First Property Group plc

Annual Report 2008

"I am delighted to report excellent progress across the Group's divisions in the year ended 31 March 2008. Despite the global economic slowdown, we earned excellent results for our clients as well as dramatically increasing our own profit."

"We continue to make progress with our core fund management division and during the period we doubled the size of our portfolio of property assets under management to £290 million. Our funds under management and revenues will grow substantially as the remaining £200 million fund management mandate, given to us by the Universities Superannuation Scheme, is invested."

"As a result of the Group's increased fee income, we are delighted to be in a position to announce an increased full year dividend payment of 0.8 pence per share, payable to shareholders in September. With the increased predictability of our property fund management income, our policy is to increase the Group's dividend progressively in line with net profits."

"I look forward to 2009 with continued confidence."

Ben Habib
Chief Executive of First Property

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Highlights

Financial Highlights

- Turnover doubled to £15,573,000 (2007: £7,854,000)
- Profit on ordinary activities before taxation up over five times at £6,285,000 (2007: £1,186,000)
- Profit on ordinary activities before performance fees and taxation up over three times at £2,924,000 (2007: £867,000)
- Diluted earnings per ordinary share were similarly up nearly five times at 3.81 pence (2007: 0.80 pence)
- Increased final dividend for the year of 0.65 pence per share making a total dividend for the year of 0.8 pence per share (2007: 0.175 pence per share)
- Net assets of over £12 million (2007: £7.7 million) including a cash balance of over £6.2 million – no borrowings

Operational Highlights

- Over £290 million of property assets under management (2007: £150 million)
- 95% by number and value of property investments are located in Central and Eastern Europe, of which 88% are located in Poland and 7% in Romania
- Over 50% rate of return earned for clients' funds
- Annual fees from property fund management running at £3.7 million per annum
- Now invested approximately 50% of the £100 million fund management mandate given to the Group by the Universities Superannuation Scheme in 2005 and 2007. The remaining capital of £50 million provides buying power of some £200 million
- Pipeline: approximately Eur 50 million (£40 million) of properties currently under offer

Chief Executive's Statement

I am pleased to report the results for the year to 31 March 2008, which reflect the benefits that have accrued to the Group as a result of the transformation which has taken place over the last two years.

Results and dividend

Turnover has doubled to £15,573,000 (2007: £7,854,000), yielding a profit on ordinary activities before taxation up over five times at £6,285,000 (2007: £1,186,000). As announced on 1 April 2008 the fund management division earned a significant performance fee in respect of the three years that the Universities Superannuation Scheme fund has been in existence, which boosted profits by £3.4 million.

Diluted earnings per ordinary share were similarly up nearly five times at 3.81 pence (2007: 0.80 pence).

The Group ended the year with net assets of over £12 million (2007:£7.7 million) and a cash balance of £6.2 million. The Group does not have any borrowings.

Assets under management also almost doubled to over £290 million (2007: £150 million).

Dividend

On the basis of these results, and our confidence in the Company's future, the Directors have reviewed the Company's dividend policy and have resolved to recommend an increased final dividend for the year of 0.65 pence per share, which together with the interim dividend of 0.15 pence per share equates to a dividend for the year of 0.8 pence per share (2007: 0.175 pence per share), which, if approved, will be paid on 26 September 2008 to shareholders on the register at 22 August 2008.

With the increased predictability of our property fund management income our policy is to increase the dividend progressively in line with net profits.

Review of operations

Property fund management

Revenue earned by this division amounted to £8,341,000 (2007: £1,362,000). Of the fees earned, £5,650,000 (2007: £319,000) was in respect of performance fees and £2,691,000 in respect of annual management fees. Our annual management fees are now running at £3.7 million per annum. The benefit to our profits of this higher level of annual fees will be experienced in the current year.

We now have over £290 million of property assets under management (2007: £150 million). Of these, 95% by number and value are located in Central and Eastern Europe, of which 88% are located in Poland.

Our experience of the Central and Eastern European property markets continue to bear out our expectations of the region, particularly in Poland where the bulk of the assets are located. We have always been cautious investors and in view of the credit crunch, will continue to be so. Whilst the speed of increase in our assets under management has recently slowed somewhat, we believe that Poland remains fundamentally attractive as a location for property investments.

At a macro-economic level Poland continues to grow at a rapid rate, with GDP increasing at a rate of some 6% per annum. Retail spend, which is a key driver for growth in retail rents, is increasing by some 15% to 20% per annum and wages are also rising at some 12% per annum, with reducing levels of unemployment. Inflation, in common with the rest of the World has risen, from its lows of 1.5% per annum to some 4.1% per annum but the Polish Monetary Policy Committee has sensibly increased local borrowing rates to curb it. In spite of its rapid growth, Poland's Budget and Current Account Deficits have not increased materially. Poland has taken full advantage of the benefits that EU membership brought them in 2004 and capitalised on EU funding, foreign direct investment and of course remittances from Poles living abroad. Given the relatively low economic base of Poland in 2004, their high growth rate is likely to continue. All of the above is positive for property.

In addition, at a property market level, we are still able to acquire properties on yields which exceed borrowing costs therefore providing a positive yield gap and rents are rising in most classes of properties in many regions of Poland. Most importantly, banks are still lending on

Chief Executive's Statement
continued

property investment, although spreads have, in our experience, increased by some 25 basis points since the credit crunch set in.

Virtually every macro-economic indicator for Poland stands in stark contrast to those of the UK which make depressing reading. The rate of growth in GDP in the UK is rapidly slowing, consumers are tightening their belts and consumers and the Government are debt laden.

At a property market level, UK yields have increased as a result of falling prices but there is not yet a clear yield gap and occupational rental growth is negligible, if not in decline. Property values in the UK are likely to fall further. We are hugely relieved not to be materially exposed to the UK and are going to continue to concentrate our efforts in Poland.

The pre-tax rates of return on equity earned from rental streams on properties in our portfolio remains healthy at an average of 8% per annum, notwithstanding the recent increases in interest rates. When combined with the increases in capital value of the properties over the last year, this rate of return increases to over 50% per annum.

Our most recent purchase on behalf of our funds was on 31 March 2008, when we acquired a multi-let secondary office block in Krakow at a price of Eur 8.5 million, representing a yield on purchase of 7.5%. In the short time that we have owned this asset, we have increased the net operating income by 10%, so that it is now yielding over 8.2%.

Our best performing asset in the year under review was the Oxford Tower, located in Warsaw, which was acquired for Eur 41.5 million in August 2007 representing a yield on purchase of 6%. Since acquiring the property we have increased the net operating income by over 50% thereby significantly increasing the value of the property.

We expect further rental growth on both these properties, which serve to illustrate well the opportunities available in Poland.

As a result of our excellent performance and the performance of our fund management activities over the prior two years we earned performance fees of £5.7 million during the year, which netted down to £3.4 million after deducting staff bonuses and foreign exchange hedging costs. Naturally, we cannot rely on earning such high performance fees every year.

We have now invested some 50% of the £100 million fund management mandate given to us by the Universities Superannuation Scheme in 2005 and 2007. The remaining capital of £50 million affords us buying power of some £200 million, which we are in the process of investing. The current year has started well and whilst we are being particularly cautious at the moment, we have under offer some interesting properties amounting to a total value of some Eur 50 million (£40 million).

Property trading

Turnover from this activity was £2,116,000 (2007: £3,252,000), producing an operating profit of £771,000 (2007: £415,000). This result includes a profit before tax of £549,000 earned on the sale of a property to an associated Company (further details of which are set out in Note 5 below) and a realised currency gain of £78,000.

Towards the end of 2007 we acquired an exciting trading opportunity in Warsaw for some £2 million, being a dysfunctional office block in need of redevelopment. Subject to gaining planning consent, for which we have applied, we would expect to make a healthy return on our purchase. We may be able to crystallise this return in the current financial year, depending on the progress of our planning application. Shareholders should note that we hold trading properties in the balance sheet at the lower of cost or net realisable value and we have not assumed any gain in the value of this property.

Chief Executive's Statement

continued

First Property Services Ltd (FPS)

FPS, in which we acquired a 60% interest in February 2006, is engaged in the provision of facilities maintenance and building services to clients in the commercial property sector.

For the year to 31 March 2008, its second full year in the Group, FPS earned revenues of £4,938,000 (2007: £2,870,000) and an operating profit of £737,000 (2007: £136,000). This is an excellent result for a nascent business.

FPS has a healthy book of clients and an experienced work force and has made a good start to the current financial year.

Strategy

Our strategy remains to grow our sustainable lines of revenue, most notably through our fund management division. We will also aim to create further value through the trading of suitable properties.

We have always been judicious in our buying decisions and given the current turmoil in the financial markets will continue to be so.

In our view, if the value of Polish properties decrease as a result of the tighter financing climate, they will not decrease a great deal as the fundamentals for that market remain positive. We will use any weakness in the market as a buying opportunity.

Current trading and prospects

I am delighted by the rate of return we earned for our clients during the year to 31 March 2008 and by the growth in our profit. We have successfully navigated our clients' funds safely round the troubles in the UK and have earned for them excellent results in turbulent markets.

The fund management division should continue to grow at a rapid rate, further adding to our revenue streams and improving the visibility and security of our income.

We have a strong balance sheet, with no debt and a large and growing cash balance.

Given the above I remain very confident about the Group's prospects.

Ben Habib
Chief Executive

7 July 2008

Directors' Report

for the year ended 31 March 2008

The Directors present their report and the audited financial statements for the year ended 31 March 2008.

Principal activities and review of the business

The principal activity of the Group is the provision of fund management, financial and technical services to the property industry.

The consolidated income statement is set out on page 10.

Review of the business

This business review comprises the Financial and Operational Reviews set out below as well as the review contained in the Chief Executive's Statement on pages 2 to 4. The Key Performance Indicators and Principal Risks and Uncertainties laid out on pages 5 and 6 also form part of this review.

