Fprop plc

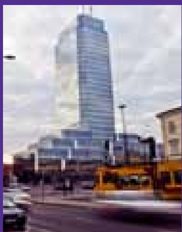
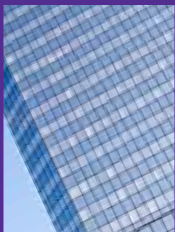
First Property Group plc






Interim Report
30 September

2012


Property Fund Management

First Property Group plc

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*Front cover images are of Blue Tower, Warsaw, Poland (a property held directly by the Group).

Highlights

for the six months to 30 September 2012

Financial Highlights:

	Unaudited Six months to 30 Sept 2012	Unaudited Six months to 30 Sept 2011	Percentage change from 30 Sept 2011	Audited Year to 31 March 2012
Profit before tax (continuing operations)	**£2.21m**	£2.54m	-13.0%	£3.97m
Assets under management (AUM)	**£347m**	£374m	-7.2%	£365m
Net assets	**£17.84m**	£16.79m	+6.3%	£17.36m
Cash balances	**£11.77m**	£8.97m	+31.2%	£9.98m
Diluted earnings per share (continuing operations)	**1.46p**	1.61p	-9.3%	2.73p
Dividend per share	**0.33p**	0.33p	–	1.08p
Profit before tax by segment:				
Property fund management (FPAM)	**£1.46m**	£1.62m	-9.9%	£3.07m
Total Group Properties (including FOP – Fprop Opportunities plc)	**£1.17m**	£1.37m	-14.6%	£2.54m
Average €/£ used	**1.249**	1.135	-10%	1.1611

Notes:

Negative impact of foreign currency translation on:

- Assets under management £19.9m decrease
- Profit before tax £296,000 decrease

Group Properties in 2011 benefited from a one-off foreign currency exchange gain of £213,000.

Highlights (continued)

for the six months to 30 September 2012

Operational Highlights:

- Funds under management have performed well in a difficult market environment. The total pre-tax income return earned by our funds under management in Poland was 21.1% on an annualised basis. The total pre-tax income return earned by our funds under management in the UK, which are un-geared was 6.5% on an annualised basis.

Current Developments

- We are working on raising a new UK fund to mimic the investment strategy of the UK Pension Property Portfolio LP (UK PPP) fund.
- New funds are being raised into FOP to fund the purchase of a number of properties in Poland. We plan to close this fund raising exercise during the first quarter of 2013.

Commenting on the results, Ben Habib, Chief Executive of First Property, said:

> *"The difficulties in the euro zone continue to overhang all European capital markets, although the recent announcement by the ECB of its outright monetary transactions has somewhat stabilised markets."*

> *"Our earnings have been impacted by these macro-economic conditions, most notably as a result of a weakening Euro and our decision last year to suspend investment purchases in Poland. We are now in the process of acquiring a number of new properties on behalf of FOP, which should result in earnings growth in due course."*

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Chief Executive's Statement

Financial Results
I am pleased to report interim results for the six months to 30 September 2012.

Revenue during the period amounted to £6,553,000 (2011: £4,587,000), yielding a profit on ordinary activities before taxation of £2,207,000 (2011: £2,539,000) and diluted earnings per ordinary share of 1.46 pence (2011: 1.61 pence). The total reduction in the Group's profit before tax as a result of a weaker Euro was £296,000. Last year's figures also benefited from a one-off foreign exchange gain of £213,000.

The Group ended the period with net assets of £17.84 million (2011: £16.79 million), and a cash balance of £11.77 million (2011: £8.97 million).

Dividend
The Board has recommended that the interim dividend be maintained at 0.33 pence per share (2011: 0.33 pence per share) which will be paid on 11 January 2013 to shareholders on the register at 14 December 2012, with an ex-dividend date of 12 December 2012.

Review of Operations
Property fund management (First Property Asset Management Limited or FPAM)

At 30 September 2012 assets under management stood at £347 million (2011: £374 million). Of these, 69% were located in Poland, 28% were located in the UK and 3% in Romania. There was one property purchase (in the UK) at a cost of £3.9 million during the period and no property sales on behalf of managed funds.

Revenue earned from our fund management activities amounted to £2,003,000 (2011: £2,112,000), generating a profit before central overhead costs of £1,455,000 (2011: £1,624,000). This represents 55% of the Group's profit before central overhead costs. Our fund management fee income is currently running at circa £4.0 million per annum on an annualised basis.

