NORTHACRE

LONDON

Northacre PLC – Report and Accounts 2011

Contents

Northacre is the brand behind many of London's landmark addresses. Over the last twenty years Northacre has revived significant areas of Westminster, Kensington and Chelsea, developing in the most sought after locations in the capital for both local and international purchasers.

Northacre's reputation for creating prestigious, award-winning residences from existing properties is unrivalled.

Left: The Lancasters – Show Apartment

"Our Group's core skills are in the design, development management, branding and marketing of prime residential developments in central London."

Chairman's Statement

This past year has seen the Group focus on the delivery of The Lancasters Development, in our joint venture with Minerva PLC. The Group has cemented it's profile as one of London's most experienced prime residential developers through this landmark scheme, which has seen the revival of a prominent building in a hitherto undervalued area of central London. The Lancasters has transformed the north side of Hyde Park and will have a lasting impact on the area. The development, which nears completion this summer, is testament to our Group's continuing focus on quality, steadfast development management, and individuality in the conceptualisation and marketing of each development.

Following the completion of the first phases of The Lancasters in early 2011, we look forward to full completion in late summer 2011. At the same time we are working to bring forward The Vicarage, a 42,000 Sq ft prime residential development in Kensington, which will see us deliver, as development managers, 14 duplex and lateral apartments. This development, led by Northacre, is due to commence in 2012.

We are engaged in discussions on a number of central London opportunities in which Northacre would act either as a full joint venture partner or take the role of development manager.

There continues to be a relative shortage in the supply of development opportunities and more entrants into the market chasing fewer sites. That said, equity investors are keen to finance prime residential developments undertaken by experienced developers such as Northacre, given the history of strong returns in the sector and the undoubted continuation of London's appeal as one of the top locations for international buyers looking for a principal or second home.

We have reviewed our cost base and made some efficiencies to suit the changing market conditions. I am gratified by the support and focus of our Board, management and staff within the Group and I am proud to work with one of the top teams in the sector.

Outlook

Our Group's core skills are in the design, development management, branding and marketing of prime residential developments in central London. As such, we are in an unrivalled position to offer our skills in an advisory capacity with limited equity participation. We look to the future with renewed confidence and focus and are well placed to capitalise on the product success and financial returns as we complete The Lancasters Development.

Klas Nilsson
Chairman and Chief Executive

Date: 28th July 2011

Left: The Lancasters – Entrance and Concierge

Financial Review

In the year under review, The Lancasters has been the main feature for each of the divisions within the Group. The Intarya designed show apartment (5,385 Sq ft), which opened in summer 2010, helped to attract an excellent level of sales and since the year end has sold for the full asking price. Since the end of February 2011 there has been a good volume of sales such that the Development is now c.70% sold.

The Group's funding has historically consisted of a mix of project financing for individual developments and working capital facilities for the Group's operational needs. These have been augmented in the past year with Directors Loans, underwritten by Mr Klas Nilsson and Mr Mohamed AlRafi, and a related party loan from Mr Abdulsalam AlRafi. The aggregate of all Director and related party loans at the year-end was £2,877,163 (including interest) of which £1,200,000 was undrawn at the year end. (See the detailed notes on these loans in the Financial Statements attached.) Since the year end, additional facilities of £500,000 from Mr Mohamed AlRafi and £2,000,000 from Mr Abdulsalam AlRafi have been secured. The Group has called on these loans to cover a period of lower recurring fee income and settlement of one of two loans from the Northacre PLC Directors Retirement and Death Benefit Scheme. These loans are due to be fully repaid out of the proceeds of the Lancasters profit share.

Our overheads are being reviewed and as a consequence we have made some headcount reduction and other cost savings. The review of costs is an on-going process. We have renewed our efforts to secure more fee income in the Intarya interior design practice and Northacre Development Management Services with a view to delivering a higher sustainable fee income in future years.

Review of Results

Headlines

Net assets per share is 92.90 pence (2010: 38.32 pence). Net comprehensive profit for the year is £14,584,963 (2010: Loss of £1,635,169). The loss per share attributable to equity holders is 16.17 pence (2010: 14.72 pence).

Consolidated Statement of Comprehensive Income

Turnover for the year increased by 10% to £5,664,484 (2010: £5,151,225). The majority share continues to be fee income rather than development profit. The Group's interior design subsidiary, Intarya, reported revenue growth by 11% to £4,249,606 (2010: £3,815,427). The Development Management subsidiary saw an increase in revenue by 24% to £969,652 (2010: £780,710) whereas the architectural subsidiary, Nilsson Architects, has experienced the impact of the economic downturn with the absence of new architectural projects, reporting a decrease in fee income of 20% to £445,226 (2010: £555,088).

Administrative expenses remained at the level of £5.2m (2010: £5.2m) as a result of measures undertaken by the Board at the beginning of last year. Measures taken after the year end have significantly reduced these expenses on an annual basis.

In accordance with International Accounting Standards we have made a fair valuation of our investment at The Lancasters with reference to secured sales as at 28th February 2011. This has also been reflected in the results for the year.

Consolidated Statement of Financial Position

In accordance with International Accounting Standards, the investments in joint ventures (classified as available for sale financial assets in the Consolidated Statement of Financial Position) represent, where appropriate, the cash equity invested in each of our secured development schemes and any fair value adjustments. As mentioned above, we have calculated the fair value of our investment at The Lancasters and including this fair value adjustment the available for sale financial assets amounted to £21.2m (2010: £ 3.5m).

Financing

The Group's project funding generally consists 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.

We are actively seeking development opportunities and we are committed to increasing the Northacre portfolio within prime central London. Increasing fee income from new developments is a priority for the Board.

Ken MacRae
Finance Director

Date: 28th July 2011

Left: The Lancasters – Spa and Swimming Pool

Development Portfolio

1992–95

Observatory Gardens

GDV (£)

35m

Area (Sq ft)

70,000

Performance IRR*

41%

An award-winning scheme to revive an entire Victorian terrace in Kensington to create 53 purpose-built apartments.

1995–99

Earls Terrace

GDV (£)

100m

Area (Sq ft)

120,000

Performance IRR*

23%

A derelict Georgian terrace in Kensington rescued and revived to create 23 family houses and win universal acclaim.

1996–2000

The Bromptons

GDV (£)

100m

Area (Sq ft)

125,000

Performance IRR*

39%

A listed neo-gothic former NHS hospital in Chelsea transformed and acclaimed as 'the world's finest gated residential scheme'.

2000–04

Kings Chelsea

GDV (£)

250m

Area (Sq ft)

350,000

Performance IRR*

18%

A Grade II listed building set in 7.5 acres of walled parkland and converted into 289 houses and apartments.

* Performance IRR assumes pro-forma gearing of 75% loan to cost

2001–05

The Phillimores

GDV (£)

173m

Area (Sq ft)

130,000

Performance IRR*

34%

66 award-winning apartments created in a former Kings College facility designed in the renaissance style.

2004–07

Park Street

GDV (£)

32m

Area (Sq ft)

20,000

Performance IRR*

38%

Two early twentieth century Grade II listed ambassadorial houses restored and converted into six magnificent apartments.

2006–11

The Lancasters

GDV secured to date (£)

305m

Area (Sq ft)

192,000

Area sold to date (approx.)

70% of total area

Involving a complete 90ft high façade retention with an all new concrete structure incorporating large imposing purpose-built lateral and duplex apartments and underground parking.

2008–13

The Vicarage

Planning secured

July 2009

Area (Sq ft)

42,000

Anticipated scheme commencement

1st Quarter 2012

Planning negotiations continue for a Northacre Revival scheme comprising 12 family sized lateral and duplex apartments with a private rear garden and underground parking.

Board of Directors

Klas Nilsson
Chairman and Interim Chief Executive Officer

Following his training as an architect in Germany, Klas founded Nilsson Architects in 1975. In 1989, he co-founded Northacre PLC, turning his architectural practice into a wholly-owned subsidiary of the Group.

As part of Northacre, Nilsson Architects is the first practice to specialise in prime residential development and has been responsible for over a million square feet of Grade I and II listed buildings in central London. These developments nearly all received awards for their contribution to the environment as well as Observatory Gardens winning a Civic Trust Award.

Ken MacRae
Finance Director

Ken has worked in the real estate market and real estate finance for over 20 years. His most recent role was in the Middle East working as Chief Investment Officer with an Abu Dhabi-based real estate private equity business, managing their real estate and private equity investments. Prior to this he was the Head of Property Finance for a German bank in London.