Financial review

Trading Performance

The property fund management division's revenue increased by 318% (excluding performance fees) as a result of funds under management nearly doubling to £290 million, with the strategy to invest in Central and Eastern European commercial property in preference to UK commercial property continuing to unfold. The Group managed four separate funds in total at the year end, representing £290 million (2007: £150 million) funds under management.

Strong growth also occurred in the property facilities management division which experienced its second full year of trading.

The property trading division enjoyed a recovery in operating profit resulting from a sale of a property in the Polish property market, which is experiencing significant growth.

Profit before tax for the Group increased from £1,186,000 to £6,285,000 for the year to 31 March 2008. Consequently net assets increased by 60% to £12,069,000 million at 31 March 2008, including cash balances of £6,245,000 million (2007: £2,522,000 million).

Taxation

The effective tax rate for the year increased to 25.8% (2007: 19.1%), as the benefit of lower corporation tax rates in Poland and Romania reduces.

Earnings per share

Diluted earnings per share showed an increase from 0.80p to 3.81p. No additional shares were issued during the year. The 3,757,685 (2007: 450,000) ordinary shares held in Treasury are not included in the earnings per share calculation.

Employees

First Property Group employed 45 staff at 31 March 2008. 40% of employees were based in the Warsaw office providing essential service support to the various properties located in this area. The Group's policy is to consult and discuss with employees, through regular meetings with subsidiary Company management, matters likely to affect employees' interests.

International Financial Reporting Standards

The Company has adopted IFRS accounting standards for the year ending 31 March 2008. An analysis of the changes to the restated reserves, as a result of the implementation of IFRS for the first time, is shown in Note 23.

Compliance and regulation

First Property Group has one subsidiary, First Property Asset Management Ltd, which is authorised and regulated by the UK Financial Services Authority (FSA). First Property Asset Management is a provider of property fund management services to various property funds.

Key Performance Indicators

There are four main key performance indicators for the Group, all of which are financial:

- Funds under management
- Group turnover
- Operating Profit
- Earnings per share

These key performance indicators and the segmental performance on revenue, overheads and operating margins are reviewed in the Chief Executive's Statement.

Risk Identification and Management

The identification, control and monitoring of risks facing the business remain a management priority and steps continue to be taken to improve further our risk management procedures.

Directors' Report

for the year ended 31 March 2008 *continued*

Economic risk

There are four main economic risks that could affect the Group's performance:

- A major slowdown in the economies of the UK, Poland and Romania
- A major weakening in the Euro, Polish Zloty or Romanian Leu
- An extended period of interest rate tightening in the EU, Poland and Romania
- A slump in UK, Polish and Romanian commercial property values

The Group has, where possible, implemented actions to mitigate some of the effects of these risks. A detailed review of the Group's performance, financial results, future development and prospects is contained within the Chief Executive's Statement.

Financial risk management

The Group's operations expose it to a variety of financial risks that include the effects of changes in interest rate risk, liquidity risk, debt market prices, and foreign exchange risk. The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company and these are outlined in Note 27 to the accounts.

Share capital

No new shares were issued during the year. Details of Share Options are set out in Note 21 on page 31.

During the period 31 July 2007 to 21 January 2008 the Company purchased 3,307,685 of its own ordinary shares at a price between 14 pence and 19.5 pence per ordinary share. All of the purchased shares are held as treasury shares. The number of voting shares in issue following the treasury transactions is 107,843,430 ordinary shares.

Results and Dividends

The Group made a profit before taxation of £6,285,000 (2007: £1,186,000). The retained profit after dividend, minority interest and purchase of treasury shares, was £3,551,000 (2007: £662,000) and will be transferred to the Group's profit and loss account reserve. The Directors recommend the payment of a dividend of 0.65 pence per ordinary share (2007: 0.175p) payable on 26 September 2008 to shareholders on the register at 22 August 2008, making a total for the year of 0.8p (2007:0.175p).

Directors and their interests

The Directors are listed below.

The beneficial interests of the Directors in the share capital of the Company at 1 April 2007, at 31 March 2008 and 4 July 2008, as recorded in the register maintained by the Company in accordance with the provisions of the Companies Act were as follows:

	Ordinary shares of 1p		
	4/7/2008	31/3/2008	1/4/2007
A J D Locke	8,571,990	8,571,990	8,571,990
B N Habib	15,000,000	15,000,000	14,424,283
G.R.W. Digby	75,000	75,000	22,000

	Options over Ordinary shares of 1p		
	4/7/2008	31/3/2008	1/4/2007
A J D Locke	–	–	–
B N Habib	3,250,000	3,250,000	3,250,000
G.R.W. Digby	1,500,000	1,500,000	1,500,000

Of the share options 1,500,000 were granted on 5 April 2001 under the Enterprise Management Incentive arrangements at an exercise price of 7p per share the options have an expiry date of 5 April 2011. 500,000 options were granted on 17 July 2003 under the Enterprise Management Incentive arrangements at an exercise price of 6.25p per share: the options have an expiry date of 5 April 2011. 1,250,000 options were granted on 19th July 2004 as Unapproved Share Options at an exercise price of 16.5p per share: the options have an expiry date of 5 April 2011. The remaining 1,500,000 options were granted on 16 June 2006, 634,920 under the Enterprise Management Incentive arrangements and 865,080 as Unapproved Share Options at an exercise price of 15.75p per share: the options may be exercised as to one third on or after 15 June 2007, 15 June 2008 and 15 June 2009 respectively with an expiry date of 5 April 2011. The market price of the Company's shares at the end of the financial year was 16.75p and the range of market prices during the year was between 13.75 p and 22.0p.

Non-current assets

Details of intangible and tangible non-current assets and capital expenditure are shown in Notes 14 and 15 to the financial statements on pages 25 and 26.

Directors' Report
for the year ended 31 March 2008 *continued*

Substantial shareholdings

At 1st July 2008 the Company has been notified in accordance with Chapter 5 of the Disclosure and Transparency Rules Sourcebook published by the Financial Services Authority that the following persons had substantial interests in the voting rights of the Company.

	Number of 1p Ordinary shares *	Percentage of issued Ordinary 1p shares held %
B N Habib	15,000,000	13.91%
J C Kottler	14,471,783	13.42%
Universities Superannuation Scheme Ltd	8,825,000	8.19%
A J D Locke	8,571,990	7.95%
Phillipe Investment Management Inc.	7,893,200	7.32%
R.S. Duckworth	6,503,580	6.03%
NFU Mutual Insurance Society	3,750,000	3.48%

* Number of ordinary shares in respect of which voting rights held

Creditor payment policy

The Group's current policy is to settle its liabilities to creditors within agreed credit periods whenever it is satisfied that the supplier has provided the goods and services in accordance with the agreed terms and conditions. The Group does not have a universal standard or code which deals specifically with the payment of suppliers.

The Company's average creditor period at 31 March 2008 was 36 days (2007: 40 days).

Health and Safety at work

The well-being of the employees is given the highest priority throughout the Group and it is the Group's policy not only to comply with Health & Safety measures, as required by law, but to act positively to prevent injury and ill health, and damage to the environment arising from its operations.

Annual General Meeting

The notice convening the annual general meeting to be held on 4 September 2008, which can be found on pages 37 and 38, contains details of special resolutions empowering the Directors to:

1. allot relevant securities for cash up to a maximum nominal amount of £215,686 representing 20% of the issued share capital of the Company, less shares held in Treasury.

   Given the growth stage of the Company and the Group, the resolution being proposed is a means of ensuring that the Directors have the ability to take advantage of opportunities becoming available, rapidly and without undue transaction cost.

2. purchase up to 10% of its own issued ordinary shares of 1p each.

   The Directors now propose that the Company be authorised to purchase a maximum of 10,784,343 ordinary shares of 1p each (representing just under 10% of the Company's issued ordinary share capital as at 7th July 2008) within the limits described in Resolution 8 contained in the notice of the Annual General Meeting. It is intended that purchases will only be made on The London Stock Exchange. This should not be taken to imply that shares will be purchased. The Directors will only exercise the authority to purchase the Company's own shares if to do so would result in an increase in earning per share and is in the best interests of its shareholders generally.

   The effect of such purchases would either be to cancel the number of shares in issue (and the Directors would accordingly only make such purchases after considering the effect on earnings per share and the benefit for longer term shareholders), or the Directors may elect to hold them in treasury pursuant to The Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 (the "Regulations").

   Shares held in treasury may subsequently be cancelled, sold for cash or used to satisfy share options and share awards under a Company's employees' share scheme. Once held in treasury, a Company is not entitled to exercise any rights, including the right to attend and vote at meetings in respect of the shares. Furthermore, no dividend or other distribution of the Company's assets may be made to the Company in respect of the treasury shares.

   If the Directors are granted the authority sought under Resolution 8 and choose to exercise it, they may consider holding those shares in treasury, rather than cancelling them. The Directors believe that holding shares in treasury may provide the Company with greater flexibility in the management of its share capital. The Directors may also consider using the treasury shares to satisfy any share awards under any employees' share scheme.

Directors' Report

for the year ended 31 March 2008 *continued*

Statement of Directors' responsibilities

The Directors are required by UK Company law to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial period and of the profit and loss of the Group for that period having regard to the commercial substance of transactions.

The Directors confirm that suitable accounting policies have been used and applied consistently, except as discussed on page 16 in order to adopt new accounting standards, and that reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 March 2008. The Directors also confirm that applicable accounting standards have been followed, that the financial statements have been prepared on a going concern basis and that the integrity of the Group's websites has been maintained.

The Directors are responsible for keeping proper accounting records, for safeguarding the assets of the Company and of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Information published on the Internet is accessible in many countries with different legal requirements relating to the preparation and dissemination of financial statements. UK legislation governing the preparation and dissemination of financial statements may therefore differ from that in other jurisdictions.

Statement of Disclosure to Auditor

After due enquiry the Board hereby confirms that each Director has taken the steps they ought to have taken as a Director to acquaint themselves with any relevant audit information and that all such information has been communicated to the auditors.