The decline in our fund management fee income of some £109,000 during this period is principally due to adverse movements in the foreign exchange rate from an average of €1.249/£1 during the period compared to €1.135/£1 during the same period last year.

Funds under management have performed well in a difficult market environment. The total pre-tax income return earned by our funds under management in Poland was 21.1% on an annualised basis. The total pre-tax income return earned by our funds under management in the UK was 6.5% on an annualised basis.

Due to the economic uncertainty in the period, we did not buy or sell any properties in Poland on behalf of managed funds but we are now working on the acquisition of a number of properties and expect to report more activity in this respect in the second half of the financial year.

The pace of our investment activities in the UK slowed as a result of having virtually fully invested our most recent UK fund (UK PPP LP) which was established in 2010. UK PPP LP's investment strategy presupposed a protracted period of economic weakness in the UK. Our investment activities have concentrated on discount retailers and properties let to good covenants on long leases and low rents, acquired at high yields. As a result there are no vacancies in our UK portfolio and the fund is earning an un-geared dividend yield of 6.5% per annum for its investors. We are pleased by this performance.

We are continuing discussions with prospective investors about establishing a new UK fund to follow the same investment strategy as UK PPP LP.

A brief synopsis of the value of the assets and the maturity of each of the six funds which we currently manage is set out below.

Fund	Established	Fund Life	Assets under Management as at 30 Sept 2012	% of total assets under management	Geography
SAM Property Company Ltd (SAM)	August 2004	Rolling	Not subject to revaluation	Not subject to revaluation	United Kingdom
Regional Property Trading Ltd (RPT)	August 2004	5 years to August 2009, extended to August 2015	£6.7m	1.9%	Poland
5th Property Trading Ltd (5PT)	December 2004	7 years to December 2011, extended to December 2014	£8.8m	2.5%	Poland
USS Fprop Managed Property Portfolio LP	August 2005	10 years to August 2015	£215.4m	62.1%	Central Europe & United Kingdom
UK Pension Property Portfolio LP (UK PPP LP)	February 2010	7 years to February 2017	£95.2m	27.4%	United Kingdom
Fprop Opportunities plc (FOP)	October 2010	10 years to October 2020	£20.9m	6.1%	Poland
TOTAL			**£347.0m**	**100%**	

Group Properties

Group Properties comprises a 28% interest in an office building, Blue Tower, located in Warsaw's central business district and shareholdings in four of the six funds managed by FPAM. Our interest in these funds is accounted for, in the case of UK PPP LP, as "dividend income"; in the case of 5th Property Trading Ltd and Regional Property Trading Ltd, as "shares in associates"; and in the case of Fprop Opportunities plc (FOP), on a consolidated basis because of the Group's majority (84.1%) shareholding.

Chief Executive's Statement (continued)

Shareholdings in managed funds:

Fund	% owned by First Property Group	Book Value of First Property's share in fund	Current market value of holdings	Group's share of pre-tax profit earned by fund in the period	Location
Investments					
UK PPP LP	0.9%	£942,000	£902,000	*£28,000	UK
Interest in associates					
5th Property Trading Ltd (5PT)	37.8%	£657,000	£1,178,000	£64,000	Poland
Regional Property Trading Ltd	28.6%	£217,000	£231,000	£21,000	Poland
Share of results in associates				£85,000	
Consolidated undertaking					
Fprop Opportunities plc (FOP)	84.1%	£6.6m	£8.4m	**£423,000	Poland
TOTAL		£8.4m	£10.7m	£0.54m	

* – represents dividend received
** – after non-controlling interest

Revenue from these Group Properties grew to £4,550,000 (2011: £2,475,000), resulting in a profit before central overhead costs of £1,172,000 for the period (2011: £1,371,000). This represents 45% of Group profit before central overhead costs. The bulk of this growth in revenue was attributable to the sale of a property, the office building in Mokotow, Warsaw, for PLN 11.95 million (£2.3 million) on 7 September 2012. A gain of some £120,000 was made on the sale of this property. However, the profit of this segment reduced by some £199,000, as a result of a weaker Euro. Last year's figures also benefited from a one-off foreign exchange gain of £213,000.

