Northacre PLC

Report and Accounts

2009

NORTHACRE

Northacre continues to hold its own in a market suffering the shockwaves arising from the global crisis, the full impact of which is now more evident since the collapse of some major financial institutions.

Our development programme demonstrates steady progress with The Lancasters, while elsewhere the signing of three Section 106 legal agreements has removed any planning risk from these remaining schemes. In essence, a strong pipeline of developments awaits the return of some normality to the banking sector as and when lending resumes. Until such time, the added value created in these three consented schemes is on hold.

With the residential sector having experienced some of the worst falls in recent times, market conditions are slowly beginning to appear more favourable as confidence creeps back into the system. The Lancasters is well placed to take advantage of the upturn as it arrives over the next two years. The market also expects the design and the delivery of this imposing Hyde Park development to set the tone by raising standards of quality and leading the recovery in the Prime Central London market.

The results for the year demonstrate that, despite the general absence of development finance, the Group's diversity has enabled it to generate improved fee income from a wider base of skills. This will lead to further expansion of our interior design activities, particularly in the Gulf where the business is poised to secure some new assignments.

In addition to expanding our interior design business, further new contacts generated through our Shareholder and Board Director, Mohamed Abdulsalam AlRafi, are aimed at securing new partnerships for providing funding to enable the construction and delivery of our development pipeline. This is likely to occur at a time when the market is characterised by increasing demand together with a chronic shortage of supply.

John Hunter
Chief Executive

Highlights

- Notwithstanding the difficult economic climate, Group fee income has increased by 24% to £9.0m (2008: £7.2m).
- Construction at The Lancasters continues to make steady progress, with second deposits received on a third of the apartment sales secured. Final completion on the first phase of the scheme is on schedule for 2010.
- The planning consent for The Kensington (Odeon) was formalised with the signing of a Section 106 Legal Agreement in November 2008. Implementation of the development awaits the outcome of securing new sources of debt.
- The planning consent for The Warwick was also formalised with the signing of a Section 106 Legal Agreement in November 2008. The acquisition and development of this scheme also awaits the outcome of securing new sources of debt.
- Since the Public Inquiry of December 2008, a decision was granted for The Vicarage in Northacre's favour, with a further High Court decision in July 2009 resulting in the planning consent being upheld. With the period for a further appeal now over, finally after 6 years, a residential consent stands.
- Northacre's portfolio now comprises an unrivalled pipeline of planning consented prime residential sites for development.
- The Group subsidiaries continue to generate improved fee income from Architecture and Interior Design projects sourced from an increasing network of international private clients.
- The Appointment of Mohamed Abdulsalam AlRafi is a welcome addition to the Board. As an Ambassador for the Company in the Gulf, this appointment is sure to improve the prospects for expanding our business and securing new sources of funding.

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Chief Executive's Review

Overview

Northacre has had a year of mixed fortune. Whilst The Lancasters continues to make steady progress, the Company has now also established a strong pipeline of prime development opportunities. The collapse of the global financial markets has meant that the implementation of these consented developments is delayed while we await the return of some normality to the lending market.

Our Group business model continues to demonstrate its strength for generating income from a broader base of skills. This is evidenced by the Group's subsidiary companies, which continue to generate improving income from Architecture and Interior Design Services.

Board Appointment

The Board is pleased to announce the appointment of Mohammed Abdulsalam AlRafi as a Director of the Company. Mr AlRafi brings with him a wealth of property development experience as well as extensive contacts throughout the Gulf region.

Operational Review

The Development Status Chart reproduced on page four illustrates considerable potential for significant returns from our pipeline of secured sites. Most recently, the secured residential planning consent on The Vicarage represents a significant milestone achieved for further added value. Nevertheless, securing senior debt for construction remains a priority in order that the potential returns form these three schemes can be realised.

Our Interior Design business, Intarya, demonstrates further significant growth from an ever-increasing international private client base with special attention placed on an improving network of contacts for new business.

"Northacre continues to consolidate its position as London's most well established brand for the development of prime residential sites in Central London.

With the nadir of the market behind us in 2008, sales activity is beginning to demonstrate a slow recovery in 2009. As confidence creeps back into the system, we can now look forward to some improved momentum in activity gathering apace in 2010.

Having secured planning consent on all four of our development opportunities the Company is in a strong position to take advantage of the market conditions.

As demonstrated by these results, the diversity of our skills base provides the Group with the benefit of improved income generated from a growing network of international clients."

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 *Hyde Park, W2*	192,000	77	• Planning Consent – May 2007 • Works commenced – November 2007 • 26 apartments pre-sold in 2007
06 -11	The Kensington (Odeon) *Kensington, W8*	102,000	40	• Planning Consent – December 2007 • S106 agreement – September 2008
08 -12	The Warwick *Kensington, W8*	225,000	159	• Site acquisition – November 2007 • Planning consent – July 2008
08 -12	The Vicarage *Kensington, W8*	42,000	12	• Public Inquiry Consent – December 2008 • High Court Consent – July 2009
Total		**561,000**	**288**	

NORTHACRE

The Lancasters

This super-prime development under construction is on budget and scheduled for first completions to take place in the second half of 2010. Early sales reported last year amount to one third of the total apartments. A second phase of marketing is due to commence with the launch of a finished dressed show apartment in March 2010. The detailed design of the development by Nilsson Architects will deliver a scheme of outstanding quality specifically aimed at appealing to the discerning international purchaser.