By order of the board

Alec W J Banyard

Company Secretary

7 July 2008

Independent Auditors' Report to the Members of First Property Group

We have audited the group and parent Company financial statements of First Property Group plc for the year ended 31 March 2008, which comprise the Group Income Statement, the Group and parent Company Balance Sheets, the Group and parent Company Cash Flow statements, the Group statement of recognised income and expense and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and auditors

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section235of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume any responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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

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

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

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's and parent Company's affairs as at 31 March 2008 and of its profit and cash flows for the year then ended.
- the parent Company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent Company's affairs as at 31 March 2008 and cash flows for the year then ended.
- the financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulations; and
- the information given in the Directors' report is consistent with the financial statements.

HW, Chartered Accountants
Registered Auditors
Oxford
7 July 2008

Consolidated Income Statement

for the year ended 31 March 2008

	Notes	2008 Total results	2007 Total results
	1		
		£'000	£'000
Revenue	3	**15,573**	7,854
Cost of sales		**(4,948)**	(5,216)
Gross profit		**10,625**	2,638
Operating expenses	5	**(4,648)**	(1,611)
Operating profit		**5,977**	1,027
Share of associated Company's profit after tax		**109**	76
Income from fixed asset investments		**–**	116
Interest income	6	**225**	99
Interest expense	6	**(26)**	(132)
Profit on ordinary activities before taxation	9	**6,285**	1,186
Income tax expense	10	**(1,624)**	(227)
Profit for the year		**4,661**	959
Earnings per Ordinary 1p share:			
– basic	13	**4.04p**	0.82p
– diluted	13	**3.81p**	0.80p

All operations are continuing.

Company Income Statement

The Company is taking advantage of the exemption in s.230 of The Companies Act 1985 not to present its individual income statement and related notes that form a part of these approved financial statements.

Consolidated Statement of Recognised Income and Expense

for the year ended 31 March 2008

	Notes	2008	2007
Exchange differences on translation of foreign operations	22	**700**	10
Net Income recognised directly in equity	22	**700**	10
Profit for year	22	**4,661**	959
Total recognised income and expense for year		**5,361**	969
Total recognised income and expense attributable to minority interest	22	**(203)**	(44)
Total recognised income and expense attributable to equity holders	22	**5,158**	925

Balance Sheets

at 31 March 2008

	Notes	2008 Group £'000	2008 Company £'000	2007 Group £'000 (Restated)	2007 Company £'000 (Restated)
Non-current assets					
Goodwill	14	**25**	**–**	25	–
Tangible assets	15	**125**	**–**	139	–
Investments – including share of associates net assets	16	**(39)**	**1,126**	274	1,046
Deferred tax assets	20	**11**	**–**	–	–
Total non-current assets		**122**	**1,126**	438	1,046
Current assets					
Inventories – land and buildings	17	**2,912**	**–**	2,314	–
Trade and other receivables	18	**8,155**	**5,944**	4,267	4,311
Cash and cash equivalents		**6,245**	**1,802**	2,522	2,005
Total current assets		**17,312**	**7,746**	9,103	6,316
Current liabilities					
Trade and other payables	19	**(4,216)**	**(2,326)**	(1,699)	(337)
Current tax liabilities		**(315)**	**–**	(69)	–
Total current liabilities		**(4,531)**	**(2,326)**	(1,768)	(337)
Net current assets		**12,781**	**5,420**	7,335	5,979
Total assets less current liabilities		**12,903**	**6,546**	7,773	7,025
Non-current liabilities:					
Other payables	19	**(36)**	**–**	(41)	–
Deferred tax liabilities	20	**(798)**	**–**	–	–
Net assets		**12,069**	**6,546**	7,732	7,025
Equity					
Called up share capital	21	**1,116**	**1,116**	1,116	1,116
Share premium	22	**5,298**	**5,298**	5,298	5,298
Merger reserve	22	**5,823**	**–**	5,823	–
Foreign exchange translation reserve	22	**780**	**–**	80	17
Share-based payment reserve	22	**71**	**71**	44	44
Retained earnings	22	**(1,102)**	**61**	(4,653)	550
Equity minority interest		**83**	**–**	24	–
Equity shareholders' funds	23	**12,069**	**6,546**	7,732	7,025

The notes on pages 16 to 36 form part of these financial statements and were approved by the Board of Directors on 7 July 2008 and were signed on its behalf by:

George Digby
Finance Director

Consolidated Statement of Changes in Equity

for the year ended 31 March 2008

Group	Share capital £'000	Share premium £'000	Merger reserve £'000	Share-based payment reserve £'000	Foreign exchange translation reserve £'000	Purchase of own Shares £'000	Retained Earnings £'000	Equity Minority Interest £'000
At 1 April 2007	1,116	5,298	5,823	44	80	(86)	(4,567)	24
Profit for the period	–	–	–	–	–	–	4,661	–
Movement on foreign exchangetranslation reserve	–	–	–	–	700	–	–	–
Purchase of Treasury Shares	–	–	–	–	–	(548)	–	–
Equity Share options issued	–	–	–	27	–	–	–	–
Equity Minority Interest	–	–	–	–	–	–	(203)	203
Dividends Paid	–	–	–	–	–	–	(359)	(144)
At 31 March 2008	**1,116**	**5,298**	**5,823**	**71**	**780**	**(634)**	**(468)**	**83**
At 1 April 2006	1,116	5,298	5,823	13	70		(5,315)	(20)
Profit for the period	–	–	–		–	–	959	–
Movement on foreign exchange translation reserve	–	–	–	–	10	–	–	–
Purchase of Treasury Shares	–	–	–	–	–	(86)	–	–
Equity Share options issued	–	–	–	31	–	–	–	–
Equity Minority Interest	–	–	–	–	–	–	(44)	44
Dividends Paid	–	–	–	–	–	–	(167)	–
At 31 March 2007	**1,116**	**5,298**	**5,823**	**44**	**80**	**(86)**	**(4,567)**	**24**

Company Statement of Changes in Equity

for the year ended 31 March 2008 *continued*

Company	Share capital £'000	Share premium £'000	Share-based payment reserve £'000	Foreign exchange translation reserve £'000	Purchase of own Shares £'000	Retained Earnings £'000
At 1 April 2007	1,116	5,298	44	17	(86)	636
Profit for the period	–	–	–	–	–	418
Movement on foreign exchange translation reserve	–	–	–	(17)	–	–
Purchase of Treasury Shares	–	–	–	–	(548)	–
Equity Share options issued	–	–	27	–	–	–
Equity Minority Interest	–	–	–	–	–	–
Dividends Paid	–	–	–	–	–	(359)
At 31 March 2008	**1,116**	**5,298**	**71**	**–**	**(634)**	**695**
At 1 April 2006	1,116	5,298	13	–	–	159
Profit for the period	–	–	–	–	–	644
Movement on foreign exchange translation reserve	–	–	–	17	–	–
Purchase of Treasury Shares	–	–	–	–	(86)	–
Equity Share options issued	–	–	31	–	–	–
Equity Minority Interest	–	–	–	–	–	–
Dividends Paid	–	–	–	–	–	(167)
At 31 March 2007	**1,116**	**5,298**	**44**	**17**	**(86)**	**636**

Cash Flow Statements

for the year ended 31 March 2008

		2008		2007	
	Notes	Group £'000	Company £'000	Group £'000	Company £'000
Cash flows from operating activities					
Operating profit		**5,977**	**100**	1,027	(123)
Adjustments for:					
Depreciation of tangible assets		**73**	**–**	62	–
Profit/Loss on sale of tangible assets		**17**	**–**	(11)	–
Profit/Loss on sale of investments		**(30)**	**(36)**	(46)	–
Impairment loss on investments		**13**	**13**	–	–
Share-based payments		**27**	**27**	31	31
Share of profit before tax in associate not recognized		**378**	**–**	–	–
Foreign currency translation		**700**	**(17)**	10	–
Increase/Decrease in inventories		**(598)**	**–**	384	–
Increase/Decrease in trade and other receivables		**(3,888)**	**(1,633)**	1,419	976
Increase/Decrease in trade and other payables		**3,142**	**1,986**	(338)	181
Cash generated from operations		**5,811**	**440**	2,538	1,065
Income taxes paid		**(645)**	**(2)**	(367)	–
Share of tax paid in associate not recognized		**(44)**	**–**	–	–
Net cash flow from operating activities		**5,122**	**438**	2,171	1,065
Cash flow from investing activities					
Proceeds on disposal of investments		**106**	**106**	132	132
Purchase of investments		**–**	**(500)**	(54)	(54)
Proceeds on disposal of tangible assets		**5**	**–**	54	54
Purchase of tangible assets		**(28)**	**–**	(45)	–
Purchase of goodwill		**–**	**–**	(9)	–
Interest received		**225**	**219**	99	162
Interest paid		**(26)**	**–**	(132)	–
Net cash flow from investing activities		**282**	**(175)**	45	294
Cash flow from financing activities					
Proceeds from issue of share capital		**–**	**–**	–	–
Repayment of bank borrowings		**(645)**	**–**	(659)	–
Repayment of finance lease		**15**	**–**	(84)	–
Purchase of shares held in Treasury		**(548)**	**(548)**	(86)	(86)
Dividends received		**–**	**441**	116	490
Dividends paid		**(359)**	**(359)**	(167)	(167)
Dividends paid to minority interest		**(144)**	**–**	–	–
Net cash flow from financing activities		**(1,681)**	**(466)**	(880)	237
Net increase/(decrease) in cash and cash equivalents		**3,723**	**(203)**	1,336	1,596
Cash and cash equivalents at the beginning of period		**2,522**	**2,005**	1,186	409
Cash and cash equivalents at the end of the period	24	**6,245**	**1,802**	2,522	2,005

Notes to the Financial Statements

1. Basis of preparation and presentation of financial statements

The consolidated financial statements have been prepared in accordance with applicable International Financial Reporting Standards as adopted by the EU and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). These financial statements are presented in Sterling since that is the currency in which the Group transacts a substantial part of its business and is the currency considered most convenient for shareholders.

