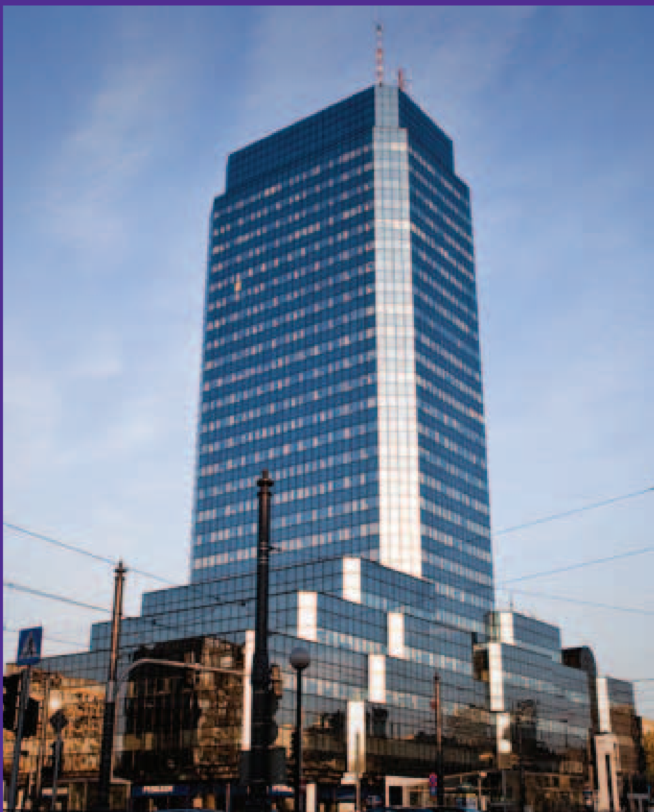
Fprop plc



Property Fund Management

First Property Group plc

INTERIM REPORT
30 SEPTEMBER

2011

Contents

"Front cover: Group property – Blue Tower, an office block located in Central Warsaw in which the Group owns a 28% interest".

Highlights

for the six months to 30 September 2011

Financial Highlights:

	Unaudited Six months to 30 September 2011	Unaudited Six months to 30 September 2010	Percentage change from 30 September 2010	Audited Year to 31 March 2011
Profit before tax (continuing operations)	**£2.54m**	£1.42m	+79%	£2.95m
Assets under management (AUM)	**£374m**	£315m	+19%	£366m
Net assets	**£16.79m**	£15.70m	+7%	£16.57m
Diluted earnings per share (continuing operations)	**1.61p**	0.98p	+64%	1.90p
Dividend per share	**0.33p**	0.32p	+3%	1.06p

Profit before tax by segment:				
Profit before tax from property fund management (“FPAM”)	**£1.62m**	£1.47m	+10%	£2.74m
Profit before tax from total Group Properties (including “FOP”- Fprop Opportunities plc)	**£1.37m**	£0.38m	+261%	£1.24m

Highlights *continued*

for the six months to 30 September 2011

Operational Highlights:

- The value of assets under management increased by 19% to £374 million (2010: £315 million).
- The UK fund established in February 2010, UK PPP LP, is now close to being fully invested, having made property purchases of £91.6 million, representing 87% of its £106 million of committed capital. The fund is earning an annualised un-geared rate of return on equity of 6.4%.
- Fprop Opportunities plc, the Polish focused fund established in October 2010, has acquired €26.4 million (£22.7 million) of property and earned an annualised rate of return on equity of 13.4% during the period. Progress is being made in raising new capital for this fund.
- Fund raising has begun for a new UK fund, designed to mimic UK PPP LP and to deliver an un-geared and defensive annual dividend return of over 6%.

Commenting on the results, Ben Habib, Chief Executive of First Property, said:
"The steps we took last year in establishing two new funds, one focused on the UK, the other on Poland, together with restructuring the cost base of the Blue Tower office block in Warsaw, which we own directly, have resulted in an excellent first half for the Group.

"The unfolding sovereign debt crisis in Europe naturally causes us concern but the Polish economy, where 71% of our assets under management are located, has continued to perform well, as have our properties there. Poland remains a bright spot on the European landscape but we are closely monitoring the crisis in Europe and any consequences it may have for the Group.