The Kensington

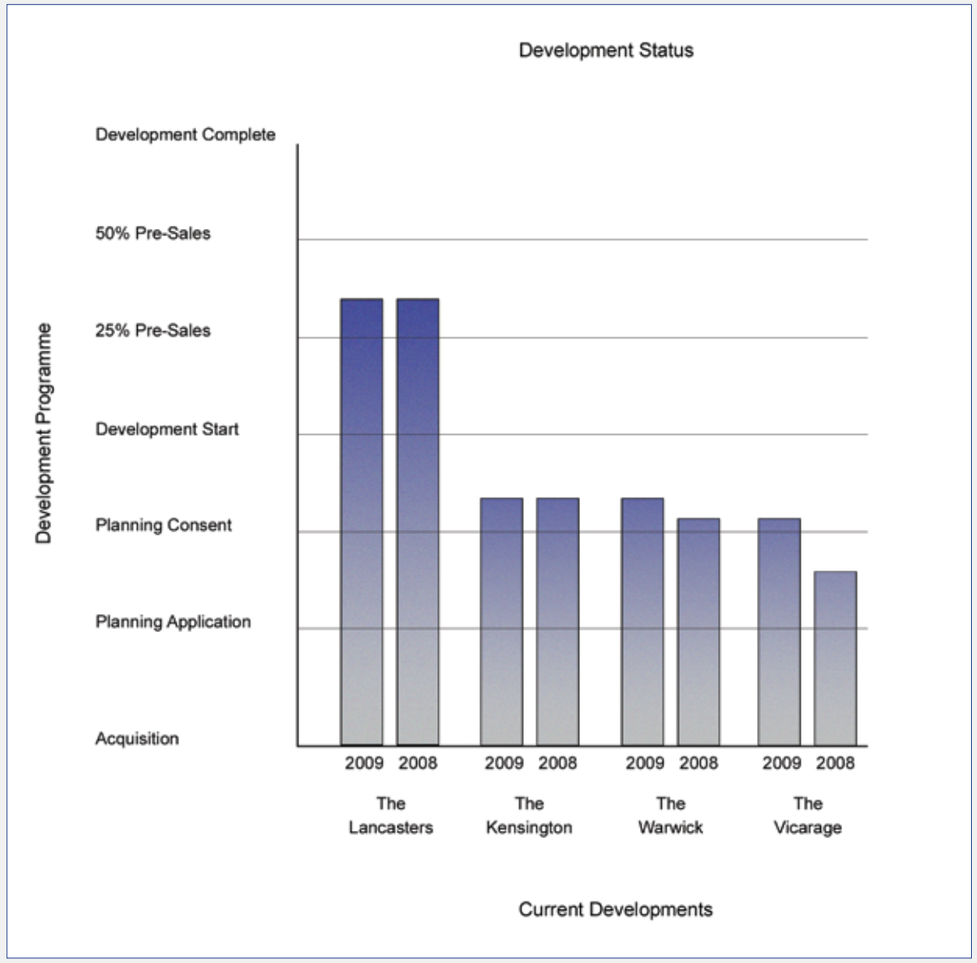
Following a long period of negotiation, the planning consent was finally handed down with a signing of the Section 106 Legal Agreement in November 2008. The absence of senior debt for construction provides the joint venture with an opportunity to explore and achieve further enhancements to the scheme through the planning process.

The Warwick

A planning consent for The Warwick was secured in November 2008, with the signing of a Section 106 Legal Agreement. In keeping with The Warwick Village masterplan, we anticipate there will be further potential for added value from the delivery of this scheme. The outcome of this development opportunity is also largely dependent on the timing and availability of senior debt.

The Vicarage

Since the Public Inquiry decision was granted in Northacre's favour, as announced on 10th July 2009, a further High Court appeal by the Royal Borough of Kensington and Chelsea has since also failed. With the period for leave to appeal this decision having now lapsed, finally after 6 years of planning wrangle, a residential consent stands. All that remains is to secure an improved design in keeping with the requirements of the market as well as the debt to enable the development of the scheme.



Financial Review

Financial Market Uncertainty

The downturn in the economy over the last year has had a major impact on the confidence in the financial markets overall. As a result there has been widespread uncertainty in all business sectors, including the prime residential property sector.

The severe restriction in the availability of bank finance, in particular senior debt, has led to a real slowdown in the production line of prime residential property development in Central London.

However, our unrivalled reputation and skills base together with our diverse Group fee income gives us the best chance of seeing the Group through these difficult times.

Review of Results

Headlines

Net Assets per share is 44.4 pence (2008: 47.2 pence). Net loss for the year is £50,383 (2008: profit £82,534) with a loss per share of 0.19 pence (2008: earnings per share 0.36 pence).

Consolidated Income Statement

Turnover for the year increased by 22% to £9.0m (2008 £7.4m) and the majority share continues to be fee income rather than development profit. The Group's subsidiaries have again seen significant increases to their fee income this year as demonstrated in the pie diagrams below. In particular our Interior Design company, Intarya, has seen a healthy increase of fee income by 54% to £4.0m (2008: £2.6m) mainly as a result of increasing their international business. The Architectural Design company, Nilsson Architects, also saw an increase of fee income by 36% to £2.4m (2008: £1.8m) as a result of design services for our secured projects and some speculative work.

"Despite the downturn in the economy, the Group has continued to strengthen its position in the prime residential sector with three further schemes now with planning consent. Together with improved fee income from our operating subsidiaries and our unrivalled reputation and skills, we are confident that this momentum will be maintained through this challenging time.

The Board is committed to unlocking the potential in our current pipeline of schemes by sourcing the most appropriate levels of finance that will ensure healthy shareholder returns."

Manish Santilale
Finance Director

Administration costs for the year increased to £6.3m (2008: £5.7m) mainly due to further strengthening of the interior design and development management teams as a result of the improvement and expansion of the business.

Including the above items the Group recorded a net loss of £50,383 (2008: profit £82,534).

Consolidated Balance Sheet

The investment in joint ventures represents the cash equity invested in each of our secured development schemes. This investment at cost as at the year-end was £2.5m (2008: £2.4m). In January 2009 the Company issued 4,010,000 new ordinary shares at 30 pence totalling £1.2m to Mr Mohamed Abdulsalam AlRafi. This has been fully utilised in reducing the Group's debt position.

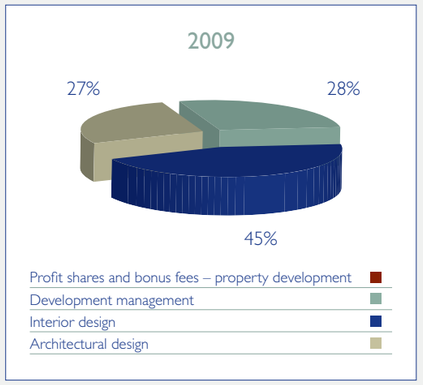
Trade and other receivables at the year-end include accrued income of £0.9m due to the Group upon the sale of The Kensington.

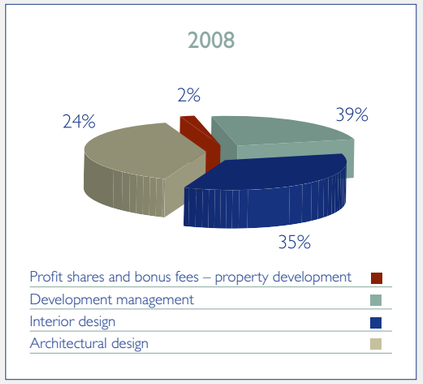
Financing

The Group's funding consists of a mixture of equity, cash and bank borrowings with the aim of maximising its return from the equity invested into the various development opportunities which satisfy the investment criteria.

Despite the continued downturn in the economy, the Group has continued to strengthen its position in the prime residential sector with three further schemes now with planning consent. Furthermore the Group's diverse earning power from a growing international client base has helped further consolidate our position. Together with fee income from the four major schemes we are confident that this momentum will be maintained through this challenging time.

The Board continues as its priority to only source and acquire schemes that can deliver positive Group fee income together with healthy shareholder returns.





Outlook

This last year has been a challenging one for the Group. Despite the financial turmoil undermining market sentiment, the Group is nevertheless extremely well placed to take advantage of the conditions with three further consented schemes ready for development. The strength of our diverse Group gives us confidence to make further advances.