Mohamed Abdulsalam AlRafi
Director

Following in his father's footsteps, Mohamed Abdulsalam AlRafi continues to pave the way forward for a more successful and promising future. His BA in Business and Finance from a renowned university in the U.S. affords him the knowledge and skills needed to manage and run all of his businesses and the recent and upcoming developments.

With over 16 different national and international companies in his portfolio, Mr AlRafi strives to build on the strength, principles, and vision of the founder.

Mr AlRafi is the Chairman of the recently formed MTAF Group, a holding company for all of his businesses.

Malcolm Williams
Non-Executive Director

Malcolm spent 38 years with Dresdner Kleinwort Wasserstein Limited (formerly Kleinwort Benson Limited), primarily based in Europe and Asia.

He retired from the Allianz Dresdner Group in 2004 and is currently a Non-Executive Director of Dresdner Kleinwort Capital Jersey Limited, Emminol Limited, GEM Biofuels PLC and Kreos Capital Limited. He is also a member of the Advisory Board of Vermilion Partners Limited.

Malcolm is Chairman of the Remuneration Committee.

Brian Harris
Non-Executive Director

Brian Harris is one of the senior partners of E.C. Harris LLP, a leading firm of Built Asset Consultants. He joined E.C. Harris in 1971 after qualifying as a Chartered Quantity Surveyor, and was made an Equity Partner in 1973. As a partner, Brian began to move the firm from the Public Sector towards the Commercial Property Sector, increasing the range of services offered. Today it employs more than 3,000 people worldwide, with 200 partners, covers all aspects of the built environment, including urban regeneration, large scale infrastructure projects and energy.

Brian is a leading authority on the delivery of capital projects and the management of risk.

Duncan Salmon
Company Secretary

Duncan is a solicitor and partner in the firm of Speechly Bircham LLP, specialising in construction, property development and regeneration projects. His role is to assist the Board with corporate administrative matters. This includes liaising with the Nominated Advisor, advising on other regulatory issues and attending sub-committees, such as the Remuneration Committee, as required.

Duncan has been involved with the Northacre Group for over 15 years and has been Company Secretary since 1999.

Company Information

Directors
K.B. Nilsson
K. MacRae
E.B. Harris
M.F. Williams
M.A. AlRafi

Secretary
D.A. Salmon

Bankers
Royal Bank of Scotland
29 Old Brompton Road
London SW7 3JE

Auditors
Kingston Smith LLP
Devonshire House
60 Goswell Road
London EC1M 7AD

Nominated Adviser and Broker
Peel Hunt LLP
111 Old Broad Street
London EC2N 1PH

Registrars
Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Solicitors
Speechly Bircham LLP
6 New Street Square
London EC4A 3LX

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

Registered in England and Wales

Company number 03442280

Directors' Report

For the year ended 28th February 2011

The Directors have pleasure in presenting their report and financial statements for the year ended 28th February 2011.

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 development scheme. Although these events cannot always be converted into an immediate financial impact for the Group, the de-risking of the scheme as a result of these events being achieved will increasingly secure the Group's fee and profit share entitlement. These milestone events in summary are:

- the securing of suitable funding for the scheme development
- to secure a satisfactory planning consent
- to achieve the appropriate levels of pre-sales in line with the development acquisition and 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 contractors and investors

Financial

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

Review of Results

Net assets per share 92.90 pence (2010: 38.32 pence). Net loss for the year before fair value recognition is £4,320,033 (2010: £3,934,608) with a loss per share of 16.17 pence (2010: 14.72 pence).

Consolidated Statement of Comprehensive Income

The Group's turnover for the year is £5.7m (2010: £5.2m). Operating loss for the year is £2.8m (2010: £2.5m). The Group has continued to generate the bulk of its turnover from fee income rather than development profit.

Administrative expenses for the year remained consistent at £5.2m (2010: £5.2m). After including the above items the Group recorded a loss before fair value recognition of £4,320,033 (2010: £3,934,608).

Statement of Financial Position

The investments in available for sale financial assets represent the cash equity invested in each of our development schemes. Following the disposal of our interest in The Abingdons Partnership and recognition of fair values, the balance at the year-end amounted to £21.2m (2010: £3.5m). The Group continues to seek joint venture opportunities with suitable partners that will maximise the returns to shareholders.

Financing

While the Group has not raised debt for a specific development project during the year, the Group maintains a regular dialogue with a range of UK and foreign banks in order to assess appetite and to maintain good relations.

The Group has secured facilities from related parties during the year of £2.3m (2010: £0.5m) in aggregate for general working capital needs and continues to have a working capital facility of £0.5m from its bank.

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. The Directors continue to review the financial forecasts with the objective of implementing an appropriate dividend policy once sufficient distributable reserves are available. However, it remains the Board's view that the current difficult business climate demands the Company be prudent and maintain sufficient working capital reserves, together with the necessary capital funds required for investing in selective new opportunities.

Directors' Report

For the year ended 28th February 2011 *(Continued)*

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 2011	At 28th February 2010	% of Ordinary Shares
K.B. Nilsson	5,100,000	5,150,000	19.08%
M.K. Santilale	2,000	2,000	0%
M.A. AlRafi	7,985,000	5,645,000	29.88%
E.B. Harris	-	-	-
M.F. Williams	-	-	-

Since the end of the year Klas Nilsson, Director, has disposed of 50,000 ordinary shares representing 0.19% of the issued share capital. Following this disposal Klas Nilsson now holds 5,050,000 shares representing 18.90% of the issued share capital.

On 11th March 2011 the Group announced the appointment of Jayne McGivern as Group Chief Executive Officer. On 17th May 2011 the Group announced that Jayne McGivern resigned as Chief Executive Officer and as a Director. Klas Nilsson, who remains Chairman, replaced Jayne McGivern as Interim Chief Executive Officer.

On 24th June 2011 the Group announced that Manish Santilale resigned as Finance Director and that Ken MacRae had been appointed his successor as Finance Director.

Substantial Shareholdings

As at 22nd July 2011, 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:

Lynchwood Nominees Limited	14.12%
Vidacos Nominees Limited	8.88%
Barclaysshare Nominees Limited	6.04%

Donations

During the year, the Group made charitable donations of £250 (2010: £100).

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 485 of the Companies Act 2006, a resolution proposing that Kingston Smith LLP be re-appointed as auditors of the Company will be put to the Annual General Meeting.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards as adopted by the European Union.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the Company and the financial performance and cash flows of the Group for that year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether in preparation of the Group and Company financial statements the Group has complied with IFRS as adopted by the European Union, subject to any material departures disclosed and explained in the Group financial statements; and

Directors' Report

For the year ended 28th February 2011 *(Continued)*

Statement of Directors' Responsibilities *(Continued)*

- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of 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 the 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 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 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.

Risks and uncertainties

The Board of Directors carries out risk management as outlined in Note 2 in the Notes to the Consolidated Financial Statements.

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.

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.

Directors' Report

For the year ended 28th February 2011 *(Continued)*

The Remuneration Committee *(Continued)*

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 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 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 Chairman'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 concluded that given the size of the Group it is not currently appropriate to employ such a function.

The Board has approved a new Authority matrix which is designed to establish internal controls over payment approvals and the execution of legal agreements, representing a further risk management mechanism.

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: 28th July 2011

Independent Auditors' Report to the Shareholders of Northacre PLC

For the year ended 28th February 2011

We have audited the Group and Parent Company financial statements of Northacre PLC for the year ended 28th February 2011, which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated and Company Statements of Cash Flows, Consolidated and Company Statements of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the 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

As explained more fully in the Directors' Report (set out on pages 12–15) the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 28th February 2011 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

John Staniforth
Senior Statutory Auditor
For and on behalf of Kingston Smith LLP
Chartered Accountants
Statutory Auditor

Devonshire House
60 Goswell Road
London EC1M 7AD

Date: 28th July 2011

Consolidated Statement of Comprehensive Income

For the year ended 28th February 2011

Group	Note	2011 £	2010 – Restated £
Group Revenue	3	5,664,484	5,151,225
Cost of sales		(3,268,795)	(2,483,201)
Gross Profit		2,395,689	2,668,024
Administrative expenses		(5,199,700)	(5,161,630)
Other operating income	4	-	3,117
Group Loss from Operations		(2,804,011)	(2,490,489)
Investment revenue	5	66,192	(26,517)
Other losses	6	(1,355,248)	(1,310,760)
Finance costs	7	(217,995)	(120,880)
Share of (loss)/profit of associate	14(a)	(8,971)	6,918
Loss before Taxation	8	(4,320,033)	(3,941,728)
Taxation	10	-	7,120
Loss for the period attributable to equity holders of the Company		**(4,320,033)**	**(3,934,608)**
Other comprehensive income:			
Changes in fair value of available for sale financial assets	14(b)	18,904,996	2,299,439
Total comprehensive profit/(loss) for the period		**14,584,963**	**(1,635,169)**
Loss per ordinary share			
Basic - Continuing and total operations	24	(16.17)p	(14.72)p
Diluted - Continuing and total operations	24	(16.17)p	(14.72)p
Company			
Loss for the period attributable to equity holders of the Company		(2,341,603)	(1,396,556)
Other comprehensive income		-	-
Total comprehensive loss for the period	11	(2,341,603)	(1,396,556)