"First Property Group has remained profitable throughout the credit crunch. This fact and, in particular these excellent interim results, exemplify the strength of our business model and staff. Notwithstanding the storms blowing through Europe at the moment I expect our good performance to continue."

Chief Executive's Statement

Financial Results
I am pleased to report interim results for the six months to 30 September 2011.

Revenue during the period amounted to £4,587,000 (2010: £2,960,000), yielding a 79% increase in profit on ordinary activities before taxation of £2,539,000 (2010: £1,419,000).

Diluted earnings per ordinary share increased by 64% to 1.61 pence (2010: 0.98 pence).

The Group ended the period with net assets of £16.79 million (2010: £15.70 million) including a cash balance of £8.96m (2010: £10.18m).

Dividend
The Board has recommended an increased interim dividend of 0.33 pence per share (2010: 0.32 pence per share) which will be paid on 29 December 2011 to shareholders on the register at 9 December 2011.

Review of operations

Property fund management (First Property Asset Management Limited or FPAM)

At 30 September 2011 assets under management stood at £374 million (2010: £315 million). Of these, 71% were located in Poland (2010: 77%), 26% were located in the UK (2010: 19%) and 3% in Romania (2010: 4%). There were five purchases with a total value of some £16.5 million during the period and no property sales.

Revenue earned by this division amounted to £2,112,000 (2010: £1,930,000), generating a profit before tax of £1,624,000 (2010: £1,474,000) prior to the deduction of unallocated central overhead costs. This represents 54% (2010: 78%) of the Group's profit before tax prior to the deduction of unallocated central overhead costs. Our fund management fee income is currently running at circa £4.35 million per annum on an annualised basis.

The continued growth in assets under management in the UK is principally attributable to the on-going investment of our most recent UK fund, UK PPP LP. At 30 September 2011, UK PPP LP had completed the purchase of £91.6 million worth of properties at an average net initial yield of 7.3% and with a weighted average unexpired lease term in excess of 12 years. The fund, which is not geared, is currently making distributions at a rate of some 6.4% per annum. The fund has a capacity of £106 million and we expect it to be fully invested in the near future.

In anticipation of UK PPP LP becoming fully invested we have begun to solicit investors for a new UK fund designed to mimic UK PPP LP in its investment strategy. The new fund will target well located properties, let at low rents to creditworthy tenants on long leases. It will target a minimum annualised dividend yield of 6%. We expect interest rates to remain low for some years and we believe that this relatively high dividend yield should prove to be attractive to investors, particularly pension funds.

We have not raised any additional third party investments into Fprop Opportunities plc (FOP) this year. We have had encouraging discussions with several institutional investors during the period and are hopeful that these discussions will be positively concluded. In order to expedite our fund raising efforts we are also considering issuing an unsecured bond to retail investors. Such bonds offer a potentially cost effective way to raise

Chief Executive's Statement *continued*

funds. We plan to carry out a feasibility study before launching such a bond. In the meantime FOP generated an annualised rate of return on equity during the six month period of 13.4%.

Our other funds under management have all continued to perform well generating an annualised rate of return on equity in excess of 20% per annum.

Group Properties

Group Properties comprises two properties owned directly by the Group (both located in Warsaw) and shareholdings in four of the six funds managed by FPAM.

Revenue from these investments has grown considerably to £2,475,000 (2010: £1,002,000), resulting in an increase of profit before tax of £1,371,000 for the period (2010: £383,000) prior to the deduction of unallocated central overhead costs. This represents 46% (2010: 20%) of Group profit before tax prior to the deduction of unallocated central overhead costs. The bulk of this growth in earnings was attributable to our investment in FOP, in which the Group is, for the time being at least, the majority shareholder and is thus required to consolidate FOP's results. FOP earned income of £1,306,000 (2010: nil) which generated a profit before tax of £724,000 during the period (2010: nil), of which £609,000 was attributable to the Group.

The two properties owned by the Group continue to trade well. The Blue Tower office block located in central Warsaw, and the smaller office block in the Mokotow district of Warsaw, contributed £397,000 (2010: £143,000) and £132,000 (2010: £122,000) respectively to the Group's profit before tax prior to the deduction of unallocated central overhead costs. These profits equate to annualised rates of return on equity of 46.1% and 12.5% respectively. The latter of the two properties is not geared.