In preparing these financial statements the Group started from an opening balance sheet as at 1 April 2006, the Group's effective date of transition to IFRS, and considered those changes in accounting policies and other restatements required by IFRS.

A reconciliation of the equity as reported under UK GAAP to the equity reported under IFRS is provided in note 23, and for the reconciliation of profit/loss from UK GAAP to IFRS in note 4.

Standards and Interpretations effective in the current period

No new Standards and Interpretations have become mandatory for reporting periods beginning on 1 April 2007 or later which have been adopted in these Financial Statements:

New Standards and Interpretations

As of the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

IFRS 2:	Share-based payments (revised 2008)
IFRS 3:	Business Combinations (revised 2008)
IFRS 5:	Non-current assets held for sale and discontinued operations (revised 2008)
IAS 19:	Employee benefits (revised 2008)
IAS 20:	Government Grants (revised 2008)
IAS 23:	Borrowing costs (revised 2008)
IAS 27:	Consolidated and separate Financial Statements (revised 2008)
IAS 28:	Investments in Associates (revised 2008)
IAS 29:	Financial Reporting in hyperinflationary economies (revised 2008)
IAS 31:	Interests in Joint Ventures (revised 2008)
IAS 32:	Financial Instruments: presentation – puttable instruments and obligations arising in liquidation (revised 2008)
IAS 36:	Impairment of Assets (revised 2008)
IAS 38:	Intangible Assets (revised 2008)
IAS 39:	Financial Instruments: Recognition and Measurement (revised 2008)
IAS 40:	Investment Property (revised 2008)
IAS 41:	Agriculture (revised 2008)
IFRIC 12:	Service Concession arrangements
IFRIC 13:	Customer Loyalty Programmes
IFRIC 14:	IAS19 – The limit on a defined benefit asset, minimum funding requirements and their interaction
IFRIC 15/A:	Agreements for the construction of Real Estate
IFRIC 16/A:	Hedges of a Net Investment in a Foreign Operation

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group. The Group does not intend to apply any of these pronouncements early.

2. Significant accounting policies

The financial statements have been prepared on the historical cost basis, except for items carried at fair value in accordance with IAS 39. The principal accounting policies adopted are set out below.

2. Significant accounting policies (continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiary undertakings which it controls made up to 31 March 2008. Intra-Group balances, sales and profits are eliminated fully on consolidation.

On acquisition of a subsidiary or business, all of the assets and liabilities that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. The results of subsidiary undertakings have been included from the dates of acquisition and up to the dates of disposal, being the dates that control passes.

Estimation of Fair Values

The preparation of financial statements in conformity with adopted IFRS's require management to make judgments, estimates and assumptions that affect the applications of policies on reported amounts of assets, liabilities, income and expenses. These estimates and assumptions are based on experience and other relevant factors, but will seldom equal the subsequent actual results. Key judgments management have taken are contained in the accounting policies and notes to the financial statements, the key areas being:

- Impairment review of investments and goodwill
- Valuation of share-based payments
- Recognition of deferred tax liabilities
- Recoverability of deferred tax assets
- Reviewing contracts for percentage of completion
- Estimation of accrued income and costs

The Group has evaluated these estimates and judgments that have been made thereon and conclude that there is no significant risk of them causing a material adjustment to their carrying amounts within the next financial year.

Goodwill

Goodwill is stated at cost less accumulated amortisation and, when appropriate, less impairment in value. Under IAS 3, para 55, annual impairment tests are mandatory for goodwill and as such, have been carried out. Goodwill arising on consolidation represents the excess of the fair value of the consideration over the fair value of the net assets acquired. The exemption in IFRS 1 from retrospectively adjusting goodwill has been used and goodwill is stated at it's value under UK GAAP.

Investments in subsidiaries and associated undertakings

In the Company Balance Sheet investments in subsidiaries and associated undertakings are held at cost less provision where necessary for impairment to value.

Associated undertakings

The group's share of profits less losses of associated undertakings is included in the consolidated profit and loss account, and the group's share of their net assets is included in the consolidated balance sheet. Entities in which the Group is in a position to exercise significant influence but does not have the power to jointly control are associated undertakings.

Impairment

The carrying amounts of the Group's non-financial assets are reviewed at each balance sheet date to determine whether there is any impairment. If there is, the assets' recoverable amount is estimated and any impairment loss, measured against its carrying amount, is recognized in the income statement.

Tangible assets

Tangible assets are stated at their purchase cost, together with any incidental costs of acquisition, or fair value on acquisition, less depreciation and where appropriate, provision for impairment. Depreciation is calculated so as to write off tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Computer Equipment	33.33
Office Equipment	33.33
Motor vehicles	25.00
Short Leasehold Improvements	33.33

2. Significant accounting policies (continued)

Inventories – land and buildings

Property held for resale is stated at the lower of purchase cost, together with incidental costs of acquisition and any subsequent development costs, and net realisable value.

Finance Leases

Assets owned under finance leases have been included at cost under fixed assets and depreciated accordingly. Payments in respect of finance leases have been apportioned between the finance charge and the reduction of the outstanding liability, so as to produce a constant periodic rate of interest.

Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Taxation

The tax expense represents the sum of the current tax payable and deferred tax.

Current taxation

The current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income and expense that are taxable or deductible in other years or that may never be taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

Deferred taxation

Deferred taxation is provided in full, on all temporary differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax at a future date, at rates expected to apply when they are recognised based on current tax rates and law. Temporary differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements.

A net deferred tax asset is regarded as recoverable and is recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be sufficient taxable profits in the foreseeable future from which the reversal of the underlying temporary differences can be deducted. Management carry out a review of such items at the Balance Sheet date.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Income Statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets liabilities on a net basis.

Revenue recognition

Revenue recognition in the Income Statement depends on the type of revenue concerned, and excludes VAT. Subscriptions to database membership and other periodic income are recognised over the period of subscription. Rental income is recognised over the period of the lease. Income from sale of properties is recognised on unconditional exchange of contracts. Management and administration fees are recognised in the profit and loss account as they are earned. Performance fees are recognised when the performance period has ended and the performance calculation can be performed with reasonable certainty. Transaction fees are recognised once the relevant transaction has completed. Revenue from contracts that are assessed to be less then 75% complete at the accounting date is recognised only to the extent of costs incurred that are expected to be recoverable. Revenue from maintenance contracts is recognised on a straight line basis over the period of the maintenance agreement. The above policies on revenue recognition result in both deferred and accrued income.

Segment reporting

The Group has applied IFRS 8 – Operation Segments, early. IFRS 8 replaces IAS 14 – Segment Reporting for annual periods beginning on or after 1 January 2009.

Notes to the Financial Statements

continued

2. Significant accounting policies (continued)

Segment reporting (continued)

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by management and for which discrete financial information is available.

Share-based payments

The Group has applied the requirements of IFRS 2 on share-based payment transactions since 1 April 2006, and has applied IFRS 2 to all grants of equity instruments that were granted after 7 November 2002, and which had not vested before 1 January 2005. The Group issues options over the Company's equity to certain employees and these are professionally measured for fair value at the date of grant, using the binomial lattice method. This fair value is fully expensed in the year that the share option vests. Managements' best estimates of leavers, price volatility and exercise restrictions have been used in the valuation method.

Pensions

The Group contributes to a number of defined contribution schemes. The charge against profit is the amount of contributions payable to the pension schemes in respect of the accounting period.

Related party transactions

IAS 24 "Related Party Disclosures" requires disclosure of the details of material transactions between the Company and related parties. The Company has taken advantage of exemptions within IAS 24 not to disclose transactions between Group companies.

Foreign Currencies

At entity level, transactions denominated in foreign currencies are translated into the functional currency at the exchange rate ruling on the date the transaction is recorded. Both monetary and non-monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the balance sheet date and the resultant exchange differences are dealt with in the Income Statement.

On consolidation the results of overseas subsidiaries are translated into sterling at the average exchange rate for the period and all their assets and liabilities are translated into sterling at the exchange rate ruling at the balance sheet date.

In the cash flow statement, cash flows denominated in foreign currencies are translated into sterling at the exchange rate for the period.

On consolidation exchange differences arising from the translation of foreign operations are classified as equity in foreign currency exchange translation reserve in the balance sheet. Such translation differences are recognised as income or expense in the period in which the operation is disposed of.

Financial instruments

The Group's financial assets and liabilities are recorded in the Balance Sheet at historic cost or fair value. Income and expenditure arising on financial instruments is recognised on an accruals basis and taken to the profit and loss account in the financial period in which it arises.

- Trade receivables

  Trade receivables are measured at initial recognition at fair value. Appropriate allowances for estimated irrevocable amounts are recognised in the Income Statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as a difference between the carrying amount of the asset and the recoverable amount.

- Investments

  Investments are recognised on the contract date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost, including transaction costs. Assets held for resale are held at fair value. Any changes to the fair value are reflected in the Income Statement.

- Cash and cash equivalents

  Cash and cash equivalents comprise cash on hand, term deposits and other short term, liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value.

2. Significant accounting policies (continued)

Financial instruments (continued)

- Financial liabilities and equity

  Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities, except for borrowing costs incurred in respect of development and trading property.

- Bank borrowings

  Interest-bearing bank loans and overdrafts are recorded at the proceeds received , net of direct issue costs. Finance charges, except for borrowing costs incurred in respect of the purchase of trading properties which are capitalised, are accounted for on an accruals basis in the Income Statement using the effective interest rate method and are added to the carrying amount of the instrument to the extend that they are not settled in the year in which they arise.

- Trade payables

  Trade payables are initially measured at fair value.

- Equity Instruments

  Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Hedge accounting

The Group has adopted hedge accounting for financial instruments used to hedge specific items, where the hedging criteria outlined in IAS 39 have been met. Forward foreign currency contracts are used as a cash flow hedge against a proportion of highly probable forecast transactions either in, or dependant on, a foreign currency. Specifically, profits and losses measured on the fair value of financial instruments at the balance sheet date, are recognized in the income statement in the same accounting period as the hedged item.