Consolidated Statement of Financial Position

As at 28th February 2011

	Note	2011	2010
		£	£
Non-Current Assets			
Goodwill	12	8,828,460	8,828,460
Property, plant and equipment	13	1,250,948	322,159
Investments in associates	14(a)	42,168	51,139
Available for sale financial assets	14(b)	21,205,344	3,456,473
		31,326,920	12,658,231
Current Assets			
Inventories	15	336,008	48,628
Trade and other receivables	16	863,589	2,597,670
Cash and cash equivalents		-	268,407
		1,199,597	2,914,705
Total Assets		**32,526,517**	**15,572,936**
Current Liabilities			
Trade and other payables	17	2,683,054	2,567,406
Corporation tax	18	-	-
Borrowings, including lease finance	19	377,251	433,567
		3,060,305	3,000,973
Non-Current Liabilities			
Borrowings, including lease finance	20	2,290,555	1,231,269
Provisions for other liabilities	21	2,350,000	1,100,000
		4,640,555	2,331,269
Total Liabilities		**7,700,860**	**5,332,242**
Equity			
Share capital	25	668,091	668,091
Share premium account		18,552,361	18,552,361
Retained earnings		5,605,205	(8,979,758)
Total Equity		**24,825,657**	**10,240,694**
Total Equity and Liabilities		**32,526,517**	**15,572,936**

Approved by the Board on 28th July 2011

K.B. Nilsson Director
K. MacRae Director

Company Statement of Financial Position

As at 28th February 2011

	Note	2011	2010
		£	£
Non-Current Assets			
Property, plant and equipment	13	1,238,914	256,217
Investments	14(c)	10,090,079	10,089,981
		11,328,993	10,346,198
Current Assets			
Trade and other receivables	16	15,037,990	15,076,319
Cash and cash equivalents		-	93,672
		15,037,990	15,169,991
Total Assets		**26,366,983**	**25,516,189**
Current Liabilities			
Trade and other payables	17	13,718,813	12,809,371
Corporation tax	18	-	-
Borrowings, including lease finance	19	351,759	405,828
		14,070,572	13,215,199
Non-Current Liabilities			
Borrowings, including lease finance	20	2,283,620	1,196,596
Provisions for other liabilities	21	2,020,000	770,000
		4,303,620	1,966,596
Total Liabilities		**18,374,192**	**15,181,795**
Equity			
Share capital	25	668,091	668,091
Share premium account		18,552,361	18,552,361
Retained earnings		(11,227,661)	(8,886,058)
Total Equity		**7,992,791**	**10,334,394**
Total Equity and Liabilities		**26,366,983**	**25,516,189**

Approved by the Board on 28th July 2011

K.B. Nilsson Director
K. MacRae Director

Consolidated and Company Statements of Cash Flows

For the year ended 28th February 2011

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Cash flows from operating activities				
Loss for the period before tax	(4,320,033)	(3,941,728)	(2,341,603)	(1,403,676)
Adjustments for:				
Investment revenue	(66,192)	26,517	(53,945)	(32,711)
Finance costs	217,995	120,880	196,127	102,599
Loss/(profit) on disposal of investment	105,248	723,260	-	-
Share of loss/(profit) in associate	8,971	(6,918)	-	-
Depreciation and amortisation	102,382	111,836	60,000	55,000
Increase in inventories	(287,380)	(19,984)	-	-
Increase in trade and other receivables	1,734,181	803,149	38,329	(1,280,853)
Increase in trade and other payables	1,365,548	348,869	2,159,442	2,559,408
Cash used in operations	**(1,139,280)**	**(1,834,119)**	**58,350**	**(233)**
Interest paid	(217,995)	(120,880)	(196,127)	(102,599)
Tax refunded	-	7,120	-	7,120
Net cash used in operating activities	**(1,357,275)**	**(1,947,879)**	**(137,777)**	**(95,712)**
Cash flows from investing activities				
Acquisition of interest in available for sale financial assets	-	(11,100)	-	-
Increase in investments	-	-	(98)	-
Purchase of plant, property & equipment	(1,031,171)	(327,722)	(1,042,697)	(311,217)
Proceeds of sale of available for sale financial assets	1,050,877	1,853,344	-	-
Interest received	13,692	(56,517)	1,445	2,711
Dividends received	52,500	30,000	52,500	30,000
Net cash generated from/(used in) investing activities	**85,898**	**1,488,005**	**(988,850)**	**(278,506)**
Cash flows from financing activities				
Proceeds from borrowings	1,217,849	300,000	1,217,849	300,000
Proceeds from finance leases	-	482,877	-	397,350
Repayment of borrowings	(275,000)	(275,000)	(275,000)	(275,000)
Repayment of finance leases	(158,564)	(143,041)	(130,825)	(119,926)
Net cash from financing activities	**784,285**	**364,836**	**812,024**	**302,424**
Decrease in cash and cash equivalents	(487,092)	(95,038)	(314,603)	(71,794)
Cash and cash equivalents at the beginning of the year	268,407	363,445	93,672	165,466
Cash and cash equivalents at the end of the year	**(218,685)**	**268,407**	**(220,931)**	**93,672**

Consolidated and Company Statements of Changes in Equity

For the year ended 28th February 2011

Group	Called Up Share Capital	Share Premium Account	Retained Earnings	Total
	£	£	£	£
As at 1st March 2009	668,091	18,552,361	(7,344,589)	11,875,863
Comprehensive Loss for the period	-	-	(3,934,608)	(3,934,608)
Other Comprehensive Profit for the period:				
Changes in fair value of available for sale financial assets	-	-	2,299,439	2,299,439
As at 28th February 2010	**668,091**	**18,552,361**	**(8,979,758)**	**10,240,694**
As at 1st March 2010	668,091	18,552,361	(8,979,758)	10,240,694
Comprehensive Loss for the period	-	-	(4,320,033)	(4,320,033)
Other Comprehensive Profit for the period:				
Changes in fair value of available for sale financial assets	-	-	18,904,996	18,904,996
As at 28th February 2011	**668,091**	**18,552,361**	**5,605,205**	**24,825,657**

Company	Called Up Share Capital	Share Premium Account	Retained Earnings	Total
	£	£	£	£
As at 1st March 2009	668,091	18,552,361	(7,489,502)	11,730,950
Total Comprehensive Loss for the period	-	-	(1,396,556)	(1,396,556)
As at 28th February 2010	**668,091**	**18,552,361**	**(8,886,058)**	**10,334,394**
As at 1st March 2010	668,091	18,552,361	(8,886,058)	10,334,394
Total Comprehensive Loss for the period	-	-	(2,341,603)	(2,341,603)
As at 28th February 2011	**668,091**	**18,552,361**	**(11,227,661)**	**7,992,791**

Notes to the Consolidated Financial Statements

For the year ended 28th February 2011

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.

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1st March 2010 and have been applied to and impacted the financial information presented:

- Improvements to IFRSs 2009- This is the second set of amendments published under the IASBs annual improvements process and incorporates minor amendments to twelve standards and interpretations. The amendments are effective for annual periods beginning on or after 1st January 2010.
- IFRS 3 (revised), 'Business combinations' and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates' and IAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st July 2009.
- IAS 36 (amendment) "Impairment of assets", effective from 1st January 2010 clarifies that the largest cash generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of IFRS 8, "Operating segments".
- IAS 38 (amendment) "Intangible assets", effective from 1st January 2010. The amendment clarifies guidance in measuring the fair value of an intangible asset in a business combination and permits the grouping of intangible assets as a single asset if each asset has similar economic lives.

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1st March 2010, but are not currently considered to be relevant to the Group (although they may affect the accounting for future transactions and events).