Commercial property markets outlook

Poland

Poland's GDP continues to grow at one of the fastest rates in Europe, by some 4.3% on an annualised basis in the first six months of 2011. Looking ahead, its economy is forecast to continue to grow, but at a slower rate, as the effects of fiscal tightening and a slowdown in the Global economy begin to bite.

Poland's commercial investment property market had a very good first nine months of the year with some €1.8 billion of property changing hands. Occupancy levels remain high and indeed rents have risen in certain areas. We expect the market to slow in the fourth quarter as the effects of the sovereign debt crisis in Europe instil a higher degree of caution amongst investors.

Our most immediate concern is a withdrawal of capital from Poland and a weakening of the PLN. Tenants in our Polish portfolio of properties typically pay their rents in Euros. A weakening of the PLN effectively equates to an increase in rents. The PLN is now some 10% weaker against the Euro (at circa PLN 4.4/ Eur) compared to the level it was trading at prior to the eruption of troubles in Europe over the summer (at circa PLN 4.0/ Eur). We do not see the current exchange rate level as threatening to the properties owned or managed by the Group in view of the fact that these properties were not stressed by the weakening of the PLN in 2009, after the collapse of Lehman Brothers, when the PLN dropped to a low of close to PLN 5/ Eur.

Our other concern is a weakening of the Euro and a consequent reduction in the Sterling value of the investments we own and manage. It seems certain to us that the European Central Bank (ECB) is going to have to significantly loosen monetary policy. This would be likely to result in the Euro weakening. However, the UK itself is vulnerable to the financial consequences of the European crisis and is involved in its own programme of quantitative easing. So the Euro may not weaken as much as one might otherwise expect. In addition, if European leaders eventually take decisive action along with the ejection of some of the weaker members of the Euro-zone, this may result in the Euro strengthening. Predicting foreign exchange movements with any degree of certainty is difficult.

Our investment strategy is income orientated. We expect income levels in Poland to be sustained and rents to rise over time. The European situation does not undermine the case for investing in Poland but we are obviously treading very carefully, as we always have done.

United Kingdom

The UK economy remains weak and vulnerable. We expect this to continue for a number of years. In addition, even though the UK is not a member of the Euro-zone, the financial effects of the European sovereign debt crisis are being felt in the UK, as would any fallout from a collapse in the Euro or its restructuring.

The commercial investment property market, as a whole, is holding broadly steady at the moment. Values of prime properties, particularly in central London, have recovered sharply since 2009. It is our view that certain parts of the prime market are now in bubble territory. On the other hand, secondary properties have not recovered to the same extent. The gap between the yields available on prime properties versus those available from secondary properties is as wide as ever. This creates opportunities for buyers, such as us, who are prepared to step away from prime markets.

Banks are now taking more action to force the sale of properties which are in breach of loan terms, including income producing properties. It is difficult to assess if the supply of these properties into the market might suppress values. There is no evidence of this at this stage, though the tone of the market is certainly weaker than it was a year ago.

Current trading and prospects

The steps we took last year in establishing and co-investing in two new funds, together with restructuring the cost base of the Blue Tower office block in Warsaw which we own directly, have resulted in an excellent first half for the Group.

The unfolding sovereign debt crisis in Europe naturally causes us concern but the Polish economy, where 71% of our properties under management are based, has continued to perform well, as have our properties there. Poland remains a bright spot on the European landscape but we are closely monitoring the crisis in Europe and any consequences it may have for the Group.

First Property Group has remained profitable throughout the credit crunch. This fact and, in particular, these

Chief Executive's Statement *continued*

excellent interim results, exemplify the strength of our business model and staff. Notwithstanding the storms blowing through Europe at the moment, I expect our good performance to continue.