The Blue Tower office block located in central Warsaw contributed £356,000 (2011: £397,000) to the Group's profit before tax prior to the deduction of unallocated central overhead costs, which equates to an annualised rate of return on equity of 40.7% (2011: 46.1%).

Fund Raising Outlook

We are in process of raising a new UK fund and have indications of interest from a number of institutional and private investment and wealth managers. We are in the process of constructing a fund around these investors and their various requirements. We hope to announce positive news in this respect in due course.

We are also raising new funds into FOP to finance the purchase of a number of property acquisitions we are working on. We plan to close this fund raising exercise during the first quarter of 2013.

Commercial Property Markets Outlook

Poland

In the wake of a slowdown in European growth, Poland's GDP growth has also slowed and is expected to end the year having grown some 2.4% (2011: 4.3%). The rates of growth in consumer spending and reduction in unemployment have also slowed. Notwithstanding this slowdown, it is still one of the fastest rates of GDP growth in Europe and the bigger story of its convergence with Western Europe continues.

Poland's commercial investment property market has had a good year so far with some €1 billion of property changing hands during the nine months to 30 September 2012. Occupancy levels remain high and rents have risen in certain areas. However, the weakness in the capital markets has fed into the Polish banking sector, at least as far as lending on commercial property is concerned and a number of banks have reduced and/or restricted their exposure to commercial property. We do not expect this to reverse in the near future but we are able to raise debt capital for good investments. The tighter market has also resulted in some interesting investment opportunities coming forward.

United Kingdom

As we have mentioned in previous statements, we expect the UK economy to remain weak for a number of years. The commercial property investment market has softened during the first half of the year but income in our UK portfolio, which was acquired on a relatively high yield of 7.48% per annum has held up and the portfolio is performing well.

In the absence of a return to growth in the economy, we shall continue with the UK strategy we have adopted for UK PPP as set out above.

Current Trading and Prospects

The difficulties in the euro zone continue to overhang all European capital markets, although the recent announcement by the ECB of its outright monetary transactions has somewhat stabilised markets.

Our earnings have been impacted by these macro-economic conditions, most notably as a result of a weakening Euro and our decision last year to suspend investment purchases in Poland. We are now in the process of acquiring a number of new properties on behalf of FOP, which should result in earnings growth in due course.

Ben Habib
Chief Executive
5 December 2012

Condensed Consolidated Income Statement

for the six months to 30 September 2012

Continuing operations	Notes	**Six months to 30 Sept 2012 (unaudited) Total results £'000**	Six months to 30 Sept 2011 (unaudited) Total results £'000	Year to 31 March 2012 (audited) Total results £'000
Revenue	2	**6,553**	4,587	9,342
Cost of sales		**(2,803)**	(529)	(1,308)
Gross profit		**3,750**	4,058	8,034
Operating expenses		**(1,354)**	(1,271)	(3,604)
Operating profit	2	**2,396**	2,787	4,430
Share of results in associates		**85**	97	182
Dividend income		**28**	21	63
Interest income		**98**	42	131
Interest expense		**(400)**	(408)	(837)
Profit on ordinary activities before tax	2	**2,207**	2,539	3,969
Tax expense	3	**(391)**	(505)	(527)
Profit from continuing operations		**1,816**	2,034	3,442
Attributable to:				
Owners of the parent		**1,708**	1,891	3,196
Non-controlling interest		**108**	143	246
		1,816	2,034	3,442
Earnings per Ordinary 1p share				
– basic continuing operations	4	**1.54p**	1.70p	2.88p
– diluted continuing operations	4	**1.46p**	1.61p	2.73p

Condensed Consolidated Statement of Comprehensive Income

for the six months to 30 September 2012

	Six months to 30 Sept 2012 unaudited £'000	Six months to 30 Sept 2011 unaudited £'000	Year to 31 March 2012 audited £'000
Profit for the period	**1,816**	2,034	3,442
Other comprehensive income			
Exchange differences on retranslation of foreign subsidiaries	**(449)**	(1,015)	(1,531)
Taxation	**–**	–	–
Total comprehensive income for the year	**1,367**	1,019	1,911
Total comprehensive income for the year:			
Owners of the parent	**1,325**	887	1,803
Non-controlling interest	**42**	132	108
	1,367	1,019	1,911