- IFRIC 16 'Hedges of a net investment in a foreign operation', effective for annual periods beginning on or after 1st July 2009.
- IFRIC 17, 'Distributions of non-cash assets to owners', effective for annual periods beginning on or after 1st July 2009.
- IFRIC 18, 'Transfers of assets from customers', effective for transfer of assets received on or after 1st July 2009.
- IAS 1 (amendment), 'Presentation of financial statements'. The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current.
- IFRS 2 (amendments), 'Group cash-settled share based payment transactions', was effective from 1st January 2010 and expands the guidance contained in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation.
- IAS 32 (amended) 'Classification of rights issues', issued in October 2009. The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer.
- IFRS 5 (amendment) "Non-current assets held for sale and discontinued operations". The amendment clarifies that IFRS 5 specifies the disclosures required in respect of non-current assets classified as held for sale or discontinued operations.

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1st March 2010 and have not been early adopted:

- Improvements to IFRSs 2010 - This is the third set of amendments published under the IASBs annual improvements process and incorporates minor amendments to seven standards and interpretations. The amendments are effective for annual periods beginning on or after 1st January 2011.
- Amendments to IFRS 1 'First-time Adoption of International Financial Reporting Standards- These amendments provide limited exemption for comparative IFRS 7 disclosures for first-time adopters. The amendments are effective for annual periods beginning on or after 1st July 2010.
- Amendments to IFRS 7 'Financial Instruments: Disclosures'- These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period. The amendments are effective for annual periods beginning on or after 1st July 2011.

Notes to the Consolidated Financial Statements

For the year ended 28th February 2011 *(Continued)*

1. Principal Accounting Policies *(Continued)*

- IFRS 9, 'Financial instruments', issued in November 2009 and effective from 1st January 2013. IFRS 9 represents the first phase of the IASB's project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. It sets out the classification and measurement criteria for financial assets and liabilities and requires all financial assets, including assets currently classified under IAS 39 as available for sale, to be measured at fair value through profit and loss unless the assets can be classified as held at amortised cost. Qualifying equity investments held at fair value may have their fair value changes taken through other comprehensive income by election.
- IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24 (revised), 'Related party disclosures', issued in 2003. The revised IAS 24 is required to be applied from 1st January 2011 and clarifies and simplifies the definition of a related party. The Group will apply the revised standard from 1st March 2011 and when applied the Group and the Parent Company will need to disclose any transactions between its subsidiaries.
- IFRIC 19, 'Extinguishing financial liabilities with equity instruments'. This clarifies the requirements of IFRSs when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially. The interpretation is effective for annual periods beginning on or after 1st July 2010. The Group will apply the interpretation from 1st March 2011.
- Amendment to IFRC 14, 'Prepayments of a minimum funding requirement' issued in November 2009. The amendment permits a voluntary prepayment of a minimum funding requirement to be recognised as an asset. The amendment is effective for annual periods beginning 1st January 2011.

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 Benefit 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) The loan due to Northacre PLC Directors Retirement and Death Benefit Scheme of £750,000 is not repayable until July 2013.

(ii) The Group's bankers have agreed revised facilities with a review on 30th September 2011. An extension to this facility is currently being discussed with the bank.

(iii) A Director loan of £300,000 was made available by MTAF Group (Mohamed AlRafi) on 16th October 2009. The loan is not repayable until dividends from The Lancasters Development are received.

(iv) An additional Director loan of £300,000 was made available by MTAF Group (Mohamed AlRafi) on 4th August 2010. A fixed premium of £50,000 was due on 3rd February 2011 as per the loan agreement. The increased loan of £350,000 is not repayable until dividends from The Lancasters Development are received.

(v) A loan facility of £114,000 was made available by Director Klas Nilsson in September 2009. The loan has no fixed date of repayment.

(vi) An additional loan of £80,000 was made available by Director Klas Nilsson in July 2010. The Group repaid £52,890 of the balance in the period September 2010 to November 2010. The loan has no fixed date of repayment.

(vii) A loan facility of £2,000,000 was made available by Abdulsalam AlRafi (father of Director Mohamed AlRafi) on 28th January 2011. The loan is available on a drawdown basis and as at 28th February 2011 the Group had used £800,000 of the total funds available. The loan is not repayable until dividends from The Lancasters Development are received.

(viii) A Director loan of £500,000 was made available by MTAF Group (Mohamed AlRafi) on 26th May 2011. The loan has no fixed date of repayment.

Notes to the Consolidated Financial Statements

For the year ended 28th February 2011 *(Continued)*

1. Principal Accounting Policies *(Continued)*

(ix) An additional loan facility of £2,000,000 was made available by Abdulsalam AlRafi (father of Director Mohamed AlRafi) on 24th June 2011. The loan is available on a drawdown basis and is not repayable until dividends from The Lancasters Development are received.

The Directors have prepared detailed cash flow projections for the period ended 31st July 2012 making reasonable assumptions about the levels and timings of income and expenditure, and in particular the timing of receipt of certain fees due from major developments. These projections show that the Group can operate within the current available facilities. On this basis the Directors consider it appropriate to prepare the financial statements on a going concern basis.

Significant judgements and estimates of areas of uncertainty

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

- The valuation of goodwill
- The carrying value of property, plant and equipment and depreciation
- The value of investments
- The status and progress of the developments and projects

Basis of Consolidation

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

Depreciation

Depreciation on property, plant and equipment 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:

Leasehold improvements	over the period of the lease
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 profit or loss in the year in which it occurs. When an impairment loss, other than an impairment loss on goodwill, subsequently reverses due to a change in the original estimate, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, up to the carrying amount that would have resulted, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Inventories

Work in progress is valued at the lower of cost and net realisable value. Cost of work in progress includes overheads

Notes to the Consolidated Financial Statements

For the year ended 28th February 2011 *(Continued)*

1. Principal Accounting Policies *(Continued)*

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

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

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 profit or loss, 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 reporting 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 reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax 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 statement of financial position and depreciated over their expected useful lives. The interest element of the rental obligations is charged to profit or loss over the period of the lease on a straight-line basis.

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

Investments

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

Associates

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

Financial Assets

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

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

Pension Scheme Arrangements

The Group operates a money purchase scheme on behalf of one of its Directors (2010: two Directors). It also contributes

Notes to the Consolidated Financial Statements

For the year ended 28th February 2011 *(Continued)*

1. Principal Accounting Policies *(Continued)*

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 reporting date. Exchange differences are taken into account in arriving at Group operating profit.

Financial Assets

Loans and Receivables

Trade receivables, 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 reporting date.

2. Capital and Financial Risk Management

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

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

The Group manages the capital structure and makes adjustments in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends payable to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt or increase capital. During the current period the Group sold its interest in Vicarage Gate Holdings Limited for a consideration of £2,250,000. This allowed the Group to strengthen its working capital position.

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 28th February 2011 *(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 and are as reported internally to management as follows:

Revenue	**2011**	**2010 - restated**
	£	**£**
Principal activities:		
Development management	969,652	780,710
Interior design	4,249,606	3,815,427
Architectural design	445,226	555,088
	5,664,484	**5,151,225**

Loss before Taxation	**2011**	**2010**
	£	**£**
Development management	(3,048,535)	(3,261,447)
Interior design	(475,875)	194,590
Architectural design	(786,652)	(881,789)
Share of (loss)/profit of associate	(8,971)	6,918
	(4,320,033)	**(3,941,728)**

Assets	**2011**	**2010**
	£	**£**
Development management	27,482,303	9,495,356
Interior design	2,794,332	3,645,466
Architectural design	2,207,714	2,380,975
	32,484,349	15,521,797
Share of investment in associate	42,168	51,139
Total Assets	**32,526,517**	**15,572,936**

Liabilities	**2011**	**2010**
	£	**£**
Development management	3,288,677	1,099,710
Interior design	2,272,268	2,647,525
Architectural design	2,139,915	1,585,007
Total Liabilities	7,700,860	5,332,242

Notes to the Consolidated Financial Statements

For the year ended 28th February 2011 *(Continued)*

3. Segmental Information *(Continued)*

A geographical analysis of the Group's revenue, assets and liabilities is given below:

Revenue	2011	2010 - restated
	£	£
United Kingdom	2,595,769	2,451,379
Ireland	818,478	31,125
Russia	76,930	57,113
Saudi Arabia	1,240,672	1,453,390
United Arab Emirates	532,664	465,622
British Virgin Islands	(59,673)	641,650
Thailand	444,644	-
Hong Kong	15,000	-
Switzerland	-	50,946
	5,664,484	**5,151,225**