The Lancasters has made steady progress in the year. With construction on schedule, the second phase of the Sales and Marketing is due to commence with the release of a finished dressed show apartment in March 2010. The first phase of completions remains on course for later in 2010.

Following the signing of the Section 106 Legal Agreement for The Kensington, the Group is exploring further design and planning enhancements to improve the potential returns. Until the lending market returns, the development phase will be delayed.

A second favourable High Court decision in July 2009 has resulted in our planning consent for The Vicarage being upheld. While the absence of a debt market continues, an opportunity exists for further enhancing the returns with some refinements in the design of the scheme through the planning process.

Despite the downturn in the UK property sector, the global appeal for Northacre's branded prime residential style of property in Central London remains strong. With three further consented development opportunities in the pipeline, Northacre is in a strong position to take advantage as and when favourable market conditions return.

Company Information

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

Secretary
D.A. Salmon

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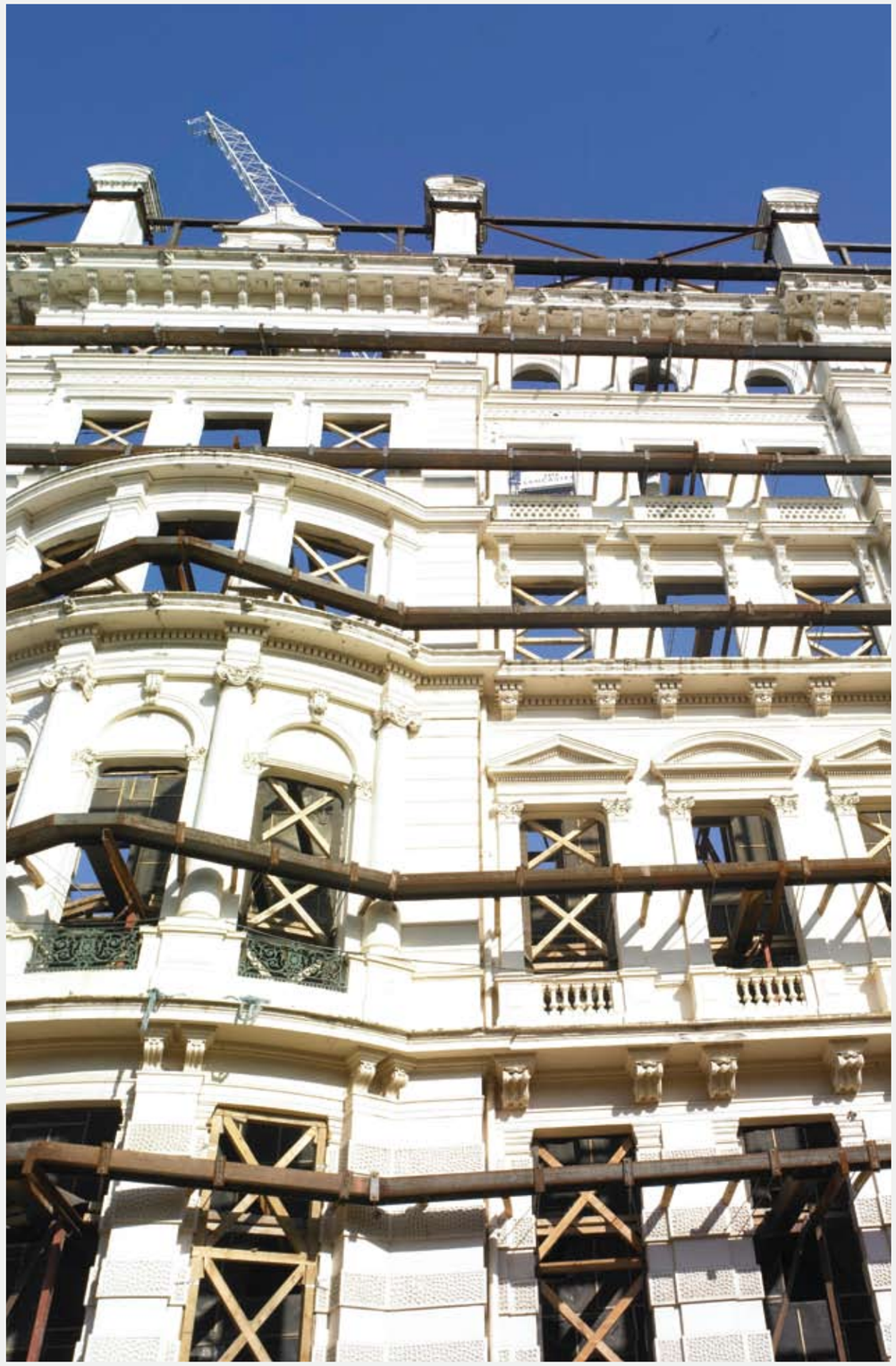


The Lancasters

Directors' Report

For the year ended 28th February 2009

The Directors have pleasure in presenting their report and financial statements for the year ended 28th February 2009.

Principal Activities

The Group's business is property development, development management and the provision of architectural 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
- the securing of suitable funding for the development of the scheme
- to achieve the appropriate levels of pre-sales in line with the development programme
- the reaching of appropriate stages in the construction programme
- the practical completion of the scheme
- the sales completion of the scheme
- the final account with investors

Financial

The key financial indicators achieved in the year are considered in more detail below:

Review of Results

Net Assets per share 44.4 pence (2008: 47.2 pence). Net loss for the year is £50,383 (2008: net profit £82,534) with a loss per share of 0.19 pence (2008: earnings per share 0.36 pence).

Income Statement

Operating loss for the year is £0.1m (2008: operating profit: £0.1m).

The Group's turnover for the year is £9.0m (2008: £7.4m). The Group continues to generate the majority of its turnover from fee income rather than profit shares or bonus fees. The Group fee income from work in progress increased in the year by 22% to £9.0m (2008: £7.4m). The Group's subsidiaries have all continued to achieve significant increases in their fee income. In particular, the Interior Design company, Intarya, has achieved a 54% increase in fee income to £4.0m (2008: £2.6m) and the Architectural Design company, Nilsson Architects, achieved an increase of 36% to £2.4m (2008: £1.8m).

Administration costs for the year increased to £6.3m (2008: £5.7m). After including the above items the Group recorded a loss of £50,383 (2008: profit £82,534).

Balance Sheet

The investment in joint ventures represents the equity invested in each of our development schemes and at the year end this amounted to £2.5m (2008: £2.4m). The Group continues to seek joint venture opportunities with suitable partners that will maximize the returns to shareholders.

Directors' Report

For the year ended 28th February 2009 *(Continued)*

Debtors at the year-end include £0.9m of fees from The Abingdons Partnership due upon the sale of the The Kensington (Odeon) site.