3. Segmental analysis

Segment Reporting 2008

	Property fund management	Property trading	Property facilities management	Other fees & income	Unallocated/ central	Total
External revenue	8,341	2,116	4,938	178	–	**15,573**
Deprecation and amortisation	17	2	44	1	25	**89**
Operating profit	5,735	771	737	(36)	(1,230)	**5,977**
Analysed as:						
Before performance fees and related items:	2,305	771	806	(36)	(1,230)	**2,616**
Performance fees	5,650	–	–	–	–	**5,650**
Staff bonus	(1,734)	–	(69)	–	–	**(1,803)**
Hedging cost	(486)	–	–	–	–	**(486)**
Assets	6,585	3,254	1,255	81	6,298	**17,473**
Liabilities	(3,247)	(414)	(1,520)	(51)	(172)	**(5,404)**
Net assets	3,338	2,840	(265)	30	6,126	**12,069**

Notes to the Financial Statements
continued

3. Segmental analysis (continued)

Segment Reporting 2007

	Property fund management	Property trading	Property facilities management	Other fees & income	Unallocated/ central	Total
External revenue	1,362	3,252	2,870	370	–	**7,854**
Deprecation and amortisation	12	1	39	1	9	**62**
Operating profit	1,166	415	136	227	(917)	**1,027**
Analysed as:						
Before performance fees and related items:	847	415	136	227	(917)	**708**
Performance fees	319	–	–	–	–	**319**
Staff bonus	–	–	–	–	–	**–**
Hedging cost	–	–	–	–	–	**–**
Assets	848	4,441	867	64	3,321	**9,541**
Liabilities	(182)	(645)	(670)	(34)	(278)	**(1,809)**
Net assets	666	3,796	197	30	3,043	**7,732**

The property fund management segment is organized into separate funds operating across all the Group's chosen geographic areas. It enjoys a recurring income from managing commercial property on behalf of its various fund investors. Over 90% of this segment's revenue is derived from one single investor fund.

The property trading segment comprises the revenues and profits from the Group's trading in its own properties. The income is derived from any of its chosen geographic areas and by its nature, although recurring, is unpredictable. Rental income from the trading properties owned by the Group, is included in this segment.

The property facilities management segment is represented by one UK Company operating independently from the other segments. It specializes in the contract installation and maintenance of air conditioning and ventilation systems for office working environments.

The other fees and income segment contains the balance of revenue and related costs, including revenue from the Commercial Property Database (CPD) website and membership fees, property agency and introduction fees, and any other income excluding bank interest.

Head office costs and overheads that are common to all segments are shown separately under unallocated central costs.

Interest income and interest expense is not allocated to a separate segment because all surplus cash and any borrowing is managed centrally.

Assets, liabilities and costs that relate to Group central activities have not been allocated to business segments.

	Turnover	
	2008 £'000	2007 £'000
Geographic analysis – continuing operations		
UK	**7,276**	4,958
Europe – non UK	**8,297**	2,896
	15,573	7,854

4. Reconciliation of profit/loss under IFRS

	2008 £'000	2007 £'000
Profit/Loss for the year as previously reported under UK GAAP	**4,661**	959
Reconciling items	**–**	–
Profit/Loss for the year as reported under IFRS	**4,661**	959

The transition from UK GAAP to IFRS has had no effect on the profit/loss, the financial performance, the financial position or the cash flows of the Group apart from a few immaterial expenses.

5. Operating expenses

	2008 £'000	2007 £'000
Administrative expenses	**4,648**	1,611
	4.648	1,611

Administrative expenses include depreciation, differences on exchange, hedging costs and investment value impairment costs.

6. Interest income/expense

	2008 £'000	2007 £'000
Interest income – bank deposits	**202**	94
Interest income – other	**23**	5
Total interest income	**225**	99
Interest expense – bank and other	**(14)**	(14)
Interest expense – property loans	**(12)**	(118)
Total interest expense	**(26)**	(132)

7. Employee information

The average monthly number of persons (including Executive Directors) employed during the year was:

	2008 Number	2007 Number
Management	**5**	5
Property operations	**21**	19
Technical operations	**15**	13
	41	37

An analysis of staff costs is set out below:

	2008 £'000	2007 £'000
Wages and salaries	**3,314**	1,480
Social security costs	**392**	166
Share based payments	**27**	31
Other pension costs	**–**	2
	3,733	1,679

The total contribution to defined contribution pension schemes amounted to Nil (2007: £6967). At 31 March 2008 there were no prepaid contributions (2007: nil) in respect of the above schemes. There were no outstanding contributions at 31 March 2008 in respect of the above schemes (2007: nil).

8. Directors' remuneration

	2008 £'000	2007 £'000
Basic pay	**428**	403
Benefits	**20**	8
Bonus	**1,200**	–
	1,648	411

Highest paid Director

	2008 £'000	2007 £'000
Basic pay	**272**	272
Benefits	**14**	8
Bonus	**1,000**	–
	1,286	280

There are no retirement benefits accruing to Directors (2007: none) under money purchase pension schemes. No Directors exercised options in the year.

Notes to the Financial Statements
continued

9. Profit on ordinary activities before taxation

	2008 £'000	2007 £'000
Profit on ordinary activities before taxation is stated after charging:		
Depreciation charge		
– Tangible assets	**73**	62
– Cost of share-based payments (IFRS 2)	**27**	31
Profit/(Loss) on disposal of non-current assets	**17**	(10)
Differences on foreign exchange	**205**	(15)
Auditors' remuneration		
– Group audit Company £17,000 (2007: £15,000)	**58**	41
– Non-audit fees	**–**	–
Operating lease rentals		
– Land and buildings	**70**	46
– Computer and office equipment	**–**	–

10. Income tax expense

Analysis of charge in period	2008 £'000	2007 £'000
Current tax		
Corporation tax – Group	**1,624**	227
	1,624	227

Factors affecting the tax charge for the period

The effective rate of tax applicable to the profit in the period is lower than the standard rate of corporation tax. The differences are explained as follows:

	2008 £'000	2007 £'000
Profit/(Loss) on ordinary activities before tax	**6,285**	1,186
Profit/(Loss) on ordinary activities multiplied by standard rate 30%	**1,885**	356
Effects of:		
– Expenses not deductible for tax purposes	**17**	1
– Depreciation in excess of capital allowances	**(3)**	(30)
– Movement on deferred tax unprovided	**197**	(30)
– Effect of overseas mainstream tax rates	**(543)**	–
– Other adjustments	**71**	(70)
Current tax charge for period	**1,624**	227

Factors that may affect future tax charges

The group has no significant capital investment plans. The group has capital tax losses to carry forward which will be utilised against any future capital taxable profits.

Notes to the Financial Statements

continued

10. Income tax expense (continued)

Provision for deferred tax

	2008		2007	
	Group £'000	Company £'000	Group £'000	Company £'000
Depreciation in excess of capital allowances	**19**	**–**	20	–
Capital tax losses carried forward	**200**	**200**	109	109
Unprovided deferred tax asset	**219**	**200**	129	109

Management have concluded that there is insufficient evidence to support the recoverability of this asset from future capital profits and therefore have not recognised this asset in the Balance Sheet.

11. Parent Company result for the year

As permitted by section 230 of the Companies Act 1985, the Company's profit and loss account has not been included in these financial statements. The Company's retained loss for the year after purchase of treasury shares was £489,000 (2007: profit £391,000).

12. Dividend on ordinary shares

	2008 £'000	2007 £'000
Interim dividends paid during year (2008:0.15pence, 2007: nil)	**166**	–
Approved final Dividend for the year ended 31 March 2007 0.175 pence per share (2006: 0.15 pence per share)	**193**	167
	359	167

13. Earnings per share

	2008	2007
Basic earnings per share	**4.04p**	0.82p
Diluted earnings per share	**3.81p**	0.80p

The calculation of basic earnings per share is based on the profit for the year after taxation and minority interest, and on the weighted average number of ordinary shares in issue during the period (excluding shares held as Treasury Shares).

The figures in the tables below have been used in the calculations.

	2008 Number	2007 Number
Weighted average number of ordinary shares in issue	**110,223,796**	111,556,731
Share options	**7,437,500**	8,437,500
	117,661,296	119,994,231

	2008 £'000	2007 £'000
Basic earnings	**4,458**	915
Diluted earnings assuming full dilution	**4,489**	956

Notes to the Financial Statements
continued

14. Goodwill

	2008		2007	
	Group £'000	Company £'000	Group £'000	Company £'000
Cost				
At 1 April	**416**	**–**	407	–
Goodwill purchased during year	**–**	**–**	9	–
At 31 March	**416**	**–**	416	–
Amortisation				
At 1 April	**391**	**–**	391	–
Adjustments to carrying value	**–**	**–**	–	–
At 31 March	**391**	**–**	391	–
Net book value	**25**	**–**	25	–

15. Tangible assets

Group 2008	Computer equipment £'000	Office equipment £'000	Motor vehicles £,000	Short leasehold improvements £'000	Total £'000
Cost					
At 1 April 2007	156	59	76	12	**303**
Foreign currency translation	8	3	3	–	**14**
Additions	18	3	54	–	**75**
Disposals	(2)	–	(30)	–	**(32)**
At 31 March 2008	180	65	103	12	**360**
Depreciation					
At 1 April 2007	96	38	18	12	**164**
Foreign currency translation	6	3	(1)	–	**8**
Charge for year	48	3	22	–	**73**
Disposals	(2)	–	(8)	–	**(10)**
At 31 March 2008	148	44	31	12	**235**
Net book value					
At 31 March 2008	32	21	72	–	**125**

Notes to the Financial Statements
continued

15. Tangible assets (continued)

Group 2007	Computer equipment £'000	Office equipment £'000	Motor vehicles £,000	Short leasehold improvements £'000	Total £'000
Cost					
At 1 April 2006	123	49	145	12	**329**
Additions	33	12	–	–	**45**
Disposals	–	(2)	(69)	–	**(71)**
At 31 March 2007	156	59	76	12	**303**
Depreciation					
At 1 April 2006	70	23	4	12	**109**
Charge for year	26	15	21	–	**62**
Disposals	–	–	(7)	–	**(7)**
At 31 March 2007	96	38	18	12	**164**
Net book value					
At 31 March 2007	60	21	58	–	**139**

The Company had no tangible fixed assets (2007: nil). Assets owned under finance leases included above amounted to £119,000 (2007: £85,000) at cost with a net book value of £71,000 (2007: 68,000). The amounts comprise motor vehicles at a cost of £88,000 with a net book value of £63,000 and computer equipment at a cost of £31,000 with a net book value of £8,000.