Assets	2011	2010
	£	£
United Kingdom	31,716,419	14,176,389
Ireland	14,065	1,864
United Arab Emirates	591,417	22,114
Saudi Arabia	83,022	1,279,151
Switzerland	83,402	13,857
Thailand	38,192	-
British Virgin Islands	-	79,561
	32,526,517	**15,572,936**

Liabilities	2011	2010
	£	£
United Kingdom	6,141,113	5,029,197
United Arab Emirates	1,517,849	300,000
Hong Kong	2,365	2,365
USA	19,505	-
Thailand	20,028	-
Canada	-	680
	7,700,860	**5,332,242**

Notes to the Consolidated Financial Statements

For the year ended 28th February 2011 *(Continued)*

4. Other Operating Income

	2011	2010
	£	£
Rental income	-	2,467
Other income	-	650
	-	**3,117**

5. Investment Revenue

	2011	2010
	£	£
Interest received	13,692	21,386
Dividends received	52,500	30,000
Provision against interest receivable from Empress Partnership LLP	-	(77,903)
	66,192	**(26,517)**

6. Other Losses

	2011	2010
	£	£
Net loss from disposal of interest in Vicarage Gate Holdings Limited	105,248	-
Net surplus from disposal of interest in The Abingdons Partnership	-	(526,740)
Provision for diminuition in value of investment	-	587,500
Provision for acquisition of Templeco 643 Limited in lieu of settlement	-	1,250,000
Provision for Northacre PLC Directors Retirement and Death Benefit Scheme profit share	1,250,000	-
	1,355,248	**1,310,760**

7. Finance Costs

	2011	2010
	£	£
Interest on:		
Bank loans and overdrafts	8,643	11,526
Overdue tax	1,474	546
Other loans	207,878	108,808
	217,995	**120,880**

8. Loss Before Taxation

	2011	2010
	£	£
Loss on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation and amounts written off property, plant and equipment:		
Owned assets	102,382	111,836
Operating lease rentals:		
Land and buildings	331,462	135,410
Auditors' remuneration	120,761	88,803
Auditors' remuneration in non-audit capacity:		
Other services relating to taxation	18,675	9,226
All other services	4,871	17,125
Foreign exchange loss	4,037	4,304

Notes to the Consolidated Financial Statements

For the year ended 28th February 2011 *(Continued)*

9. Employees

	2011 Number	2010 Number
The average weekly number of employees (including Directors) during the year was:		
Office and management	15	16
Design and management	29	32
	44	**48**

	2011 £	2010 £
Staff costs for the above employees:		
Wages and salaries	2,797,222	2,808,630
Social security costs	336,591	353,832
Other pension costs - money purchase schemes	69,850	114,439
	3,203,663	**3,276,901**

	2011 £	2010 £
Remuneration in respect of Directors was as follows:		
Aggregate emoluments (including benefits in kind)	496,731	542,869
Fees	55,833	40,000
	552,564	**582,869**
Company contribution to money purchase pension schemes	**51,300**	**69,874**

	2011 £	2010 £
Remuneration for each Director (including benefits in kind)		
K.B. Nilsson	255,265	203,421
J.R.G. Hunter	-	201,940
M.K. Santilale	211,466	122,508
M.A. AlRafi	30,000	15,000
M.F. Williams	28,333	20,000
E.B. Harris	27,500	20,000
	552,564	**582,869**

	2011 £	2010 £
The amounts above include remuneration in respect of the highest paid Director as follows:		
Aggregate emoluments (including benefits in kind)	255,265	203,421
Company contribution to money purchase pension scheme	40,860	33,905
	296,125	**237,326**

Notes to the Consolidated Financial Statements

For the year ended 28th February 2011 *(Continued)*

10. Taxation

(a) Analysis of charge in year	2011	2010
	£	£
Current tax:		
Corporation tax at the rate of 28% (2010 - 28%)	-	-
Overprovision in prior year	-	(7,120)
Total current tax	**-**	**(7,120)**

(b) Factors affecting the tax charge for the year	2011	2010
	£	£
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:		
Loss on ordinary activities before tax	**(4,320,033)**	**(3,941,728)**
Loss on ordinary activities multiplied by the standard rate of corporation tax of 28% (2010: 28%)	(1,209,609)	(1,103,684)
Effects of:		
Expenses not deductible for tax purposes	49,587	182,022
Depreciation for the period in excess of capital allowances	(17,004)	115
Dividends and distributions received	(14,700)	(8,400)
Utilisation of tax losses	-	215,261
Share of loss/(profit) of associates	2,512	(1,937)
Loss carried forward	1,189,214	716,623
Current tax charge for the year	**-**	**-**

(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 due to the uncertainty of the timing of taxable profits. The total amount of the unprovided asset is £2,251,143 (2010 - £1,114,364). At the reporting date there are unrelieved capital losses of £nil (2010 - £nil).

The standard rate of corporation tax in the UK changed to 26% from 1st April 2011.

11. Profit of the Parent Company

As permitted by section 408 of the Companies Act 2006, the profit or loss element of the Parent Company Statement of Comprehensive Income is not presented as part of these financial statements. The Group loss for the financial year of £4,320,033 (2010: £3,934,608) includes a loss of £2,341,603 (2010: £1,396,556), which was dealt with in the financial statements of the Company.

Notes to the Consolidated Financial Statements

For the year ended 28th February 2011 *(Continued)*

12. Goodwill

	2011	2010
	£	£
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**

In accordance with IAS 36 'Impairment of assets' the Directors have assessed the carrying value of goodwill at the reporting date, and having assessed the fair value less costs to sell of the relevant cash-generating units that carry out the Group's on-going projects, are of the opinion that this is in excess of their carrying value in the financial statements, and that the value in use of the cash-generating units does not materially exceed this amount.

Accordingly, the Directors have used fair value less costs to sell as the recoverable amount in their assessment of potential impairment and as at the reporting date are of the opinion that there has been no impairment to the carrying value of goodwill.

13. Property, plant and equipment

Group	Leasehold Improvements	Fittings and Office Equipment	Computer Equipment	Total
Cost	£	£	£	£
At 1st March 2009	-	267,889	300,951	568,840
Additions	-	135,251	192,471	327,722
Disposals	-	(41,166)	(28,390)	(69,556)
At 28th February 2010	-	361,974	465,032	827,006
Additions	984,217	22,105	24,849	1,031,171
Transfers	131,217	(131,217)	-	-
At 28th February 2011	1,115,434	252,862	489,881	1,858,177
Depreciation				
At 1st March 2009	-	233,658	228,909	462,567
Charge for the year	-	9,788	102,048	111,836
Released on disposal	-	(41,166)	(28,390)	(69,556)
At 28th February 2010	-	202,280	302,567	504,847
Charge for the year	-	10,105	92,277	102,382
At 28th February 2011	-	212,385	394,844	607,229
Net Book Value				
At 28th February 2011	1,115,434	40,477	95,037	1,250,948
At 28th February 2010	-	159,694	162,465	322,159
At 28th February 2009	-	34,231	72,042	106,273

Notes to the Consolidated Financial Statements

For the year ended 28th February 2011 *(Continued)*

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

Company	Leasehold Improvements	Fittings and Office Equipment	Computer Equipment	Total
Cost	£	£	£	£
At 1st March 2009	-	-	-	-
Additions	-	131,217	180,000	311,217
At 28th February 2010	-	131,217	180,000	311,217
Additions	1,042,697	-	-	1,042,697
Transfers	131,217	(131,217)	-	-
At 28th February 2011	1,173,914	-	180,000	1,353,914
Depreciation				
At 1st March 2009	-	-	-	-
Charge for the year	-	-	55,000	55,000
At 28th February 2010	-	-	55,000	55,000
Charge for the year	-	-	60,000	60,000
At 28th February 2011	-	-	115,000	115,000
Net Book Value				
At 28th February 2011	1,173,914	-	65,000	1,238,914
At 28th February 2010	-	131,217	125,000	256,217
At 28th February 2009	-	-	-	-

Notes to the Consolidated Financial Statements

For the year ended 28th February 2011 *(Continued)*

14. Investments

(a) Interest in Associated Undertaking

Group		2011 Interest in Associated Undertaking
	£	£
Cost		
At 1st March 2010 and at 28th February 2011		300
Group's Share of Undistributed Post Acquisition		
Results of Associated Undertaking		
At 1st March 2010		50,839
Share of undistributed profit	2,482	
Taxation	(11,453)	
		(8,971)
At 28th February 2011		41,868
Net Book Value		
At 28th February 2011		42,168
At 28th February 2010		51,139
Revenue of Associated Undertaking for the year to 31st December 2010		**743,298**
Net Profit of Associated Undertaking for the year to 31st December 2010		**219,931**
Net Assets of Associated Undertaking as at 31st December 2010		**73,264**