Ben Habib
Chief Executive

29 November 2011

Condensed Consolidated Income Statement

for the six months to 30 September 2011

Continuing operations	Notes	Six months to 30 Sept 2011 (unaudited) Total results £'000	Six months to 30 Sept 2010 (unaudited) Total results £'000	Year to 31 March 2011 (audited) Total results £'000
Revenue	2	**4,587**	2,960	7,110
Cost of sales		**(529)**	(354)	(1,050)
Gross profit		**4,058**	2,606	6,060
Operating expenses		**(1,271)**	(1,195)	(2,852)
Operating profit	2	**2,787**	1,411	3,208
Share of results in associates		**97**	114	221
Dividend income		**21**	7	14
Interest income		**42**	50	109
Interest expense		**(408)**	(163)	(602)
Profit on ordinary activities before tax		**2,539**	1,419	2,950
Tax expense	4	**(505)**	(234)	(621)
Profit from continuing operations		**2,034**	1,185	2,329
Discontinued operations				
Profit/(loss) for period from discontinued operations	3	**–**	(69)	(82)
Continuing and discontinued operations				
Profit for the period		**2,034**	1,116	2,247
Attributable to:				
Owners of the parent		**1,891**	1,145	2,178
Non-controlling interest		**143**	(29)	69
		2,034	1,116	2,247
Profit for the period from continuing operations attributable to:				
Owners of the business		**1,891**	1,187	2,221
Non-controlling interest		**143**	(2)	108
		2,034	1,185	2,329
Loss for the period from discontinued operations attributable to:				
Owners of the business		**–**	(41)	(43)
Non-controlling interest		**–**	(28)	(39)
		–	(69)	(82)
Earnings per Ordinary 1p share				
– basic continuing operations	5	**1.70p**	1.08p	2.02p
– basic discontinued operations		**–**	(0.04)p	(0.04)p
	5	**1.70p**	1.04p	1.98p
– diluted continuing operations	5	**1.61p**	1.02p	1.90p
– diluted discontinued operations		**–**	(0.04)p	(0.04)p
	5	**1.61p**	0.98p	1.86p

Condensed Consolidated Statement of Comprehensive Income

for the six months to 30 September 2011

	2011	2010	2011
	Six months to 30 Sept 2011 (unaudited) £'000	Six months to 30 Sept 2010 (unaudited) £'000	Year to 31 March 2011 (audited) £'000
Profit for the period	**2,034**	1,116	2,247
Other comprehensive income			
Exchange differences on retranslation of foreign subsidiaries	**(1,015)**	(273)	(171)
Taxation	**–**	–	–
Total comprehensive income for the year	**1,019**	843	2,076
Total comprehensive income for the year :			
Owners of the parent	**887**	872	2,012
Non-controlling interest	**132**	(29)	64
	1,019	843	2,076

Condensed Consolidated Balance Sheet

as at 30 September 2011

	Notes	As at 30 Sept 2011 (unaudited) £'000	As at 30 Sept 2010 (unaudited) £'000	As at 31 March 2011 (audited) £'000
Non-current assets				
Goodwill		**114**	138	114
Investment properties		**21,428**	–	22,061
Property, plant and equipment		**73**	94	79
Interest in associates	6a	**413**	363	377
Other receivables	7	**420**	–	473
Other financial assets	6b	**874**	423	711
Deferred tax assets		**622**	237	199
Total non-current assets		**23,944**	1,255	24,014
Current assets				
Inventories – land and buildings		**10,687**	10,848	10,896
Current tax assets		**–**	–	95
Trade and other receivables	7	**1,122**	2,107	1,660
Cash and cash equivalents		**8,966**	10,180	5,441
Total current assets		**20,775**	23,135	18,092
Current liabilities :				
Trade and other payables	8	**(1,219)**	(1,809)	(1,859)
Financial liabilities	9a	**(561)**	(19)	(500)
Current tax liabilities		**(126)**	(25)	(39)
Total current liabilities		**(1,906)**	(1,853)	(2,398)
Net current assets		**18,869**	21,282	15,694
Total assets less current liabilities		**42,813**	22,537	39,708
Non-current liabilities:				
Financial Liabilities	9b	**(25,385)**	(6,760)	(22,946)
Deferred tax liabilities		**(635)**	(72)	(191)
Net assets		**16,793**	15,705	16,571
Equity				
Called up share capital		**1,149**	1,136	1,146
Share premium		**5,490**	5,423	5,463
Foreign Exchange Translation Reserve		**(326)**	577	678
Share-based payment reserve		**155**	120	140
Retained earnings		**10,023**	8,264	8,950
Issued capital and reserves attributable to the owners of the parent		**16,491**	15,520	16,377
Non-controlling interest		**302**	185	194
Total equity		**16,793**	15,705	16,571