16. Investments

The Group and the Company have the following investments:

	2008		2007	
	Group £'000	Company £'000	Group £'000	Company £'000
Investments in Group undertakings				
– shares at nominal value	–	961	–	798
– incidental costs of acquisition	–	77	–	77
	–	1,038	–	875
Associated undertakings				
At 1 April	188	85	116	87
Additions	–	–	–	–
Disposals	(13)	(8)	(4)	(2)
Share of associated Company's profit after tax	109	–	76	–
Less: Share of profit after tax on sale of property in associate	(334)	–	–	–
At 31 March	(50)	77	188	85
Other unlisted investments				
At 1 April	86	86	114	114
Additions	–	–	24	24
Disposals	(62)	(62)	(52)	(52)
Impairment loss	(13)	(13)	–	–
At 31 March	11	11	86	86
	(39)	1,126	274	1,046

During the year the Group sold a multi-let office block in Poznan, Poland, yielding a net operating income of some £260,000 per annum for a cash consideration of £2,963,000. The proceeds from the sale have been retained by the Group for use as additional capital.

The sale was made to an associated Company, 5th Property Trading Poland Sp. z o.o., in which the Group has a 40.79% equity interest and the results for the year therefore only recognize 59.21% of the revenue and profit before tax arising on the sale, being £1,754,000 and £549,000 respectively.

B. N. Habib is a Director of the associated Company and consequently the transaction is a related party transaction within the meaning of the AIM Rules for Companies. Accordingly, Alasdair Locke and George Digby, being independent Directors of First Property for the purpose of this transaction, having consulted with the Company's nominated adviser Arden Partners plc, consider that the terms of the transaction are fair and reasonable insofar as First Property Group is concerned.

16. Investments (continued)

The principal investments of the Group at 31 March 2008 are as follows:

	Principal activities	% of ordinary shares held by Company %	% of ordinary shares held by Subsidiary %
Group Undertakings			
UK			
First Property Asset Management Ltd	– Property asset management and online activities	100	–
First Property Services Ltd	– Property services	60	–
IP Finance Ltd (formerly First Property International Ltd)	– Property finance	100	–
Poland			
First Property Poland Sp z o.o.	– Property investment management and trading	100	–
Scaup Sp z o o	– Property trading	100	–
Romania			
First Property Asset Management Romania SRL*	– Property investment management	95	5
Unlisted Securities			
UK			
Third Property Trading Ltd	– Property fund	10	–
Regional Property Trading Ltd	– Property fund	22	–
5th Property Trading Ltd	– Property fund	41	–
366 HS Ltd**	– Property fund	26.5	–
First Property General Partner Ltd	– General partner of property fund	51	–
First Property General Partner (Nominee) Ltd	– Property holding Company	–	100
Poland			
E&S Estates Poland Sp. z o.o.	– Property fund	22	–
5th Property Poland Sp. z o.o.	– Property fund	41	

The above companies are incorporated and registered in England and Wales unless stated and operate principally in their countries of incorporation/registration.

* First Property Asset Management Romania SRL has an accounting year end of 31 December, as required by Romanian Law, and therefore cannot be changed to be co-terminous with the other Group companies.

** As the Group's investment in 366HS Ltd (an individual associate) exceeds 25%, the following disclosure is required: the Group's share of current assets and the Group's share of liabilities due within one year are £115,000 (2007:£561,000) and £82,000 (2007: £540,000).

17. Inventories – land and buildings

	2008		2007	
	Group £'000	Company £'000	Group £'000	Company £'000
Property held for resale	**2,912**	**–**	2,314	–
	2,912	**–**	2,314	–

18. Trade and other receivables

	2008		2007	
	Group £'000	Company £'000	Group £'000	Company £'000
Trade receivables	**1,794**	**–**	3,198	–
Amounts owed by subsidiary undertakings	**–**	**5,684**	–	3,490
Amounts due from undertakings in which the Company has a participating interest	**203**	**–**	800	815
Other receivables	**422**	**255**	11	–
Prepayments and accrued income	**5,736**	**5**	247	6
Other taxation	**–**	**–**	11	–
	8,155	**5,944**	4,267	4,311

Amounts owed by subsidiary undertakings to the Company include £5,684,000 falling due in more than one year (2007: Company £3,490,000).

Trade receivables include £252,000 (2007: £1,863,000) due from 366 HS Ltd an undertaking in which the Company has a participating interest.

19. Payables

	2008		2007	
	Group £'000	Company £'000	Group £'000	Company £'000
Amounts falling due within one year				
Bank loans (note 27)	**–**		645	–
Trade payables	**914**	**90**	411	10
Amounts due to subsidiary undertaking	**–**	**–**	–	228
Other taxation and social security	**269**	**358**	260	68
Other payables and accruals	**2,910**	**1,878**	278	31
Deferred income	**83**	**–**	85	–
Finance Leases	**40**	**–**	20	–
	4,216	**2,326**	1,699	337

Notes to the Financial Statements

continued

19. Payables (continued)

	2008 £'000	2007 £'000
Amounts falling due after more than one year		
Finance leases	**36**	41
	36	41

	2008 £'000	2007 £'000
Total obligations under hire purchase contracts		
Repayable within one year	**44**	26
Repayable within one and five years	**42**	42
	86	68
Finance charges and interest allocated in future accounting periods	**(10)**	(7)
	76	61
Included in liabilities falling due within one year	**(40)**	(20)
	36	41

Bank loans totalling Nil (2007: £645,000) included within group creditors are secured against properties owned by the Group shown under stocks at the lower of purchase cost, together with incidental costs of acquisition and any subsequent development costs, and net realisable value.

20. Provisions for liabilities and charges

Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following items:

	2008		2007	
	Group Assets £'000	Group Liabilities £'000	Group Assets £'000	Group Liabilities £'000
Accrued interest payable	**11**	**–**	–	–
Accrued income	**–**	**578**	–	–
Inter-group dividend	**–**	**220**	–	–
Other temporary differences	**–**	**–**	–	–
	11	**798**	–	–

21. Called-up share capital

	2008 £'000	2007 £'000
Authorised		
240,000,000 (2007: 240,000,000) Ordinary shares of 1p each	**2,400**	2,400
Allotted, called up and fully paid		
111,601,115 (2007: 111,601,115) Ordinary shares of 1p each of the issued share capital, 3,757,685 ordinary shares (2007:450,000) are held in Treasury.	**1,116**	1,116

21. Called-up share capital (continued)

The Company had 8,437,500 options over the ordinary shares outstanding at 31 March 2008 (2007: 8,437,500), including those noted in Directors' interests in the Directors' Report. These share options will rank pari passu with the existing ordinary shares once exercised and the shares under option issued.

Year of grant	Exercise price (p)	Exercise period	2008 Numbers	2007 Numbers
2001/02	7.00	Dec 2002 to Apr 2011	533,333	533,333
2001/02	7.00	Dec 2003 to Apr 2011	533,334	533,334
2001/02	7.00	Dec 2004 to Apr 2011	533,334	533,334
2002/03	3.50	Dec 2002 to Apr 2011	166,666	166,666
2002/03	3.50	Dec 2003 to Apr 2011	166,667	166,667
2002/03	3.50	Dec 2004 to Apr 2011	166,667	166,667
2003/04	6.25	Jul 2004 to Apr 2011	333,000	333,000
2003/04	6.25	Jul 2005 to Apr 2011	333,000	333,000
2003/04	6.25	Jul 2006 to Apr 2011	334,000	334,000
2003/04	14.75	Dec 2004 to Apr 2011	33,333	33,333
2003/04	14.75	Dec 2005 to Apr 2011	33,333	33,333
2003/04	14.75	Dec 2006 to Apr 2011	33,334	33,334
2004/05	16.50	Jul 2005 to Apr 2011	679,167	679,167
2004/05	16.50	Jul 2006 to Apr 2011	679,167	679,167
2004/05	16.50	Jul 2007 to Apr 2011	679,166	679,166
2006/07	15.75	Jun 2007 to Apr 2011	583,333	583,333
2006/07	15.75	Jun 2008 to Apr 2011	583,333	583,333
2006/07	15.75	Jun 2009 to Apr 2011	583,334	583,334
2006/07	15.25	Apr 2007 to Apr 2011	33,333	33,333
2006/07	15.25	Apr 2008 to Apr 2011	33,333	33,333
2006/07	15.25	Apr 2009 to Apr 2011	33,334	33,334
2006/07	14.75	Aug 2007 to Apr 2011	83,333	83,333
2006/07	14.75	Aug 2008 to Apr 2011	83,333	83,333
2006/07	14.75	Aug 2009 to Apr 2011	83,334	83,334
2006/07	17.25	Dec 2007 to Apr 2011	166,666	166,666
2006/07	17.25	Dec 2008 to Apr 2011	166,667	166,667
2006/07	17.25	Dec 2009 to Apr 2011	166,667	166,667
2006/07	16.25	Dec 2007 to Apr 2011	33,333	33,333
2006/07	16.25	Dec 2008 to Apr 2011	33,333	33,333
2006/07	16.25	Dec 2009 to Apr 2011	33,334	33,334
2006/07	17.00	Jan 2008 to Apr 2011	166,666	166,666
2006/07	17.00	Jan 2009 to Apr 2011	166,667	166,667
2006/07	17.00	Jan 2010 to Apr 2011	166,667	166,667

During the year no options were granted, none were exercised and none lapsed. 4,783,026 share options are issued under the HMRC Enterprise Management Incentive Scheme, with the remaining 3,654,474 issued under the Company's Unapproved Share Option Scheme.