Condensed Consolidated Balance Sheet

as at 30 September 2012

	Notes	**As at 30 Sept 2012 (unaudited) £'000**	As at 30 Sept 2011 (unaudited) £'000	As at 31 March 2012 (audited) £'000
Non-current assets:				
Goodwill		**114**	114	114
Investment properties		**19,404**	21,428	20,161
Property, plant and equipment		**53**	73	67
Interest in associates	5a	**566**	413	499
Other receivables	6	**411**	420	432
Other financial assets	5b	**942**	874	903
Deferred tax assets		**284**	622	259
Total non-current assets		**21,774**	23,944	22,453
Current assets:				
Inventories – land and buildings		**8,049**	10,687	10,714
Current tax assets		**–**	–	53
Trade and other receivables	6	**1,161**	1,122	1,256
Cash and cash equivalents		**11,772**	8,966	9,975
Total current assets		**20,982**	20,775	21,998
Current liabilities:				
Trade and other payables	7	**(1,047)**	(1,219)	(2,160)
Financial liabilities	8a	**(546)**	(561)	(608)
Current tax liabilities		**(73)**	(126)	–
Total current liabilities		**(1,666)**	(1,906)	(2,768)
Net current assets		**19,316**	18,869	19,230
Total assets less current liabilities		**41,090**	42,813	41,665
Non-current liabilities:				
Financial liabilities	8b	**(23,250)**	(25,385)	(24,310)
Deferred tax liabilities		**–**	(635)	–
Net assets		**17,840**	16,793	17,355
Equity				
Called up share capital		**1,149**	1,149	1,149
Share premium		**5,491**	5,490	5,491
Foreign Exchange Translation Reserve		**(1,098)**	(326)	(715)
Share-based payment reserve		**210**	155	195
Retained earnings		**11,847**	10,023	10,967
Issued capital and reserves attributable to the owners of the parent		**17,599**	16,491	17,087
Non-controlling interest		**241**	302	268
Total equity		**17,840**	16,793	17,355

Condensed Consolidated Statement of Changes in Equity

for the six months to 30 September 2012

	Share Capital £'000	Share Premium £'000	Share Based Payment Reserve £'000	Foreign Exchange Translation Reserve £'000	Purchase/ Sale of Own Shares £'000	Retained Earnings £'000	Non-controlling Interest £'000	TOTAL
At 1 April 2011	**1,146**	**5,463**	**140**	**678**	**(621)**	**9,571**	**194**	**16,571**
Issue of new shares	3	27	–	–	–	–	–	30
Total comprehensive income for the period	–	–	–	(1,004)	–	2,034	(11)	1,019
Share based payments	–	–	15	–	–	–	–	15
Non-controlling interest	–	–	–	–	–	(143)	143	–
Treasury Shares	–	–	–	–	4	–	–	4
Dividends paid	–	–	–	–	–	(822)	(24)	(846)
At 30 September 2011	**1,149**	**5,490**	**155**	**(326)**	**(617)**	**10,640**	**302**	**16,793**
Issue of new shares	–	–	–	–	–	–	–	–
Total comprehensive income for the period	–	–	–	(389)	–	1,408	(127)	892
Non-controlling interest	–	–	–	–	–	(103)	103	–
Treasury Shares	–	1	–	–	5	–	–	6
Share based payments	–	–	40	–	–	–	–	40
Dividends paid	–	–	–	–	–	(366)	(10)	(376)
At 1 April 2012	**1,149**	**5,491**	**195**	**(715)**	**(612)**	**11,579**	**268**	**17,355**
Total comprehensive income for the period	–	–	–	(383)	–	1,816	(66)	1,367
Share based payments	–	–	15	–	–	–	–	15
Non-controlling interest	–	–	–	–	–	(108)	108	–
Treasury Shares	–	–	–	–	5	–	–	5
Dividends paid	–	–	–	–	–	(833)	(69)	(902)
At 30 September 2012	**1,149**	**5,491**	**210**	**(1,098)**	**(607)**	**12,454**	**241**	**17,840**