Condensed Consolidated Statement of Changes in Equity

for the six months to 30 September 2011

	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 2010	**1,136**	**5,423**	**105**	**844**	**(625)**	**8,520**	**251**	**15,654**
Total comprehensive income for the period	–	–	–	(267)	–	1,145	(35)	843
Share based payments	–	–	15	–	–	–	–	15
Dividends paid	–	–	–	–	–	(776)	(31)	(807)
At 30 Sept 2010	**1,136**	**5,423**	**120**	**577**	**(625)**	**8,889**	**185**	**15,705**
Issue of new shares	10	39	–	–	–	–	–	49
Sale of discontinued business	–	–	–	–	–	–	(103)	(103)
Total comprehensive income for the period	–	–	–	101	–	1,102	30	1,233
Non-controlling interest in FOP share capital	–	–	–	–	–	–	13	13
Treasury Shares	–	1	–	–	4	–	–	5
Non-controlling interest on acquisition	–	–	–	–	–	(69)	69	–
Share based payments	–	–	20	–	–	–	–	20
Dividends paid	–	–	–	–	–	(351)	–	(351)
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)	–	1,891	132	1,019
Share based payments	–	–	15	–	–	–	–	15
Sale/purchase of Treasury Shares	–	–	–	–	4	–	–	4
Dividends paid	–	–	–	–	–	(822)	(24)	(846)
At 30 Sept 2011	**1,149**	**5,490**	**155**	**(326)**	**(617)**	**10,640**	**302**	**16,793**

Condensed Consolidated Cash Flow Statement

for the six months to 30 September 2011

	Six months to 30 Sept 2011 (unaudited) £'000	Six months to 30 Sept 2010 (unaudited) £'000	Year to 31 March 2011 (audited) £'000
Cash flows from operating activities			
Operating profit	**2,787**	1,411	3,208
Adjustments for:			
Depreciation of property, plant & equipment	**21**	12	28
Profit on sale of property, plant & equipment	**(3)**	–	(27)
Profit on sale of investments	**–**	(9)	–
Share based payments	**15**	15	35
Released profit from sale of associate	**–**	–	(26)
Increase in inventories	**(20)**	(46)	(171)
Decrease in trade and other receivables	**346**	607	483
(Decrease)/increase in trade and other payables	**(493)**	(255)	671
Other non cash adjustments	**–**	(23)	–
Cash generated from operations	**2,653**	1,712	4,201
Income taxes paid	**(464)**	(174)	(582)
Net cash flow from operating activities of continuing operations	**2,189**	1,538	3,619
Net cash flow used in operating activities by discontinued activities	**–**	(282)	(465)
Net cash flow from operating activities	**2,189**	1,256	3,154
Cash flow from investing activities			
Proceeds from disposal of discontinued activity	**–**	–	20
Cash and cash equivalents disposed on sale of discontinued activity	**–**	–	(110)
Purchase of investments	**(163)**	(324)	(612)
Proceeds on sale of associates and investments	**–**	87	131
Purchase of investment properties	**–**	–	(21,955)
Proceeds from sale of property, plant & equipment	**4**	–	–
Purchase of property, plant and equipment	**(19)**	(8)	(75)
Dividends received	**82**	46	117
Interest received	**42**	50	109
Net cash flow from investing activities from continuing operations	**(54)**	(149)	(22,375)
Net cash flow from investing activities from discontinued operations	**–**	(8)	–
Net cash flow used in investing activities	**(54)**	(157)	(22,375)
Cash flow from financing activities			
Proceeds from issue of shares	**30**	–	49
(Repayments)/proceeds from shareholder loans in subsidiaries	**(33)**	–	1,267
Interest paid	**(408)**	(163)	(602)
Proceeds from finance lease/bank loans	**3,194**	–	15,394
Repayment of finance lease/bank loans	**(259)**	–	(187)
Sale of shares held in Treasury	**4**	–	4
Dividends paid	**(822)**	(776)	(1,127)
Dividends paid to minority interest	**(24)**	(31)	(31)
Net cash flow from financing activities of continuing operations	**1,682**	(970)	14,767
Net cash flow from financing activities of discontinued activities	**–**	(19)	(33)
Net cash flow from/(used in) financing activities	**1,682**	(989)	14,734
Net increase/(decrease) in cash and cash equivalents	**3,817**	110	(4,487)
Cash and cash equivalents at the beginning of period	**5,441**	10,126	10,126
Currency translation losses on cash and cash equivalents	**(292)**	(56)	(198)
Cash and cash equivalents at the end of the period	**8,966**	10,180	5,441