Notes to the Financial Statements

continued

22. Share premium account and reserves

Group	Share premium account £'000	Foreign exchange translation reserve £'000	Merger reserve £'000	Share-based payment reserve £'000	Purchase of own shares £'000	Profit and loss account £'000	Minority interest
At 1 April 2007	**5,298**	**80**	**5,823**	**44**	**(86)**	**(4,567)**	**24**
Profit for the financial period	–	–	–		–	4,661	–
Increase in foreign exchange translation reserve	–	700	–	–	–	–	–
Purchase of Treasury Shares	–	–	–	–	(548)	–	–
Payment of dividends	–	–	–	–	–	(359)	(144)
Equity Share options issued	–	–	–	27	–	–	–
Minority Interest	–	–		–	–	(203)	203
At 31 March 2008	**5,298**	**780**	**5,823**	**71**	**(634)**	**(468)**	**83**

Company	Share premium account £'000	Foreign exchange translation reserve £'000	Share-based payment reserve £'000	Purchase of own shares £'000	Profit and loss account £'000
At 1 April 2007	**5,298**	**17**	**44**	**(86)**	**636**
Shares issued during year	–	–		–	–
Purchase of Treasury Shares	–	–		(548)	–
Change in foreign exchange translation reserve	–	(17)		–	–
Equity Share options issued	–	–	27	–	–
Profit for the financial period	–	–	–	–	59
At 31 March 2008	**5,298**	**–**	**71**	**(634)**	**695**

23. Reconciliation of movements in equity shareholders' funds

	Group		Company	
	2008 £'000	2007 £'000 (Restated)	2008 £'000	2007 £'000 (Restated)
Opening shareholders' funds as previously reported under UK GAAP	**7,664**	6,992	**6,981**	6,573
Prior Period Adjustment (IFRS – minority interest)	**24**	(20)	**–**	–
Prior period adjustment (IFRS – share-based payments)	**44**	13	**44**	13
Opening shareholders' funds as restated under IFRS	**7,732**	6,985	**7,025**	6,586
Profit for the financial year before dividends	**4,661**	959	**418**	644
Increase in foreign exchange translations reserve	**700**	10	**(17)**	17
Equity Share options issued	**27**	31	**27**	31
Purchase of own shares in treasury	**(548)**	(86)	**(548)**	(86)
Dividends paid	**(359)**	(167)	**(359)**	(167)
Equity minority interest dividends paid	**(144)**	–	**–**	–
Closing shareholders' funds	**12,069**	7,732	**6,546**	7,025

24. Reconciliation of movement in cash or cash equivalents to net funds

	1 April 2007 £'000	Cash flow £'000	31 March 2008 £'000
Cash and cash equivalents	2,522	3,723	**6,245**
Short-term deposits	(1,812)	(2,160)	**(3,972)**
Cash	710	1,563	**2,273**
Cash equivalents	1,812	2,160	**3,972**
Debt due within one year			
Finance leases	(20)	(20)	**(40)**
Property loan	(645)	645	**–**
Debt due after one year			
Finance leases	(41)	5	**(36)**
Net funds	1,816	4,353	**6,169**

25. Capital commitments

The Group had no capital commitments at 31 March 2008 (2007: nil).

26. Financial commitments

At 31 March 2008 the Group had total commitments under non-cancellable operating leases as follows:

	2008		2007	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiring within one year	**35**	**–**	–	–
Expiring between two and five years inclusive	**150**	**–**	206	–
	185	**–**	206	–

The Company had no commitments under non-cancellable operating leases expiring within one year at 31 March 2008 (2007: nil).

27. Financial instruments and risk management

The Group's financial instruments comprise or have comprised cash and liquid resources, including trade receivables, trade payables and short-term deposits derived from its operations. The primary objective of these financial instruments is to finance the Group's operations.

Objective, policies and strategies

The main areas of the Group's exposure are interest rate risk, liquidity risk and foreign exchange and credit risk. The Group policy does not permit entering into speculative trading of financial instruments and this policy has continued to be applied throughout the year. However, due to the increasing exposure to foreign exchange movements the Group has adopted a hedging program during the year.

Interest rate risk

The Group is exposed to interest rate risk on its short-term cash balances and deposits. The Group at present has no finance and therefore has no interest exposure on short- or long-term finance.

The Group regularly reviews market rates of interest to ensure that beneficial rates are secured on its cash and short-term deposits, so that maximum returns are being achieved.

The Group policy is to consider on a case by case basis whether or not to enter into interest rate swaps, options and forward rate agreements to manage interest rate exposures, in the event that long- or short-term finance is in place.

Liquidity risk

The Group prepares monthly budgets, cash flow analyses and forecasts, which enable the Directors to assess the levels of borrowings required in future periods. This detail is used to ensure that appropriate facilities are put in place to finance the future planned operations of the Group.

Budgets and projections will be used to assess any future potential investment and the Group will consider the existing level of funds held on deposit as part of the process to assess the nature and extent of any future funding requirement.

Market risk

– Currency risk

The Group is exposed to currency risk through its overseas operations. Where possible overseas investment is financed in the local currency so that exposure to currency markets is limited. The Group regularly reviews the pertinent currency rates and calculates and reports the currency exposure on a monthly basis. Under the Group's foreign currency risk management policy hedging instruments can be used to hedge a proportion of specific items as specified in IAS 39. In cases where items have been hedged and the criteria in IAS 39 have been met, hedge accounting has been used.

27. Financial instruments and risk management (continued)

The tables below show the extent to which the Group has residual assets and liabilities in currencies other than sterling at the balance sheet date. Foreign exchange differences on translation of these assets and liabilities are taken to the foreign exchange translation reserve in the balance sheet.

Functional currency of operations	Net foreign currency monetary assts/liability		
	PLN Poland £'000	RON Romania £'000	Total £'000
2008			
Sterling	**3,733**	**401**	**4,134**
2007			
Sterling	499	–	499

– Credit risk

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Group uses a number of banks thereby spreading this exposure over a number of counterparties.

Numerical disclosures

Short-term debtors and creditors have been excluded from the following numerical disclosures.

Financial assets

The interest rate profile of the Group's financial assets at 31 March 2008 and 31 March 2007 was as follows:

	Floating rate financial assets £'000	Fixed rate financial assets £'000	Non-interest bearing £'000	Total £'000
Other debtors due after 1 year	–	–	–	–
Cash	2,273		–	2,273
Short-term deposits	–	3,972	–	3,972
At 31 March 2008	2,273	3,972	–	6,245
Other debtors due after 1 year	–	–	–	–
Cash	710	–	–	710
Short-term deposits	–	1,812	–	1,812
At 31 March 2007	710	1,812	–	2,522

The fair value of the financial assets is considered to be their book value.

Floating rate financial assets earn interest at floating rates based on LIBOR.

Fixed rate short-term deposits at 31 March 2008 were £3,972,000 (31 March 2007: £1,812,000).

27. Financial instruments and risk management (continued)

Financial liabilities

The interest rate profile of the Group's financial liabilities at 31 March 2008 and 31 March 2007 was as follows:

	Floating rate financial liabilities £'000	Total £'000
Bank loans	–	–
Finance lease obligations	**76**	**76**
Other financial liabilities	**–**	**–**
At 31 March 2008	**76**	**76**
Bank loans	645	645
Finance lease obligations	61	61
Other financial liabilities	–	–
At 31 March 2007	706	706

At 31 March 2008 the Group had no fixed rate or non-interest bearing financial liabilities (2007: nil).

The fair value of the financial liabilities is considered to be their book value.

Floating rate financial liabilities bear interest rates based on LIBOR.

The Group's debt maturity other than short-term trade creditors and accruals at 31 March 2008 and 31 March 2007 was as follows:

	Finance Lease £'000	Bank loans £'000	Total £'000
In one year or less	**40**	**–**	**40**
Between one and five years	**36**	**–**	**36**
Over five years	**–**	**–**	**–**
Total at 31 March 2008	**76**	**–**	**76**
In one year or less	20	645	665
Between one and two years	41	–	41
Between two and five years	–	–	–
Over five years	–	–	–
Total at 31 March 2007	61	645	706

There are no bank loans outstanding as at 31 March 2008 (2007: £645,000).

Borrowing facilities

At 31 March 2008 the group had no undrawn committed borrowing facilities available (31 March 2007: nil).

28. Related party transactions

Management fees of £58,860 (2007: £48,881) were charged by the Group during the year to 5th Property Trading Ltd, a Company of which Benyamin Habib is a Director and shareholder. £9,377 (inc. VAT) was owed to the Group at 31 March 2008 (2007: £20,141).

366 HS Ltd is a related party of First Property Group plc by virtue of 366 HS Ltd being an Associate of the Group. £252,403 was owed to the Group at 31 March 2008 (2007: £1,862,283).

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of FIRST PROPERTY GROUP PLC will be held at Unit 17, Quayside Lodge, William Morris Way, London, SW6 2UZ on 4 September 2008 at noon for the following purposes:

Ordinary Business

To consider and, if thought fit, pass the following resolutions, each of which will be proposed as an Ordinary Resolution:

1. To receive and adopt the Directors' Reports and Accounts for the year ended 31 March 2008.
2. To approve the final dividend of 0.65p per Ordinary Share.
3. To re-appoint Alasdair Locke as a Director.
4. To re-appoint HW Chartered Accountants as Auditors of the Company to hold office from the conclusion of the meeting until the conclusion of the next General Meeting of the Company at which accounts are laid.
5. To authorise the Directors to determine the remuneration of the Auditors.