Financing

The difficult financial climate over the last twelve months has impacted on the Group's ability to raise the appropriate development finance. However through recent new investment, the Group is exploring promising international avenues to finance its activities with the aim of securing a line of funding for all our present and future schemes. The Group continues to select and gear its acquisitions with appropriate levels of bank debt to enable it to maximise its return from the equity invested.

The Group's management continues to be resolute on securing a pipeline of new opportunities that will deliver increased Group fee income as well as attractive shareholder returns.

Results and Dividend

The results of the Group for the year are set out on page 18. The Directors do not recommend the payment of a dividend as the funds of the Company are fully employed. The Directors are reviewing the financial forecasts, with the objective of implementing an appropriate dividend policy once sufficient distributable reserves are available. However, it continues to be the Board's view that the current difficult business climate demands that the Company continues to maintain sufficient working capital reserves together with the necessary capital funds required for investing 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 28th February 2009	At 29th February 2008	% of Ordinary Shares
J.R.G. Hunter	4,650,000	5,000,000	17.4%
K.B. Nilsson	4,550,000	4,550,000	17.0%
M.K. Santilale	2,000	2,000	0.0%
E.B. Harris	-	-	-
M.F. Williams	-	-	-

Mr M.A. AlRafi was appointed as a Director on 27th of May 2009.

Directors' Report

For the year ended 28th February 2009 *(Continued)*

Substantial Shareholdings

As at the 27th July 2009, 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:

MAR Investments Limited (Mohamed Abdulsalam AlRafi)	15.0%
Fitel Nominees Limited	13.7%
Sutterton Label Printers Limited	5.1%
Fiske Nominees Limited	3.1%

Mr M.A. AlRafi acquired his 15% shareholding (4,010,000 ordinary shares) on 16th January 2009 at a price of 30 pence per share.

Donations

During the year, the Group made charitable donations of £4,166 (2008: £300).

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 European Union.

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 the 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.

Directors' Report

For the year ended 28th February 2009 *(Continued)*

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 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 six Directors: four 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 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 sought, 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.

Directors' Report

For the year ended 28th February 2009 *(Continued)*

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 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 Groups' 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 position and prospects of the Group. This is highlighted in the Chief Executive's and Finance Director's reviews.

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 conclude 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: 4th August 2009

Independent Auditors' Report to the Shareholders of Northacre Plc

For the year ended 28th February 2009

We have audited the Group and Parent Company financial statements of Northacre Plc for the year ended 28th February 2009 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 Shareholders' 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. 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 Chairman's Statement, 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.

Independent Auditors' Report to the Shareholders of Northacre Plc

For the year ended 28th February 2009 *(Continued)*

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 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 28th February 2009 and of the Group's loss 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 28th February 2009;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; 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: 4th August 2009

Consolidated Income Statement

For the year ended 28th February 2009

	Note	2009 £	2008 £
Group Revenue	3	8,960,158	7,370,859
Cost of sales		(2,817,220)	(1,562,786)
Gross Profit		6,142,938	5,808,073
Administrative expenses		(6,272,986)	(5,714,889)
Other operating income	4	18,700	22,626
Group (Loss)/Profit from Operations		(111,348)	115,810
Finance Income		177,194	130,180
Finance Expense	5	(109,354)	(148,314)
Share of (loss)/profit of associate	12(a)	(6,875)	(15,142)
(Loss)/Profit before Taxation	6	(50,383)	82,534
Taxation	8	-	-
Retained (Loss)/Profit for the Year	22	**(50,383)**	**82,534**
(Loss)/Profit per ordinary share			
Basic - Continuing and total operations	22	(0.19)p	0.36p
Diluted - Continuing and total operations	22	(0.19)p	0.36p

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

Consolidated Balance Sheet

As at 28th February 2009

	Note	2009 £	2008 £
Non-Current Assets			
Goodwill	10	8,828,460	8,828,460
Property, plant and equipment	11	106,273	89,856
Investments in associates	12(a)	44,221	51,096
Investments	12(b)	2,472,538	2,409,919
		11,451,492	11,379,331
Current Assets			
Inventories	13	28,644	123,260
Trade and other receivables	14	3,400,819	3,016,140
Cash and cash equivalents	15	363,445	296,573
		3,792,908	3,435,973
Total Assets		**15,244,400**	**14,815,304**
Current Liabilities			
Trade and other payables	16	2,068,537	2,542,059
Corporation tax	17	-	-
Borrowings, including lease finance	18	-	-
		2,068,537	2,542,059
Non-Current Liabilities			
Borrowings, including lease finance	19	1,300,000	1,550,000
		1,300,000	1,550,000
Total Liabilities		**3,368,537**	**4,092,059**
Equity			
Share capital	23	668,091	567,841
Share premium account		18,552,361	17,449,610
Retained earnings		(7,344,589)	(7,294,206)
Total Equity		**11,875,863**	**10,723,245**
Total Equity and Liabilities		**15,244,400**	**14,815,304**

Approved by the Board on 4th August 2009

J.R.G. Hunter *Director*

K.B. Nilsson *Director*

Company Balance Sheet

As at 28th February 2009

	Note	2009 £	2008 £
Non-Current Assets			
Investments	12(c)	10,089,981	10,089,981
		10,089,981	10,089,981
Current Assets			
Trade and other receivables	14	13,795,466	11,690,148
Cash and cash equivalents	15	165,466	447,261
		13,960,932	12,137,409
Total Assets		**24,050,913**	**22,227,390**
Current Liabilities			
Trade and other payables	16	11,019,963	9,245,028
Corporation tax	17	-	-
Borrowings, including lease finance	18	-	-
		11,019,963	9,245,028
Non-Current Liabilities			
Borrowings, including lease finance	19	1,300,000	1,550,000
		1,300,000	1,550,000
Total Liabilities		**12,319,963**	**10,795,028**
Equity			
Share capital	23	668,091	567,841
Share premium account		18,552,361	17,449,610
Retained earnings		(7,489,502)	(6,585,089)
Total Equity		**11,730,950**	**11,432,362**
Total Equity and Liabilities		**24,050,913**	**22,227,390**