Notes to the Consolidated Financial Statements

For the year ended 28th February 2011 *(Continued)*

14. Investments

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

Group		2010 Interest in Associated Undertaking
	£	£
Cost		
At 1st March 2009 and at 28th February 2010		300
Group's Share of Undistributed Post Acquisition		
Results of Associated Undertaking		
At 1st March 2009		43,921
Share of undistributed profit	17,773	
Taxation	(10,855)	
		6,918
At 28th February 2010		50,839
Net Book Value		
At 28th February 2010		51,139
At 28th February 2009		44,221
Revenue of Associated Undertaking for the year to 31st December 2009		**704,499**
Net Profit of Associated Undertaking for the year to 31st December 2009		**150,964**
Net Assets of Associated Undertaking as at 31st December 2009		**63,333**

(b) Available for Sale Financial Assets

Group	2011	2010
	£	£
At 1st March 2010	3,456,473	2,472,538
Additions	-	11,100
Disposals	(1,156,125)	(739,104)
Provision for diminution in value	-	(587,500)
Increase in fair value transferred to equity	18,904,996	2,299,439
At 28th February 2011	21,205,344	3,456,473
Group's Share of Results		
Group's share of loss for the year	-	-
Net Book Value		
At 28th February 2011	**21,205,344**	**3,456,473**

The disposal relates to the sale of our interest in Vicarage Gate Holdings Limited to Kokomo Beach Pte Ltd.

A fair valuation exercise has been undertaken based predominantly on the Group's expected profit from secured sales on The Lancasters Development as at 28th February 2011.

Notes to the Consolidated Financial Statements

For the year ended 28th February 2011 *(Continued)*

(c) Other Investments

Company	Subsidiary Undertakings	Associated Undertaking	Total Investments
	£	£	£
Cost			
At 1st March 2010	14,492,583	300	14,492,883
Additions	98	-	98
As at 28th February 2011	**14,492,681**	**300**	**14,492,981**
Impairment			
At 1st March 2010	4,402,902	-	4,402,902
Impairment in the year	-	-	-
As at 28th February 2011	**4,402,902**	**-**	**4,402,902**
Net book value as at 28th February 2011	**10,089,779**	**300**	**10,090,079**
Net book value as at 28th February 2010	**10,089,681**	**300**	**10,089,981**

Company	Subsidiary Undertakings	Associated Undertaking	Total Investments
	£	£	£
Cost			
At 1st March 2009	14,492,583	300	14,492,883
Additions	-	-	-
As at 28th February 2010	**14,492,583**	**300**	**14,492,883**
Impairment			
At 1st March 2009	4,402,902	-	4,402,902
Impairment in the year	-	-	-
As at 28th February 2010	**4,402,902**	**-**	**4,402,902**
Net book value as at 28th February 2010	**10,089,681**	**300**	**10,089,981**
Net book value as at 28th February 2009	**10,089,681**	**300**	**10,089,981**

Notes to the Consolidated Financial Statements

For the year ended 28th February 2011 *(Continued)*

14. 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
Intarya Limited	Ordinary shares	100%	Interior design
Northacre Development Management Services Limited	Ordinary shares	100%	Development management services
Nilsson Architects Limited	Ordinary shares	100%	Design architects
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
Northacre Residential Limited	Ordinary shares	100%	Dormant
Nilsson Design Limited	Ordinary shares	100%	Dormant
Northacre Land Limited	Ordinary shares	100%	Dormant
Northacre Holdings Limited	Ordinary shares	100%	Dormant
Northacre Design Limited	Ordinary shares	100%	Dormant
Northacre Capital Limited	Ordinary shares	100%	Dormant
Northcare Management Limited	Ordinary shares	100%	Dormant
Northcare Management Services Limited	Ordinary shares	100%	Dormant
Lifestyle (Interiors) Limited	Ordinary shares	100%	Dormant
Associated undertaking			
Campden Estates Limited (year ended 31st December)	Ordinary shares	25%	Residential property lettings and management
Available for sale financial assets			
44-46 Park Street Limited	Ordinary shares	45%	Property development
Lancaster Gate (Hyde Park) Limited	Ordinary shares	25.1%	Property development
The Empress Partnership LLP	Limited Liability Partnership	5%	Property development

Notes to the Consolidated Financial Statements

For the year ended 28th February 2011 *(Continued)*

15. Inventories

	Group	
	2011	2010
	£	£
Stock	11,845	7,919
Work in progress	324,163	40,709
	336,008	**48,628**

16. Trade and other receivables

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Trade receivables	374,511	1,014,064	-	-
Amounts owed by group undertakings	-	-	6,146,872	6,986,808
Other receivables	168,339	185,961	185,659	160,652
Prepayments and accrued income	320,739	1,397,645	8,705,459	7,928,859
	863,589	**2,597,670**	**15,037,990**	**15,076,319**

At the year end there was a provision for doubtful debts of £216,956 (2010: £nil).

17. Trade and other payables

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Trade payables	819,788	133,251	375,279	152,645
Amounts owed to group undertakings	-	-	12,334,914	11,858,537
Social security and other taxes	530,434	311,272	42,199	78,193
Other payables	228,150	323,831	169,924	227,874
Accruals and deferred income	1,104,682	1,799,052	796,497	492,122
	2,683,054	**2,567,406**	**13,718,813**	**12,809,371**

Included in other payables is a loan due to a Director Klas Nilsson. The loan does not have a fixed date of repayment. Interest is charged at 10% per annum.

The total amount outstanding at the year end was £159,314 (2010: £117,730) including interest.

18. Corporation Tax

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Corporation Tax	-	-	-	-
	-	-	-	-

Notes to the Consolidated Financial Statements

For the year ended 28th February 2011 *(Continued)*

19. Borrowings, including lease finance

	Group		Company	
	2011	2010	2011	2010
Current Liabilities	£	£	£	£
Loan from pension scheme	-	275,000	-	275,000
Finance leases	158,566	158,567	130,828	130,828
Bank overdraft	218,685	-	220,931	-
	377,251	**433,567**	**351,759**	**405,828**

Finance leases are secured on the related assets.

The bank overdraft facility of £500,000 incurs interests at 3.75% per annum over the base rate. The facility is secured by a personal guarantee as detailed in Note 27.

20. Borrowings, including lease finance

	Group		Company	
	2011	2010	2011	2010
Non-Current Liabilities	£	£	£	£
Loan from pension scheme	750,000	750,000	750,000	750,000
Director loans	693,052	300,000	693,052	300,000
Other loans	824,797	-	824,797	-
Finance leases	22,706	181,269	15,771	146,596
	2,290,555	**1,231,269**	**2,283,620**	**1,196,596**

The loan from the pension scheme of £750,000 is in respect of the Northacre PLC Directors Retirement and Death Benefit Scheme. The loan is due to be repaid on 31st July 2013 with interest charged at 4% above the Clearing Bank's base rate.

A Director loan was provided by MTAF Group (Mohamed AlRafi) in two instalments, £100,000 on 22nd October 2009 and £200,000 on 28th October 2009. Interest is charged at 10% per annum and the lender is entitled to 1.125% of Northacre's dividends from The Lancasters Development. The loan is not repayable until dividends from The Lancasters Development are received.

An additional Director loan of £300,000 was provided by MTAF Group (Mohamed AlRafi) on 3rd August 2010. No interest was charged for the first 6 months with a fixed premium of £50,000 due after the initial 6 month period. From 3rd February 2011 interest is charged at 10% per annum and the lender is entitled to 0.75% of Northacre's dividends from The Lancasters project. The loan is not repayable until dividends from The Lancasters Development are received.

A loan facility of £2,000,000 was made available by Abdulsalam AlRafi (father of Director Mohamed AlRafi) on 28th January 2011. The loan is available on a drawdown basis and as at 28th February 2011 the Group used £800,000 of the available funds. Interest is charged at 3% per month. The loan is not repayable until dividends from the Lancasters Developement are received.