Special Business

To consider and, if thought fit, pass the following resolution, which will be proposed as an Ordinary Resolution:

6. That in substitution for any existing authorities the Directors be hereby generally and unconditionally authorised and empowered pursuant to and in accordance with Section 80 of the Companies Act 1985 ("the Act") to exercise all the powers of the Company to allot relevant securities (as defined in the said Section) up to an aggregate nominal amount of £359,478 being 33.33 per cent of the issued share capital of the Company as at 4 July 2008, less shares in Treasury, such authority to expire on the earlier of the next Annual General Meeting of the Company and the date 15 months after the passing of this resolution, save that the Company may at any time before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement.

To consider and, if thought fit, pass the following resolutions, each of which will be proposed as a Special Resolution:

7. That, subject to resolution 6 being passed, in substitution for any existing authorities, the Directors be and are hereby generally empowered in accordance with Section 95 of the Act to allot equity securities (as defined in Section 94(2) of the Act) of the Company as if Section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:
   a. the allotment of equity securities in connection with an offer by way of rights in favour of the holders of equity securities in proportion (as nearly as may be possible) to the respective number of Ordinary shares held by them, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems in respect of overseas holders or otherwise; and
   b. the nominal amount of £215,686;

   and this power shall expire on the earlier of the conclusion of the next Annual General Meeting of the Company and the date 15 months after the passing of this resolution save that the Company may make an offer or agreement before such expiry which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to such offer or agreement as if the power conferred hereby had not expired.
8. That in accordance with Article 52 of the Articles of Association of the Company and Chapter VII of Part V of the Act and subject to the following provisions of this Resolution, the Company be and is hereby generally and unconditionally authorised (pursuant to Section 166 of the Act) to make market purchases (within the meaning of section 163(3) of the Act) of any of its own ordinary shares of 1p each on such terms and in such manner as the Directors of the Company may from time to time determine provided that:
   a. the maximum number of ordinary shares of 1p each authorised to be acquired is 10,784,343 (representing just under 10 per cent of the Company's issued ordinary capital as at 4 July 2008);
   b. the minimum price which may be paid for each ordinary share is 1p (exclusive of expenses);
   c. unless a tender or partial offer is made to all holders of the ordinary shares on the same terms, the maximum price (exclusive of expenses) which may be paid for each ordinary share is, in respect of a share contracted to be purchased on any day, to be not more than 5 per cent above the average of the middle market quotation of an ordinary share of the Company taken from Daily Official List of London Stock Exchange plc for the five business days immediately preceding the day on which the contract of purchase is made.
   d. The Company may enter into one or more contracts to purchase ordinary shares under this authority before this authority expires which will or may be executed wholly or partly after the expiry of the authority, and may make a purchase of ordinary shares in pursuance of any such contract or contracts.
   e. This authority will (unless renewed, varied or revoked) expire at the conclusion of the next annual general meeting of the Company held after the date on which this resolution is passed or, if earlier, on the date twelve months from the date of passing this resolution.

Dated 7 July 2008

Registered Office:
17 Quayside Lodge
William Morris Way
London SW6 2UZ

By Order of the Board

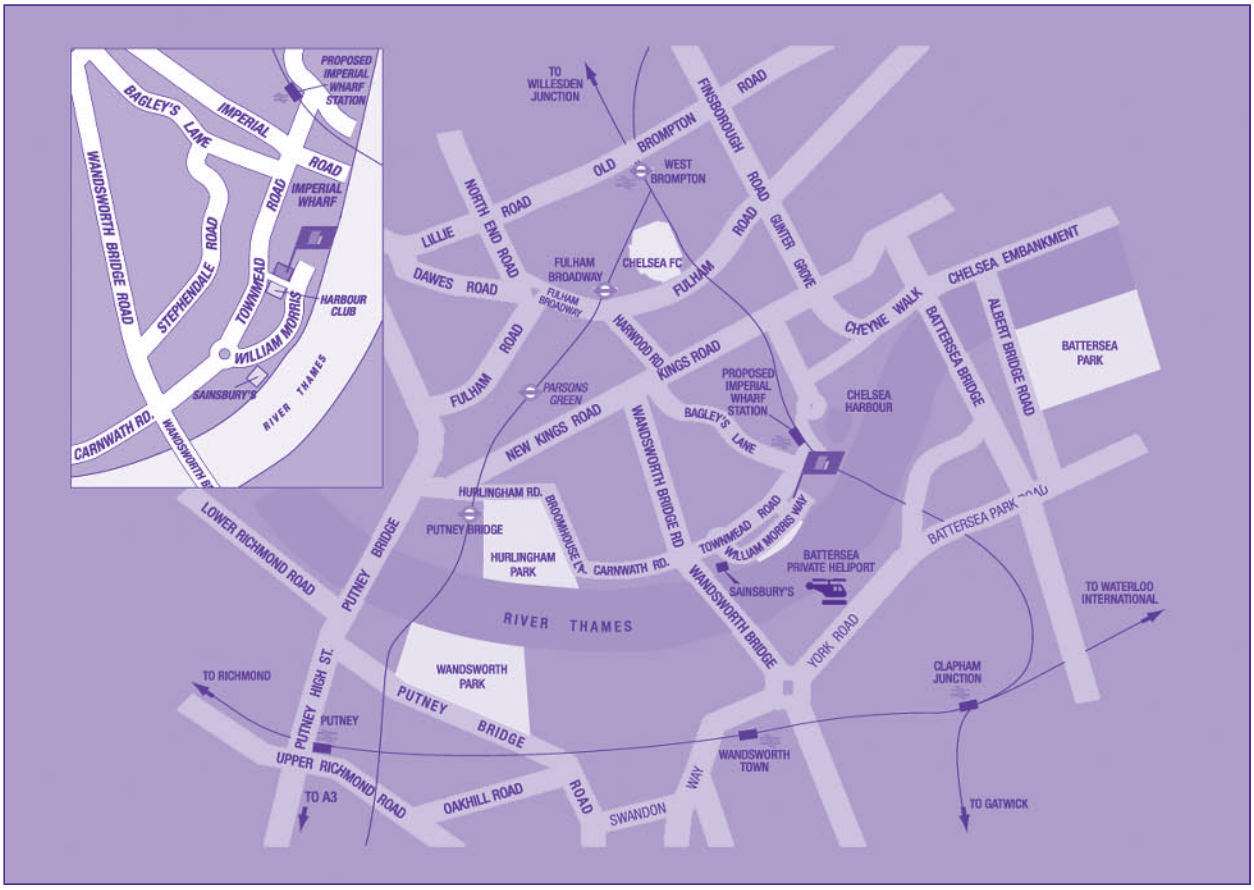
Alec W J Banyard
Secretary

Notice of Annual General Meeting

continued

Notes:

1. Only holders of Ordinary shares are entitled to attend and vote at the Annual General Meeting. Any member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote in his stead. A proxy need not be a member of the Company. Completion of a form of proxy will not preclude a member from attending and voting at the meeting in person should he subsequently decide to do so.
2. A form of proxy is enclosed. Any form of proxy and power of attorney or other authority under which it is signed, or a notarially certified or office copy of such power or authority, in order to be valid, must reach the Company's Registrars, Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road Beckenham, Kent, BR3 4TU not less than 48 hours before the time of the meeting.
3. To appoint more than one proxy you may photocopy this form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.



Form of Proxy

I/We………..……………

……………………..……. (BLOCK CAPITALS)

of………

………..............................

a member/members of the above named Company, hereby appoint the chairman of the meeting or…………..…………

………..............................

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at Unit 17, Quayside Lodge, William Morris Way, London, SW6 2UZ on 4 September 2008 and at any adjournment thereof.

If you wish to instruct your proxy as to how to vote on your behalf please indicate by an "X" in the appropriate box below. In the absence of directions the proxy will vote or abstain at his discretion.

RESOLUTION	FOR	AGAINST	VOTE WITHHELD
ORDINARY RESOLUTION 1			
ORDINARY RESOLUTION 2			
ORDINARY RESOLUTION 3			
ORDINARY RESOLUTION 4			
ORDINARY RESOLUTION 5			
ORDINARY RESOLUTION 6			
SPECIAL RESOLUTION 7			
SPECIAL RESOLUTION 8			

Signature:…………………………………………………....... Date:…………………………………………………….......

1. You may appoint a proxy of your own choice by deleting the words "the chairman of the meeting" and inserting the name and address of your proxy in the space provided.
2. Unless otherwise instructed, a proxy may vote as he feels fit, or abstain from voting on any business (including amendments to resolutions) which may properly come before the meeting.
3. If the appointor is a corporation, this form must be under the hand of some officer or attorney duly authorised in that behalf.
4. In the case of joint holders, the signature of any one holder will be sufficient, but the names of all the joint holders should be stated.
5. To be valid this form must be completed, signed and lodged with the Company's Registrars, Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU not less than 48 hours before the time fixed for holding the meeting or adjourning the meeting.
6. To appoint more than one proxy you may photocopy this form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.

SECOND HERE

Business Reply Service
Licence Number
MB 122

1

Capita Registrars
Proxy Department
PO Box 25
BECKENHAM
Kent
BR3 4BR

FIRST FOLD

THIRD FOLD AND TUCK IN

Directors and Advisers

Directors

Alasdair J D Locke
(Non-Executive Chairman)

Benyamin N Habib
(Chief Executive)

George R. W. Digby
(Finance Director)

Company Secretary

Alec W J Banyard

Registered Office

17 Quayside
William Morris Way
London SW6 2UZ
Registered No. 02967020

Website: www.fprop.com

Registered Auditors

HW, Chartered Accountants
Sterling House
19-23 High Street
Kidlington
Oxford OX5 2DH

Registrars

Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
HD8 0GA

Bankers

Butterfield Private Bank
99 Gresham Street
London EC2V 7NG

Royal Bank of Scotland
62/63 Threaneedle Street
PO BOX 412
London
EC2R 8LA

Nominated Adviser & Broker

Arden Partners Plc
Arden House
Highfield Road
Edgbaston
Birmingham
B15 3DU

Legal Advisers

BPE Solicitors
St James's House
St James' Square
Cheltenham
Gloucestershire
GL50 3PR

Public Relations

Redleaf Communications Ltd
9-13 St Andrew Street
London
EC4A 3AF

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