Approved by the Board on 4th August 2009

J.R.G. Hunter *Director*

K.B. Nilsson *Director*

Consolidated and Company Cash Flow Statement

For the year ended 28th February 2009

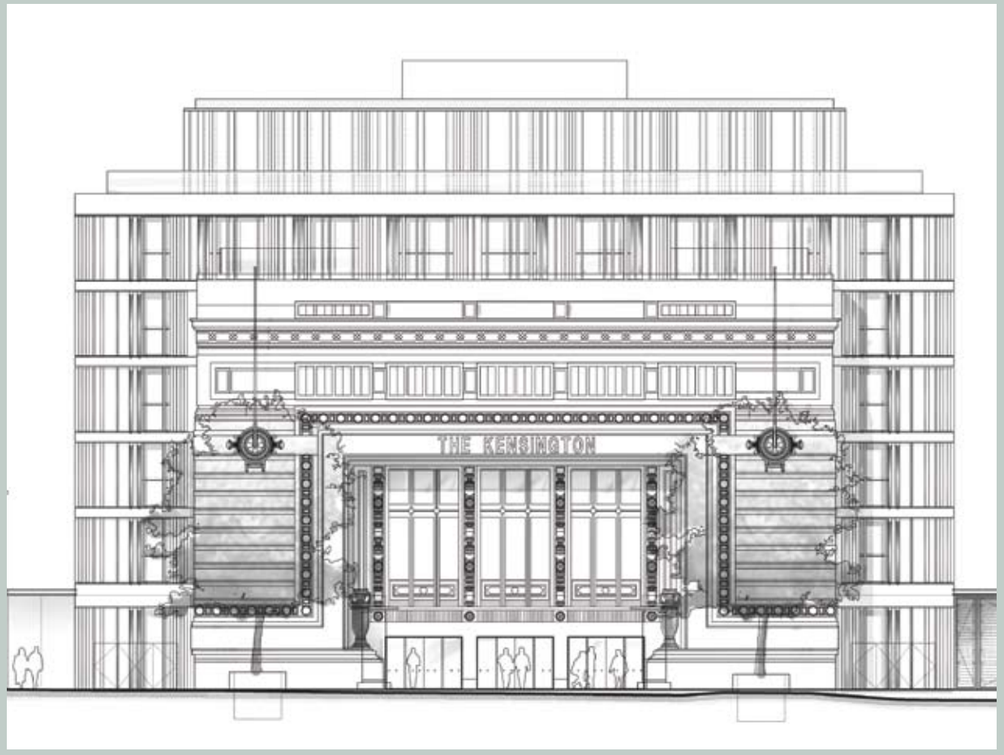
	Group		Company	
	2009 £	2008 £	2009 £	2008 £
Cash flows from operating activities				
(Loss)/Profit for the period	(50,383)	82,534	(904,413)	1,748,007
Adjusted for:				
Investment income recognised in the profit for the year	(177,194)	(130,180)	(80,059)	(2,573,602)
Finance costs recognised in the profit for the year	109,354	148,314	69,153	132,536
Share of loss in associate	6,875	15,142	-	-
Depreciation and amortisation	50,435	27,838	-	-
Taxation	-	(51,664)	-	(26,118)
	(60,913)	91,984	(915,319)	(719,177)
Movements in working capital:				
(Increase)/decrease in work in progress	94,616	(9,578)	-	-
(Increase)/decrease in trade and other receivables	(373,702)	908,746	(2,105,318)	20,257
Increase/(decrease) in trade and other payables	(484,498)	362,097	1,774,936	2,198,606
Net cash used in operating activities	**(824,497)**	**1,353,249**	**(1,245,701)**	**1,499,686**
Cash flows from investing activities				
Issue of share capital	1,203,000	-	1,203,000	-
Purchase of interest in joint venture	(62,619)	(977,084)	-	-
Disposal of interest in joint venture	-	979,995	-	-
Purchase of plant, property & equipment	(66,852)	(96,619)	-	-
Net cash used in investing activities	**1,073,529**	**(93,708)**	**1,203,000**	**-**
Cash flows from financing activities				
Repayment of loan	(250,000)	-	(250,000)	-
Interest received	117,194	60,180	20,059	43,602
Interest paid	(109,354)	(148,314)	(69,153)	(132,536)
Dividends received	60,000	70,000	60,000	70,000
Net cash from financing activities	**(182,160)**	**(18,134)**	**(239,094)**	**(18,934)**
Increase/(decrease) in cash and cash equivalents	66,872	1,241,407	(281,795)	1,480,752
Cash and cash equivalents at the beginning of the year	296,573	(944,834)	447,261	(1,033,491)
Cash and cash equivalents at the end of the year	**363,445**	**296,573**	**165,466**	**447,261**

Consolidated and Company Statement of Changes in Shareholders' Equity

For the year ended 28th February 2009

Group	Called Up Share Capital £	Share Premium Account £	Retained Earnings £	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 2008	567,841	17,449,610	(7,294,206)	10,723,245
Issue of Share Capital	100,250	1,102,751	-	1,203,001
(Loss) for the year	-	-	(50,383)	(50,383)
Balance at 28th February 2009	**668,091**	**18,552,361**	**(7,344,589)**	**11,875,863**

Company	Called Up Share Capital £	Share Premium Account £	Retained Earnings £	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 2008	567,841	17,449,610	(6,585,089)	11,432,362
Issue of Share Capital	100,250	1,102,751	-	1,203,001
(Loss) for the year	-	-	(904,413)	(904,413)
Balance at 28th February 2009	**668,091**	**18,552,361**	**(7,489,502)**	**11,730,950**



Notes to the Consolidated Financial Statements

For the year ended 28th February 2009

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 (IFRS) as adopted by the European Union.

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 £750,000 is not repayable 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 2010.
(iii) The Group's bankers have agreed facilities until November 2009.

The Directors have prepared detailed cash flow projections for the period ended 31st August 2010 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.

Notes to the Consolidated Financial Statements

For the year ended 28th February 2009 *(Continued)*

1. Principal Accounting Policies *(Continued)*

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 and recoverability of goodwill
- The book value of fixed assets and depreciation
- The value of investments
- The status and progress of the developments and projects

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

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 the income statement 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.

Notes to the Consolidated Financial Statements

For the year ended 28th February 2009 *(Continued)*

1. Principal Accounting Policies *(Continued)*

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.

Current Taxation

The tax expense for the year represents the total of current taxation and deferred taxation. The charge in respect of current taxation is based on the estimated taxable profit for the year. Taxable profit for the year is based on the profits as shown in the income statement, as adjusted for items or expenditure, which are not deductible for tax purposes.

The current tax liability for the year is calculated using tax rates, which have either been enacted or substantially enacted at the balance sheet date.

Deferred Taxation

Deferred tax is provided in full on all temporary differences arising between the tax base of assets and liabilities and their carrying values in the financial statements. The deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss.

Deferred tax is determined using tax rates which have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax income liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

Notes to the Consolidated Financial Statements

For the year ended 28th February 2009 *(Continued)*

1. Principal Accounting Policies *(Continued)*

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, loans 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.

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.

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.

Borrowings

Interest-bearing borrowings are recognised initially at fair value, net of any transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method with any differences between the proceeds (net of transaction costs) and the redemption value being recognised over the period of borrowings.

All borrowings are classified as current unless the Group has an unconditional right to defer payment of the borrowings until at least twelve months from the balance sheet date.

Notes to the Consolidated Financial Statements

For the year ended 28th February 2009 *(Continued)*

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 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.