As at 28th February 2011 the Group and Parent Company had obligations under finance leases that are secured on related assets as set out below:

	Group		Company	
	2011	2010	2011	2010
Gross amounts payable:	£	£	£	£
Within one year	158,566	158,567	130,828	130,828
In two to five years	22,706	181,269	15,771	146,596
In over five years	-	-	-	-
	181,272	339,836	146,599	277,424
Less: finance charges allocated to future periods	(44,751)	(83,210)	(29,324)	(55,442)
	136,521	**256,626**	**117,275**	**221,982**

Notes to the Consolidated Financial Statements

For the year ended 28th February 2011 *(Continued)*

21. Provisions for other liabilities

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Loan settlement costs and profit share payable	2,350,000	1,100,000	2,020,000	770,000

On 22nd June 2010, the Company entered into an agreement to acquire the entire issued share capital of Templeco 643 Limited for a consideration of £1,250,000. The Company acquired Templeco 643 Limited as settlement in lieu of the loan arrangement agreement to share in the profits of The Abingdons Partnership therefore the total consideration of £1,250,000 was reported within other losses in the year to 28th February 2010 (see note 6). Of the consideration, £75,000 was paid on 22nd June 2010 with a further £75,000 paid on 16th August 2010. The balance of £1,100,000 is due from the proceeds of the dividends from The Lancasters Development.

An additional provision of £1,250,000 represents the profit share payable to the Northacre PLC Directors Retirement and Death Benefit Scheme in relation to the sale of Group's interest in The Abingdons Partnership. The amount will be paid from dividends received from The Lancasters Development.

22. Future financial commitments

Operating Leases	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
	Land & Buildings	Land & Buildings	Land & Buildings	Land & Buildings
Net amount payable on operating leases which expire:				
Within one year	103,956	91,363	103,956	91,363
In two to five years	584,702	494,157	584,702	494,157
In over five years	774,740	857,241	774,740	857,241
	1,463,398	1,442,761	1,463,398	1,442,761
	Other	Other	Other	Other
Net amount payable on operating leases which expire:				
Within one year	46,467	21,134	16,320	9,705
In two to five years	144,978	37,875	65,280	23,478
In over five years	8,160	-	8,160	-
	199,605	59,009	89,760	33,183

23. Capital Commitments

At the reporting date there were no outstanding commitments for capital expenditure.

Notes to the Consolidated Financial Statements

For the year ended 28th February 2011 *(Continued)*

24. Earnings per Share

Loss per share of 16.17p (2010: 14.72p) is calculated on the loss attributable to ordinary shares of £4,320,033 (2010: £3,934,608) divided by the weighted number of ordinary shares in issue during the period.

Computation of basic earnings per share:	**2011**	**2010**
Net loss	(£4,320,033)	(£3,934,608)
Weighted average number of shares outstanding	26,723,643	26,723,643
Basic loss per share	(16.17)p	(14.72)p
Diluted loss per share	(16.17)p	(14.72)p

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

There was no impact on loss per share arising from the prior period restatement (see note 29).

25. Share Capital

	2011	**2010**
	£	**£**
Called up, allotted and fully paid:		
26,723,643 Ordinary shares of 2.5p each	668,091	668,091
Nil 'A' shares of 2.5p each	-	-
	668,091	**668,091**

26. 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 financial statements for this liability as the Board is of the opinion that there is no prospect that the claim against Waterloo Investments Limited will be successful.

A former Director has made a claim against the Company for wrongful and unfair dismissal. The dispute with the former Director remains unresolved as at the date of approval of these financial statements. Substantial claims are asserted including an unfair dismissal claim but the Board remains of the view that the claims are unlikely to succeed. Nonetheless, as is usual in any litigation, without prejudice commercial settlement terms will be further considered as may be appropriate. At present the Board are of the opinion that the claims are unlikely to succeed and no provision has therefore been made in the financial statements.

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 reporting date the net amount owed to the bank was £218,685 (2010: £nil).

Notes to the Consolidated Financial Statements

For the year ended 28th February 2011 *(Continued)*

27. 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	2011		2010		Nature of Transactions
		£	£	£	£	
		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	1,428	34,360	(28,296)	32,932	Amount owed by J.R.G. Hunter to Northacre PLC at 28th February 2011. The highest amount owed by J.R.G. Hunter in the year was £34,360 (2010: £86,574)
J.R.G. Hunter	1	10,187	193,623	43,915	183,436	Amount included in accrued income in respect of services provided at arm's length to J.R.G. Hunter
J.R.G. Hunter	1	(193,623)	(193,623)	-	-	Provision against accrued income in respect of services provided at arm's length to J.R.G. Hunter
Campden Estates Limited	2	-	-	3,117	-	Rent and services payable by Campden Estates Limited for use of office space
Campden Estates Limited	2	-	-	(3,584)	-	Amount owed by Campden Estates Limited to Northacre PLC at 28th February 2011
Northacre PLC Directors Retirement and Death Benefit Scheme	3	-	(3,000)	-	(3,000)	Management fee receivable from the Scheme
Northacre PLC Directors Retirement and Death Benefit Scheme	3	-	(750,000)	-	(750,000)	Loan repayable to the Scheme by Northacre PLC
Northacre PLC Directors Retirement and Death Benefit Scheme	3	275,000	-	-	(275,000)	Loan repayable to the Scheme by Northacre PLC. The loan was repaid on 26th June 2010
Northacre PLC Directors Retirement and Death Benefit Scheme	3	(19,517)	(98,883)	(11,372)	(79,366)	Interest payable to the Scheme on the loans to Northacre PLC
Northacre PLC Directors Retirement and Death Benefit Scheme	3	18,680	108,465	51,680	89,785	Disbursements paid by Northacre PLC on behalf of the Scheme
Northacre PLC Directors Retirement and Death Benefit Scheme	3	(1,250,000)	(1,250,000)	-	-	Provision in respect of profit share to the Scheme in relation to the sale of Group's interests in The Abingdons Partnership
K.B. Nilsson	4	(27,110)	(140,617)	(106,748)	(113,507)	Amount owed to K.B. Nilsson from Northacre PLC at 28th February 2011. The highest amount owed to K.B. Nilsson in the year was £(193,507) (2010:£(106,748))
K.B. Nilsson	4	(14,474)	(18,697)	(4,223)	(4,223)	Interest payable to K.B Nilsson on the loan to Northacre PLC
K.B. Nilsson	4	-	-	-	-	K.B. Nilsson has provided a personal guarantee for £570,000 to the Group's bankers as security in respect of all liabilities of the Group to the bank
E.B. Harris	5	(30,000)	(50,000)	(20,000)	(20,000)	Non-executive Directors fees for March 2009 - February 2011 invoiced from E.C. Harris LLP

Notes to the Consolidated Financial Statements

For the year ended 28th February 2011 *(Continued)*

27. Related Party Transactions *(Continued)*

Related Party	Nature of Relationship	2011		2010		Nature of Transactions
		£	£	£	£	
		Total transactions in the year	Balance at the year end	Total transactions in the year	Balance at the year end	
M. Williams	6	(28,333)	-	(20,000)	-	Non-executive Directors fees for March 2010 - February 2011
M.A. AlRafi	7	-	(300,000)	(300,000)	(300,000)	Loan repayable to MTAF Group (M.A. AlRafi) by Northacre PLC
M.A. AlRafi	7	(30,230)	(40,559)	(10,329)	(10,329)	Interest payable to MTAF Group (M.A. AlRafi) on the £300,000 loan to Northacre PLC
M.A. AlRafi	7	1,350	(13,650)	(15,000)	(15,000)	Executive Directors fees for March 2010 – February 2011
M.A. AlRafi	7	(350,000)	(350,000)	-	-	Loan repayable to MTAF Group (M.A. AlRafi) by Northacre PLC including a £50,000 fixed premium
M.A. AlRafi	7	(2,493)	(2,493)	-	-	Interest payable to MTAF Group (M.A. AlRafi) on the £350,000 loan to Northacre PLC
M.A. AlRafi	7	(1,973)	-	-	-	Loan repayable to MTAF Group (M.A. AlRafi) by Northacre PLC. Amount received in the year was £200,000 and amount repaid £201,973 including interest £1,973
A. AlRafi	8	(800,000)	(800,000)	-	-	Loan repayable to A. AlRafi by Northacre PLC
A. AlRafi	8	(24,797)	(24,797)	-	-	Interest payable to A. AlRafi on the £800,000 loan to Northacre PLC
A. AlRafi	8	(100,000)	-	-	-	Loan arrangement fee paid to A. AlRafi for £2m loan facility

Nature of Relationships

1 J.R.G. Hunter was a Director until 11th February 2010.

2 Campden Estates Limited is an associated undertaking of Northacre PLC.

3 J.R.G. Hunter and K.B. Nilsson 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.

7 M.A. AlRafi is a Director of the Company.

8 A. AlRafi is the father of M.A. AlRafi.

Notes to the Consolidated Financial Statements

For the year ended 28th February 2011 *(Continued)*

27. Related Party Transactions *(Continued)*

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	2011		2010		Nature of Transactions
		£	£	£	£	
		Total transactions in the year	Balance at the year end	Total transactions in the year	Balance at the year end	
Group entities	1	791,061	-	885,281	-	Management Fees receivable in year from Group subsidiaries provided at arm's length
Group entities	1	(69,998)	-	(67,498)	-	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 reporting date are shown under notes 16 and 17 of the financial statements.