Condensed Consolidated Cash Flow Statement

for the six months to 30 September 2012

	Six months to 30 Sept 2012 (unaudited) £'000	Six months to 30 Sept 2011 (unaudited) £'000	Year to 31 March 2012 (audited) £'000
Cash flows from operating activities			
Operating profit	**2,396**	2,787	4,430
Adjustments for:			
Depreciation of property, plant & equipment	**21**	21	41
(Profit)/loss on sale of property, plant & equipment	**–**	(3)	(3)
Share based payments	**15**	15	55
(Increase)/decrease in inventories	**2,274**	(20)	(113)
(Increase)/decrease in trade and other receivables	**60**	346	256
Increase/(decrease) in trade and other payables	**(1,040)**	(493)	291
Cash generated from operations	**3,726**	2,653	4,957
Income taxes paid	**(319)**	(464)	(791)
Net cash flow from/(used in) operating activities of continuing operations	**3,407**	2,189	4,166
Net cash flow from operating activities	**3,407**	2,189	4,166
Cash flow from investing activities			
Purchase of investments	**(39)**	(163)	(192)
Proceeds from sale of property, plant & equipment	**–**	4	3
Purchase of property, plant and equipment	**(6)**	(19)	(33)
Dividends from associates	**17**	–	60
Dividends received	**28**	82	63
Interest received	**98**	42	131
Net cash flow from/(used in) investing activities	**98**	(54)	32
Cash flow from financing activities			
Proceeds from issue of shares	**–**	30	31
(Repayments)/Proceeds from shareholder loans in subsidiaries	**(32)**	(33)	(71)
Interest paid	**(400)**	(408)	(837)
Proceeds from finance lease/bank loans	**–**	3,194	3,197
Repayment of finance lease/bank loans	**(266)**	(259)	(511)
Sale of shares held in Treasury	**5**	4	9
Dividends paid	**(833)**	(822)	(1,188)
Dividends paid to non-controlling interest	**(69)**	(24)	(34)
Net cash flow from financing activities of continuing operations	**(1,595)**	1,682	596
Net increase/(used in) in cash and cash equivalents	**1,910**	3,817	4,794
Cash and cash equivalents at the beginning of period	**9,975**	5,441	5,441
Currency translation gains/(losses) on cash and cash equivalents	**(113)**	(292)	(260)
Cash and cash equivalents at the end of the period	**11,772**	8,966	9,975

Notes to the Condensed Consolidated Results

for the six months to 30 September 2012

1. Basis of Preparation

- These interim condensed consolidated financial statements for the six months ended 30 September 2012 have not been audited or reviewed and do not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006. They have been prepared in accordance with the Group's accounting policies as set out in the Group's latest annual financial statements for the year ended 31 March 2012 and are in compliance with IAS 34 "Interim Financial Reporting". These accounting policies are drawn up in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and as adopted by the European Union (EU).
- The comparative figures for the financial year ended 31 March 2012 are not the statutory accounts for the financial year but are abridged from those accounts prepared under IFRS which have been reported on by the Group's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified, did not include references to any matter to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.
- These interim financial statements were approved by a committee of the Board on 4 December 2012.

2. Segmental Analysis

Segment reporting six months to 30 September 2012

	Property fund management £'000	Group properties £'000	Group fund properties (FOP) £'000	Unallocated central overheads £'000	**TOTAL £'000**
External revenue					
– sale of inventory (property)	–	2,309	–	–	**2,309**
– existing operations	2,003	1,143	1,098	–	**4,244**
	2,003	3,452	1,098	–	**6,553**
Depreciation and amortisation	(17)	(4)	–	–	**(21)**
Operating profit					
– existing operations	1,455	646	769	(474)	**2,396**
– interest payable	–	(93)	(307)	–	**(400)**
– interest receivable	–	10	34	54	**98**
– dividend income	–	28	–	–	**28**
– share of results in associates	–	85	–	–	**85**
Profit before tax	1,455	676	496	(420)	**2,207**
Analysed as:					
Before performance fees and related items:	1,455	676	496	(420)	**2,207**
Performance fees	–	–	–	–	**–**
Realised foreign currency gain	–	–	–	–	**–**
Staff incentives	–	–	–	–	**–**
Profit before tax	1,455	676	496	(420)	**2,207**

Revenue from sale of inventories relates to the sale of Bacha, an office block in Warsaw, owned by the Group since November 2007.