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	2009 £	2008 £
Principal activities:		
Profit shares and bonus fees - property development	-	147,163
Development management	2,461,813	2,816,013
Interior design	4,044,238	2,603,100
Architectural design	2,454,107	1,804,583
	8,960,158	**7,370,859**

(Loss)/Profit before Taxation	2009 £	2008 £
Development management	(1,177,142)	(740,560)
Interior design	382,009	373,874
Architectural design	751,625	464,362
	(43,508)	97,676
Share of (loss) of associate	(6,875)	(15,142)
	(50,383)	**82,534**

Notes to the Consolidated Financial Statements

For the year ended 28th February 2009 *(Continued)*

3. Segmental Information *(Continued)*

Assets	2009 £	2008 £
Development management	9,496,460	10,754,992
Interior design	2,933,720	2,008,098
Architectural design	2,769,999	2,001,118
	15,200,179	14,764,208
Share of investment in associate	44,221	51,096
Total Assets	**15,244,400**	**14,815,304**

Liabilities	2009 £	2008 £
Development management	145,929	1,430,319
Interior design	2,130,369	1,586,758
Architectural design	1,092,239	1,074,982
Total Liabilities	**3,368,537**	**4,092,059**

Assets are held in the following geographical markets:	2009 £	2008 £
United Kingdom	**15,244,400**	**14,815,304**

Sales were made in the following geographical markets:	2009 £	2008 £
United Kingdom	5,937,790	6,662,541
Ireland	31,125	-
Russia	399,816	69,116
Saudi Arabia	1,546,019	415,187
United Arab Emirates	1,045,408	224,015
	8,960,158	**7,370,859**

Notes to the Consolidated Financial Statements

For the year ended 28th February 2009 *(Continued)*

4. Other Operating Income

	2009 £	2008 £
Rental income	14,800	18,801
Other income	3,900	3,825
	18,700	**22,626**

5. Finance Expense

	2009 £	2008 £
Interest on:		
Bank loans and overdrafts	20,003	14,633
Overdue tax	18,182	13,315
Other loans	71,169	120,366
	109,354	**148,314**

6. (Loss)/Profit Before Taxation

	2009 £	2008 £
(Loss)/Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation and amounts written off tangible fixed assets:		
Owned assets	50,435	27,838
Operating lease rentals:		
Land and buildings	197,137	193,663
Auditors' remuneration	87,563	64,644
Auditors' remuneration in non-audit capacity:		
Other services relating to taxation	22,069	16,138
All other services	9,009	9,780
Foreign exchange (gain)/loss	(4,672)	551

Notes to the Consolidated Financial Statements

For the year ended 28th February 2009 *(Continued)*

7. Employees

The average weekly number of employees (including Directors) during the year was:	2009 Number	2008 Number
Office and management	16	14
Design and management	34	28
	50	**42**

Staff costs for the above employees:	2009 £	2008 £
Wages and salaries	2,975,624	2,393,024
Social security costs	373,109	298,921
Other pension costs - money purchase schemes	147,939	131,912
	3,496,672	**2,823,857**

Directors' Remuneration	2009 £	2008 £
Emoluments (including benefits in kind)	805,900	837,900
Fees	40,000	37,434
	845,900	**875,334**
Company contributions to money purchase schemes	**89,977**	**93,004**

Directors emoluments disclosed above included the following payments made to:

Highest paid Director	**448,405**	**354,320**

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 28th February 2009 *(Continued)*

8. Taxation

(a) Analysis of charge in year

	2009 £	2008 £
Current tax:		
Corporation tax at the rate of 28% (2008 - 30%) (note 8 (b))	-	-
Total current tax	**-**	**-**

(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 28%. The differences are explained below:	2009 £	2008 £
(Loss)/Profit on ordinary activities before tax	**(50,383)**	**82,534**
(Loss)/Profit on ordinary activities multiplied by the standard rate of corporation tax of 28% (2008 - 30%)	(14,107)	24,760
Effects of:		
Expenses not deductible for tax purposes	26,850	20,683
Capital allowances for the period in excess of depreciation	(6,701)	(7,351)
Dividends and distributions received	(16,800)	(21,000)
Utilisation of tax losses	-	(21,635)
Share of loss of associates	1,925	4,543
Losses created	8,833	-
Current tax charge for the year (note 8 (a))	**-**	**-**

(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 £73,837 (2008 - £84,947). At the balance sheet date there are unrelieved capital losses of £472,958 (2008 - £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 loss for the financial year of £50,383 (2008: profit £82,534) includes a loss of £904,413 (2008: profit £1,748,007), which was dealt with in the financial statements of the Company.

Notes to the Consolidated Financial Statements

For the year ended 28th February 2009 *(Continued)*

10. Goodwill

	2009 £	2008 £
Cost	14,940,474	14,940,474
Amortisation		
At the beginning of the year	6,112,014	6,112,014
Charge for the year	-	-
At the end of the year	6,112,014	6,112,014
Net carrying amount	**8,828,460**	**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 cash-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 2008	237,487	264,501	501,988
Additions	30,402	36,450	66,852
At 28th February 2009	267,889	300,951	568,840
Depreciation			
At 1st March 2008	225,992	186,140	412,132
Charge for the year	7,666	42,769	50,435
At 28th February 2009	233,658	228,909	462,567
Net Book Value			
At 28th February 2009	**34,231**	**72,042**	**106,273**
At 29th February 2008	**11,495**	**78,361**	**89,856**

Notes to the Consolidated Financial Statements

For the year ended 28th February 2009 *(Continued)*

11. Property, plant and equipment *(Continued)*

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 28th February 2009 *(Continued)*

12. Investments

(a) Interest in Associated Undertaking

Group	£	Interest in Associated Undertaking £
Cost		
At 1st March 2008 and at 28th February 2009		300
Group's Share of Undistributed Post Acquisition Results of Associated Undertaking		
At 1st March 2008		50,796
Share of undistributed profit	7,542	
Taxation	(14,417)	
		(6,875)
At 28th February 2009		43,921
Net Book Value		
At 28th February 2009		**44,221**
At 29th February 2008		**51,096**

Revenue of Associated Undertaking for the year to 31st December 2008	804,522
Net Profit of Associated Undertaking for the year to 31st December 2008	213,432
Net Assets of Associated Undertaking as at 31st December 2008	101,679

Notes to the Consolidated Financial Statements

For the year ended 28th February 2009 *(Continued)*

12. Investments *(Continued)*

(a) Interest in Associated Undertaking *(Continued)*

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 28th February 2009 *(Continued)*

12. Investments *(Continued)*

(b) Investments in joint ventures

Group	2009 £	2008 £
Brought forward	2,409,919	2,412,830
Additions	75,119	977,084
Disposals	(12,500)	(979,995)
At 28th February 2009	2,472,538	2,409,919
Group's Share of Results		
Group share of loss for the year	-	-
Net Book Value		
At 28th February 2009	**2,472,538**	**2,409,919**

£63,100 of the additions relate to investment in Vicarage Gate Ltd, a joint venture partnership with Arcapita. A further £12,019 of the additions relate to investment in The Abingdons Partnership, a joint venture partnership with Minerva (Kensington) Limited, in which the group share is 5%. The disposal relates to the return of the equity following exchange of The Warwick by The Empress Partnership LLP joint venture in December 2007.

