certified copy of such power or authority, must be completed and deposited at Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours (excluding weekends, Christmas Day, Good Friday and any bank holiday) before the time appointed for holding the annual general meeting.

   In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

   In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

6. Completion of this form does not preclude you from subsequently attending and voting at the meeting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

7. For details of how to change your proxy instructions or revoke your proxy appointment see the notes to the meeting notice.

8. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.