Notes to the Condensed Consolidated Results

(continued)

for the six months to 30 September 2012

2. Segmental Analysis (continued)

Segment reporting six months to 30 September 2011

	Property fund management £'000	Group properties £'000	Group fund properties (FOP) £'000	Unallocated central overheads £'000	**TOTAL £'000**
External revenue					
– existing operations	2,112	1,169	1,306	–	**4,587**
	2,112	1,169	1,306	–	**4,587**
Depreciation and amortisation	(12)	(9)	–	–	**(21)**
Operating profit					
– existing operations	1,624	620	1,029	(486)	**2,787**
– interest payable	–	(91)	(317)	–	**(408)**
– interest receivable and dividend income	–	21	12	30	**63**
– share of results in associates	–	97	–	–	**97**
Profit before tax	1,624	647	724	(456)	**2,539**
Analysed as:					
Before performance fees and related items:	1,624	647	511	(456)	**2,326**
Performance fees	–	–	–	–	**–**
Realised foreign currency gain	–	–	213	–	**213**
Staff incentives	–	–	–	–	**–**
Profit before tax	1,624	647	724	(456)	**2,539**

2. Segmental Analysis (continued)

Segment reporting twelve months to 31 March 2012

	Property fund management £'000	Group properties £'000	Group fund properties (FOP) £'000	Unallocated central overheads £'000	TOTAL £'000
External revenue					
– existing operations	4,341	2,671	2,330	–	**9,342**
	4,341	2,671	2,330	–	**9,342**
Depreciation and amortisation	(28)	(13)	–	–	**(41)**
Operating profit					
– existing operations	3,072	1,247	1,829	(1,718)	**4,430**
– interest payable	–	(184)	(653)	–	**(837)**
– interest receivable and	–	11	45	75	**131**
– dividend income	–	63	–	–	**63**
– share of results in associates	–	182	–	–	**182**
Profit before tax	3,072	1,319	1,221	(1,643)	**3,969**
Analysed as:					
Before performance fees and related items:	3,232	1,344	1,028	(941)	**4,663**
Performance fees	–	–	–	–	**–**
Realised foreign currency gain	–	–	213	–	**213**
Staff incentives	(160)	(25)	(20)	(702)	**(907)**
Profit before tax	3,072	1,319	1,221	(1,643)	**3,969**
Assets – Group	608	12,853	25,855	4,618	**43,934**
Assets – associates	–	807	–	(308)	**499**
Liabilities	(352)	(7,050)	(18,868)	(808)	**(27,078)**
Net Assets	256	6,610	6,987	3,502	**17,355**

Revenue for the six months to 30 September 2012 from continuing operations consists of revenue arising in the United Kingdom 7% (2011: 9%) and Central and Eastern Europe 93% (2011: 91%) and all relates solely to the Group's principal activities.

The parent holding company costs and related listing costs are shown separately under unallocated central costs. Assets, liabilities and costs that relate to Group central activities (including all cash) have not been allocated to business segments.

3. Tax Expense

The tax charge is based on a combination of actual current and deferred tax charged at an effective rate that is expected to apply to the profits for the full year.

Notes to the Condensed Consolidated Results

(continued)

for the six months to 30 September 2012

4. Earnings Per Ordinary Share

The basic earnings per ordinary share is calculated on the profit on ordinary activities after taxation and after non-controlling interests on the weighted average number of ordinary shares in issue, during the period.

Figures in the table below have been used in the calculations.

	Six months ended 30 Sept 2012	Six months ended 30 Sept 2011	Year ended 31 March 2012
Basic	**1.54p**	1.70p	2.88p
Diluted	**1.46p**	1.61p	2.73p

	Number	Number	Number
Weighted average number of ordinary shares in issue	**111,098,740**	111,032,835	111,056,118
Share options	**6,500,000**	7,540,000	6,500,000
Total	**117,598,740**	118,572,835	117,556,118

	£'000	£'000	£'000
Basic earnings	**1,708**	1,891	3,196
Diluted earnings assuming full dilution at closing share price	**1,718**	1,908	3,212