(c) Other Investments

Company	Subsidiary Undertakings £	Associated Undertaking £	Total Investments £
Cost			
At 1st March 2008	14,492,583	300	14,492,883
Additions	-	-	-
As at 28th February 2009	**14,492,583**	**300**	**14,492,883**
Impairment			
At 1st March 2008	4,402,902	-	4,402,902
Impairment in the year	-	-	-
	4,402,902	**-**	**4,402,902**
Net Book Value			
At 28th February 2009	**10,089,681**	**300**	**10,089,981**
At 29th February 2008	**10,089,681**	**300**	**10,089,981**

Notes to the Consolidated Financial Statements

For the year ended 28th February 2009 *(Continued)*

12. Investments *(Continued)*

(c) Other Investments *(Continued)*

Company	Subsidiary Undertakings £	Associated Undertaking £	Total Investments £
Cost			
At 1st March 2007	14,492,579	300	14,492,879
Additions	4	-	4
As 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 28th February 2009 *(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

The Vicarage

Notes to the Consolidated Financial Statements

For the year ended 28th February 2009 *(Continued)*

13. Inventories

	Group	
	2009	2008
	£	£
Work in progress	28,644	123,260

14. Trade and other receivables

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Trade receivables	395,091	651,569	3,584	6,696
Amounts owed by group undertakings	-	-	6,974,068	5,831,648
Other receivables	423,122	411,428	133,604	115,641
Prepayments and accrued income	2,582,606	1,953,143	6,684,210	5,736,163
	3,400,819	3,016,140	13,795,466	11,690,148

At the year end there was no provision for doubtful debts (2008: £0).

15. Cash and cash equivalents

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Cash and cash equivalents	363,445	296,573	165,466	447,261
	363,445	296,573	165,466	447,261

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

Notes to the Consolidated Financial Statements

For the year ended 28th February 2009 *(Continued)*

16. Trade and other payables

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Trade payables	279,729	431,263	104,552	142,461
Amounts owed to group undertakings	-	-	10,488,836	8,526,528
Social security and other taxes	382,405	628,041	77,452	266,753
Other payables	346,872	362,331	24,457	16,894
Accruals and deferred income	1,059,531	1,120,424	324,666	292,392
	2,068,537	2,542,059	11,019,963	9,245,028

17. Corporation Tax

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Corporation Tax	-	-	-	-
	-	-	-	-

18. Borrowings, including lease finance

	Group		Company	
Current Liabilities	2009	2008	2009	2008
	£	£	£	£
Bank loans and overdrafts	-	-	-	-
	-	-	-	-

Notes to the Consolidated Financial Statements

For the year ended 28th February 2009 *(Continued)*

19. Borrowings, including lease finance

	Group		Company	
Non-Current Liabilities	2009	2008	2009	2008
	£	£	£	£
Loans from pension scheme	1,025,000	1,275,000	1,025,000	1,275,000
Equity finance loan	275,000	275,000	275,000	275,000
	1,300,000	**1,550,000**	**1,300,000**	**1,550,000**

The loans from pension scheme of £1,025,000 are in respect of the Northacre PLC Directors Retirement and Death Benefit Scheme. The period of the £750,000 loan has been extended to 31 July 2013. Interest is charged at 4% above the Clearing Bank's 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	2009	2008	2009	2008
	£	£	£	£
	Land & Buildings	Land & Buildings	Land & Buildings	Land & Buildings
Net amount payable on operating leases which expire:				
Within one year	54,654	193,663	54,654	193,663
	Other	Other	Other	Other
Net amount payable on operating leases which expire:				
Within one year	9,408	-	9,408	-

Notes to the Consolidated Financial Statements

For the year ended 28th February 2009 *(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 £739,104 had already been paid at the year end. Therefore, Northacre Capital (3) Limited is committed to pay a further £10,986 capital contribution to The Abingdons Partnership.

22. Earnings per Share

Loss per share of 0.19p (2008: earnings per share 0.36p) is calculated on the loss attributable to ordinary shares of £50,383 (2008: profit £82,534) divided by the weighted number of ordinary shares in issue during the period.

	2009	2008
Computation of basic earnings per share:	£	£
Net (loss)/profit	(£50,383)	£82,534
Weighted average number of shares outstanding	26,723,644	22,713,644
Basic (loss)/earnings per share	(0.19)p	0.36p
Diluted (loss)/earnings per share	(0.19)p	0.36p

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

	2009	2008
	£	£
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:		
26,723,644 Ordinary shares of 2.5p each	668,091	567,841
Nil 'A' shares of 2.5p each	-	-
	668,091	**567,841**

On 16th of January 2009 4,010,000 ordinary shares of 2.5 pence each were issued to Mr M.A. AlRafi at the price of 30 pence per share. Total issued share capital after this issue is 26,723,644 ordinary shares of 2.5 pence each.

Notes to the Consolidated Financial Statements

For the year ended 28th February 2009 *(Continued)*

24. Contingent Liabilities

A third party has 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 accounts 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 and Group trading subsidiaries have given an unlimited guarantee and debenture secured on the assets of the Group to its bankers in respect of a facility arrangement. At the balance sheet date the net amount owed to the bank was £nil.

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	2009 £	2009 £	2008 £	2008 £	Nature of Transaction
		Total transactions in the year	Balance at the year end	Total transactions in the year	Balance at the year end	
J.R.G. Hunter	1	(13,521)	61,228	(82,868)	74,749	Amount owed by/(to) J.R.G Hunter to Northacre PLC at 28th February 2009 (repaid prior to 9 months after the year end) The highest amount owed by J.R.G Hunter in the year was £118,216 (2008: £200,964)
J.R.G. Hunter	1	8,750	-	-	-	Amount paid to J.R.G Hunter for providing a personal guarantee for banking facility
J.R.G. Hunter	1	6,542	167,729	(20,000)	161,187	Amount included in accrued income in respect of services provided at arm's length to J.R.G Hunter during the year

Notes to the Consolidated Financial Statements

For the year ended 28th February 2009 *(Continued)*

25. Related Party Transactions *(Continued)*

Related Party	Nature of Relationship	2009 £	2009 £	2008 £	2008 £	Nature of Transaction
		Total transactions in the year	Balance at the year end	Total transactions in the year	Balance at the year end	
Campden Estates Limited	2	18,700	3,584	14,800	6,696	Rent and services payable by Campden Estates Limited for use of office space
Campden Estates Limited	2	(1,886)	3,584	1,814	5,470	Amount owed by Campden Estates Limited to Northacre PLC at 28th February 2009
Northacre PLC Directors Retirement and Death Benefit Scheme	3	1,674	3,000	1,326	1,326	Management fee receivable from the scheme
Northacre PLC Directors Retirement and Death Benefit Scheme	3	(250,000)	750,000	-	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)	-	Loan repayable to scheme by Northacre PLC
Northacre PLC Directors Retirement and Death Benefit Scheme	3	(47,900)	67,994	(62,013)	115,894	Interest payable on the loans to Northacre PLC