28. Events after the Reporting Date

On 24th June 2011 the Company secured an additional loan facility of £2,000,000 that was made available by Abdulsalam AlRafi (father of Director and shareholder Mohamed AlRafi). The loan is available on a drawdown basis and as at 21st July 2011 the Group had used £1,100,000 of the funds available. Interest is charged at 3% per month. The loan is due to be repaid within 18 months of the date of the first drawdown.

An additional loan of £500,000 was provided by Director Mohamed AlRafi. The loan was provided in four instalments: £100,000 on 26th May 2011, £130,000 on 9th June 2011, £150,000 on 13th June 2011 and £120,000 on 20th June 2011. Interest is charged at 3% per month. The loan does not have a fixed date of repayment but it is the Directors' intention to repay the loan as soon as additional funding is secured.

Since the end of the year there were changes to the Board of Directors as highlighted in the Directors' Report (page 13). Jayne McGivern was appointed as Chief Executive Officer of the Group on 11th March 2011 and resigned from the position on 17th May 2011. Klas Nilsson has taken on the role of Interim Chief Executive Officer.

On 24th June 2011 Manish Santilale resigned as Finance Director. His resignation was followed by the appointment of Ken MacRae as Finance Director.

29. Prior year restatement

Group revenue and administrative expenses for the year ended 28th February 2010 have been restated to remove management fees receivable and payable of £991,057. There is no impact on the total comprehensive loss for the period or net assets at 28th February 2010.

(Registered in England and Wales with Company number 03442280)

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting (the "**Meeting**") of Northacre PLC (the "**Company**") will be held at Northacre PLC, 8 Albion Riverside, 8 Hester Road, London SW11 4AX on 25th August 2011 at 10.30am for the following purposes:

ORDINARY BUSINESS

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

1. To consider and adopt the Company's audited accounts and the Directors' Report and Auditors' Report on those accounts for the period ended 28th February 2011.
2. To elect as a Director Kenneth MacRae, who has been appointed since the last Annual General Meeting.
3. To re-elect as a Director Klas Bengt Nilsson, who retires by rotation.
4. To re-appoint Kingston Smith LLP as auditors of the Company to hold office as such until the next Annual General Meeting of the Company.
5. To authorise the Directors to fix the remuneration of the auditors.

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolutions, which in the case of Resolution 6 will be proposed as an ordinary resolution and Resolutions 7 and 8 will be proposed as special resolutions:

6. That, in accordance with section 551 of the Companies Act 2006 (the "**Act**"), the directors of the Company be generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for or convert any security into shares in the Company up to an aggregate nominal amount of £200,427.33 (representing thirty per cent of the Company's issued share capital) provided that this authority shall:

6.1 subject to the passing of Resolution 7, operate in substitution for and to the exclusion of any previous authority given to the directors pursuant to section 80 of the Companies Act 1985 and/or section 551 of the Act; and

6.2 unless renewed, varied or revoked by the Company, expire on whichever is earlier of the conclusion of the next Annual General Meeting of the Company or the date falling 15 months after the passing of this Resolution, save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or rights to be granted and the directors of the Company may allot shares or grant rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

7. That, subject to the passing of Resolution 6, the directors of the Company be generally empowered pursuant to sections 570 and 573 of the Act to allot equity securities (as defined by section 560 of the Act) for cash, pursuant to the general authority conferred by Resolution 6 (as varied from time to time by the Company in general meeting) or by way of a sale of treasury shares, as if section 561(1) of the Act did not apply to any such allotment and/or sale, provided that this power shall:

7.1 be limited to the allotment of equity securities up to an aggregate nominal amount of £200,427.33 (representing thirty per cent of the Company's issued share capital); and

7.2 expire on whichever is the earlier of the conclusion of the next Annual General Meeting of the Company or the date falling 15 months after the passing of this Resolution (unless renewed, varied or revoked by the Company prior to or on that date) save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

8. that:

8.1 the Company may send or supply any document or information that is:

8.1.1 required or authorised to be sent or supplied by the Company under the Companies Acts (as defined in section 2 of the Act); or

8.1.2 pursuant to the Company's articles of association; or

8.1.3 pursuant to any other rules or regulations to which the Company may be subject,

by:

(a) making it available on a website; or

(b) sending or supplying it in electronic form (as defined in section 1168 of the Act) as agreed in writing by the relevant person (or in the case of a person which is a company, deemed to have so agreed under the Companies Acts);

8.2 the relevant provisions of the Act, which apply when documents are made available on a website or sent or supplied in electronic form, shall also apply, with any necessary changes, when any document or information is sent or supplied under the Company's articles of association or other rules or regulations to which the Company may be subject; and

8.3 this Resolution 8 shall supersede any provision of the Company's articles of association to the extent that it is inconsistent with this Resolution.

By Order of the Board

Duncan Salmon
Company Secretary

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

Date: 28th July 2011

Explanatory Note to Resolution 8

Electronic and web communications

Provisions of the Companies Act 2006 enable companies to communicate with members by electronic and/or website communications. Resolution 8, which will be proposed as a special resolution, will allow the Company to take advantage of these provisions and communicate to members and others in electronic form and by publishing documents and information on a website. Before the Company can communicate with a member by means of website communication, the relevant member must be asked individually by the Company to agree that the Company may send or supply documents or information to him by means of a website, and the Company must either have received a positive response or have received no response within the period of 28 days beginning with the date on which the request was sent. The Company will notify the member (either in writing, or by other permitted means) when a relevant document or information is placed on the website and a member can always request a hard copy version of the document or information.

Resolution 8 covers all documents or information that the Company may send to members. This includes, but is not limited to, annual reports, annual reviews and summary financial statements, notices of general meetings and any documents that the Company is required to send to members under the AIM rules or other rules to which the Company is subject. The resolution supersedes any inconsistent provision in the Company's articles of association.

A letter requesting members to agree to documents or information being sent or supplied by means of a website is enclosed together with this notice; which explains further the options available to members.

Notes to the Notice of Annual General Meeting

Entitlement to attend and vote

1. Only those members registered on the Company's register of members at:
   - 6.00 pm on 23rd August 2011; or,
   - if this Meeting is adjourned, at 6.00 pm on the day two days prior to the adjourned meeting,
   - shall be entitled to attend and vote at the Meeting.

Appointment of proxies

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. 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 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.
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, you may photocopy the proxy form. Please indicate the proxy holder's name and the number of shares in relation to which each proxy is 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 form is one of multiple instructions being given by you. All forms must be signed and should be returned together in the same envelope.
5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, 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.

Appointment of proxy using hard copy proxy form

6. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

   To appoint a proxy using the proxy form, the form must be:
   - completed and signed;
   - sent or delivered to Capita Registrars at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU; and
   - received at the above address no later than 10.30am on 23rd August 2011.

   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.

   Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Appointment of proxies through CREST

7. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) of it by using the procedures described in the CREST Manual (available from https://www.euroclear.com/site/public/EUI). CREST Personal Members or other CREST sponsored members, and those CREST members

who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a **CREST Proxy Instruction**) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (**EUI**) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent ID RA10 by 10.30am on 23rd August 2011. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Appointment of proxy by joint members

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).

Changing proxy instructions

9. To change your proxy instructions simply 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 apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Capita Registrars on 0871 664 0300 (calls cost 10p per minute plus network extras; lines are open 8.30am to 5.30pm, Monday to Friday).

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.

Termination of proxy appointments

10. In order to revoke a proxy instruction you will need to inform the Company using one of the following methods:

- By sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company's Registrars Capita Registrars at PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

In either case, the revocation notice must be received by Capita Registrars no later than 10.30am on 23rd August 2011.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

Corporate representatives

11. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member, provided that no more than one corporate representative exercises powers over the same share.

Issued shares and total voting rights

12. As at 28th July 2011, the Company's issued share capital comprised 26,723,643 ordinary shares of 2.5p each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 28th July 2011 is 26,723,643.

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