5. Interest in Associates and other Financial Assets

	Six months ended 30 Sept 2012 £'000	Six months ended 30 Sept 2011 £'000	Year ended 31 March 2012 £'000
a) Associated undertakings			
Cost of investment at beginning of period	**499**	377	377
Share of accumulated post tax profit	**85**	97	182
Dividends received	**(18)**	(61)	(60)
Cost of investment at end of period	**566**	413	499
Investments in Associated undertakings			
5th Property Trading Ltd	**657**	528	594
Regional Property Trading Ltd	**217**	193	213
	874	721	807
Less: share of profit withheld after tax on sale of property to associate in 2007	**(308)**	(308)	(308)
Cost of investment at end of period	**566**	413	499
b) Other financial assets and investments			
Cost of investment at beginning of period	**903**	711	711
Additions	**39**	163	192
Impairment charge	**–**	–	–
Cost of investment at end of period	**942**	874	903

6. Trade and Other Receivables

	Six months ended 30 Sept 2012 £'000	Six months ended 30 Sept 2011 £'000	Year ended 31 March 2012 £'000
Current assets			
Trade receivables	**786**	772	852
Amounts due from undertakings in which the company has a participation interest	**–**	–	–
Other receivables	**92**	123	57
Prepayments and accrued income	**283**	227	347
	1,161	1,122	1,256
Non-current assets	**411**	420	432

7. Trade and Other Payables

	Six months ended 30 Sept 2012 £'000	Six months ended 30 Sept 2011 £'000	Year ended 31 March 2012 £'000
Trade payables	**310**	228	734
Other taxation and social security	**257**	287	288
Other payables and accruals	**463**	687	1,121
Deferred income	**17**	17	17
	1,047	1,219	2,160

Notes to the Condensed Consolidated Results

(continued)

for the six months to 30 September 2012

8. Financial Liabilities

	Six months ended 30 Sept 2012 £'000	Six months ended 30 Sept 2011 £'000	Year ended 31 March 2012 £'000
a) Current liabilities			
Finance lease	**451**	458	485
Foreign bank loans	**95**	103	123
	546	561	608
b) Non-current liabilities			
Loans repayable by subsidiary (FOP) to third party shareholders	**1,164**	1,234	1,196
Finance lease	**12,906**	14,422	13,719
Foreign bank loans	**9,180**	9,729	9,395
	23,250	25,385	24,310
c) Total obligations under financial liabilities			
Repayable within one year	**546**	561	608
Repayable within one and five years	**11,429**	11,974	11,576
Repayable after five years	**11,821**	13,411	12,734
	23,796	25,946	24,918

Bank loans and finance leases totalling £22,632,000 (2011: £24,712,000) included within financial liabilities are secured against investment properties owned by Fprop Opportunities plc (FOP) and properties owned by the Group shown under inventories.

Loans repayable by FOP to third party shareholders are repayable in August 2020.

There are two foreign bank loans. The first of these two is for a sum of £6,586,000 (2011: £6,809,000), is included under non-current financial liabilities and is secured against the Blue Tower office block owned by the Group. It is non-recourse and is denominated in U.S. Dollars. Capital repayments commence in November 2013 at a rate of US$17,675 per month until its maturity in November 2015. Interest payments are charged at an annualised rate of one month US Dollar Libor plus a margin of 2.15%.

The second bank loan is for a sum of £2,707,000 (2011: £3,023,000), is partly included under current liabilities and partly under non-current liabilities and is secured against the Krasnystaw shopping centre owned by FOP. It is non-recourse and is denominated in Euros. The loan was drawn down by FOP in June 2011. Capital repayments are made on a quarterly basis at a rate of approximately €30,000 per quarter until its maturity in 2014. Interest payments are fixed for 30% of the loan at an annualised rate of 2.4% plus a margin of 2.8% and for the remaining 70%, charged at an annualised rate of 3 month Euribor plus a margin of 2.8%.

8. Financial Liabilities (continued)

The finance lease outstanding is for £13,357,000 (2011: £14,880,000), is included partly under current liabilities and partly under non-current liabilities and is secured against the Lodz hypermarket owned by FOP. It is non-recourse and is denominated in Euros. Capital repayments are made on a monthly basis at a rate of approximately €45,000 per month until its maturity in 2017. The monthly interest rate payable is fixed at an annualised rate of 3.58% until October 2013 when it reverts to a floating rate based on an annualised rate of one month Euribor plus an all in margin of 2.68%. Interest rate caps are in place with effect from October 2013 until maturity.

The interim results are being circulated to all shareholders and can be downloaded from the company's web site (www.fprop.com). Further copies can be obtained from the registered office at 35 Old Queen Street, London SW1H, 9JA.

Notes

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