Notes to the Consolidated Financial Statements

For the year ended 28th February 2009 *(Continued)*

25. Related Party Transactions *(Continued)*

Related Party	Nature of Relationship	2009 £ Total transactions in the year	2009 £ Balance at the year end	2008 £ Total transactions in the year	2008 £ Balance at the year end	Nature of Transaction
K.B. Nilsson	4	10,135	(6,759)	(21,600)	(16,894)	Amount owed by/(to) K.B. Nilsson to Northacre PLC at 28th February 2009. The highest amount owed by K.B. Nilsson in the year was £(6,759) (2008: £(16,894))
K.B. Nilsson	4	8,750	-	-	-	Amount paid to K.B. Nilsson for providing a personal guarantee for banking facility.
E.B. Harris	5	20,000	20,000	20,000	20,000	Non-executive Directors fees for March 2008 – February 2009 invoiced from E.C. Harris LLP
M. Williams	6	20,000	-	17,434	-	Non-executive Directors fees for March 2008 – February 2009

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. Williams is a Director of the Company.

Notes to the Consolidated Financial Statements

For the year ended 28th February 2009 *(Continued)*

25. Related Party Transactions *(Continued)*

Company

The Director's, 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	2009 £ Total transactions in the year	2009 £ Balance at the year end	2008 £ Total transactions in the year	2008 £ Balance at the year end	Nature of Transaction
Group entities	1	849,695	-	1,095,796	-	Management Fees receivable in year from group subsidiaries provided at arm's length
Group entities	1	47,500	-	47,500	-	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.

NORTHACRE

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 28th August 2009 at 10.00 am for the purposes of considering and, if thought fit, passing the following resolutions 1, 2, 3, 4, 5 and 6 as ORDINARY RESOLUTIONS:

1. To receive and adopt the Company's accounts for the period ending 28th February 2009 together with the Directors' report and auditors' report on those accounts (the "Accounts").
2. To re-elect as a Director Mohamed Abdulsalam AlRafi who retires by rotation.
3. To re-elect as a Director Malcolm Francis Williams who retires by rotation.
4. To re-elect as a Director Manish Kumar Santilale who retires by rotation.
5. To reappoint Kingston Smith LLP as auditors of the Company to hold office from the conclusion of the meeting at a remuneration to be determined by the Directors.
6. That the arrangements more particularly described in the explanatory note to the resolution (below) be and are hereby affirmed.

   Note: This resolution relates to a transaction involving John Hunter (as Director) which requires approval under section 201 of the Companies Act 2006.

By Order of the Board

D.A. Salmon
Secretary

Registered Office:
Eight Albion Riverside
8 Hester Road
London SW11 4AX

Dated: 4th August 2009

Explanatory Note on Resolution 6

1. In late 2005 John Hunter ('Mr Hunter') introduced a possible development opportunity relating to a house in Pembroke Place, London W8. This was considered by the executive members of the Board and Mr Hunter was informed that it was not a large enough scheme to interest the Company. He subsequently discussed undertaking it personally and it was agreed by the Board of the Company that he could do so. Mr Hunter requested that the interior design and fit-out work be undertaken by Intarya Limited (then called Lifestyles Interiors Ltd) a subsidiary of the Company. The Board agreed that he could contract with Intarya Ltd provided it was on an arms length basis and a formal agreement was entered into dated 20 April 2006 by which for an estimated total price of £253,500 plus VAT Intarya Ltd agreed to undertake the interior design work. The work was undertaken during 2006 and 2007. During the course of the works Mr Hunter paid to Intarya Ltd a total of £189,364.01 on account of the work that was undertaken. Following final settlements with contractors a final account was discussed and agreed on 17 January 2008 between Mr Hunter and Intarya Limited. This final account was for the sum of £349,614.58 leaving a balance outstanding of £161,189.39.
2. Mr Hunter expected to clear the balance on 31st July 2008 from a capital sum due to him by the Northacre PLC Directors' Retirement and Death Benefit Scheme ("the Pension Fund"), of which he is a beneficiary. This capital sum was contingent on the Company repaying to the Pension Fund the loan of £1,000,000 which was due for repayment by the Company on 31st July 2008. The Company was not in a position to repay this loan and subsequently the Pension Fund and the Company agreed to extend the period of the loan until July 2013, provided earlier repayment may be made by the Company if it elects to do so. As a consequence this did not permit the Pension Fund to make the expected capital sum to Mr Hunter which would have allowed Mr Hunter to repay the outstanding sum due to Intarya Limited. Mr Hunter has provided an undertaking to the Company that the outstanding sum will be paid as soon as he receives funds that are due to him from the Pension Fund which will happen once the Company repays the loan. In addition the Company is charging interest on the outstanding sums due by Mr Hunter at the rate of 3.5% + base per annum.
3. In the circumstances the Board is satisfied with this arrangement and recommends to the Shareholders that it is affirmed.

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 should have received a proxy form with this notice. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
2. A proxy does not need to be a member of the Company but must attend the meeting to represent you. Details of how to appoint the Chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you sign and return the proxy form with no name inserted in the relevant box, the Chairman of the meeting will be deemed to be your proxy.
3. 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.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact Capita Registrars, The Registry, 34 Beckenham Road, Beckenham BR3 4TY.
5. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. 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.
6. To be valid, the completed 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 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.
7. 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.
8. 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).
9. Completion of the proxy 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.
10. To change your proxy instructions you must submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. To receive another proxy form, please contact Capita Registrars at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

Notes *(Continued)*:

11. 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.
12. In order to revoke a proxy instruction you must inform the Company using one of the following methods:

12.1 by depositing at 3rd Floor, Hutchison House, 5 Hester Road, London SW11 4AN a signed hard copy notice clearly stating your intention to revoke your proxy appointment and the power of attorney (if any) under which it is signed, or a notarially certified copy of such power or authority, or in the case of a member which is a company, a notice executed under its common seal or signed on it's behalf by an officer of the company or an attorney for the company; or

12.2 by sending an e-mail to the Company at manishsantilale@northacre.com including a scanned copy of the original proxy form,and in either case the revocation notice must be received the Company no later than 10.00 am 26 August 2009.

13. You may not use any electronic address provided in this notice or on the proxy form to communicate with the Company for any purposes other than those expressly stated.
14. As at 3 August 2009 (being the last business day prior to the date of this Notice) the Company's issued share capital consisted of 26,723,644 Ordinary shares of 2.5p each, therefore the total voting rights in the Company as at 3 August 2009 is 26,723,644.
15. 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, to 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.

The Lancasters


020 7602 8822
HORSE IN
THE PARK