Notes to the Condensed Consolidated Results

for the six months ended 30 September 2011

1. Basis of Preparation

- These interim condensed consolidated financial statements for the six months ended 30 September 2011 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 2011 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 following IFRS's which are effective for the first time have been applied in these financial statements. Where adoption is material their effect is detailed below:
    - IFRIC 19: Extinguishing financial liabilities with equity instruments, had no effect on these financial statements;
    - Improvements to IFRS 2010: Amendments were made to IFRS 1, 3 and 7; IAS 1, 27 and 34, and IFRIC 13 none of which had any effect on these financial statements;
    - IAS 24 (Revised) Related party disclosures had no effect on these financial statements; and
    - Amendment to IFRIC 14: Prepayments of a minimum funding requirement, had no effect on these financial statements.
- The comparative figures for the financial year ended 31 March 2011 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 the Board of Directors on 28 November 2011.

2. Segmental Analysis

Segment reporting six months to 30 September 2011

	Property fund management £'000	Group properties £'000	Group fund properties ("FOP") £'000	Property facilities management ("FPS") £'000	Other fees & income £'000	Unallocated central overheads £'000	TOTAL £'000
External revenue							
– existing operations	2,112	1,169	1,306	–	–	–	**4,587**
– business acquisitions	–	–	–	–	–	–	**–**
	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	–	–	–	–	–	–	**–**
Staff bonus	–	–	–	–	–	–	**–**
Realised foreign currency gain	–	–	213	–	–	–	**213**
Profit before tax	1,624	647	724	–	–	(456)	**2,539**

Notes to the Condensed Consolidated Results *continued*

for the six months ended 30 September 2011

Segment reporting six months to 30 September 2010

	Property fund management £'000	Group properties £'000	Group fund properties ("FOP") £'000	Property facilities management ("FPS") £'000	Other fees & income £'000	Unallocated central overheads £'000	TOTAL £'000
External revenue							
– existing operations	1,930	1,002	–	1,136	28	–	**4,096**
– less discontinued operations	–	–	–	(1,136)	–	–	**(1,136)**
	1,930	1,002	–	–	28	**–**	**2,960**
Depreciation and amortisation	(10)	(1)	–	(19)	–	–	**(30)**
Operating profit							
– existing operations	1,474	424	–	–	27	(514)	**1,411**
– discontinued operations	–	–	–	(93)	–	–	**(93)**
– interest payable	–	(163)	–	(3)	–	–	**(166)**
– interest receivable and dividend income	–	8	–	–	–	49	**57**
– share of results in associates	–	114	–	–	–	–	**114**
– less discontinued operations	–	–	–	96	–	–	**96**
Profit before tax	**1,474**	**383**	**–**	**–**	**27**	**(465)**	**1,419**
Analysed as:							
Before performance fees and related items:	1,474	383	–	–	27	(465)	**1,419**
Performance fees	–	–	–	–	–	–	**–**
Staff bonus	–	–	–	–	–	–	**–**
Profit before tax	**1,474**	**383**	**–**	**–**	**27**	**(465)**	**1,419**

Reconciliation of segmental profit before tax as previously reported for 2010:

	Property fund management £'000	Group properties £'000	Group fund properties ("FOP") £'000	Property facilities management ("FPS") £'000	Other fees & income £'000	Unallocated central overheads £'000	TOTAL £'000
Operating profit as previously reported	1,474	538	–	(93)	27	(514)	**1,432**
– interest payable	–	(163)	–	(3)	–	–	**(166)**
– interest receivable	–	8	–	–	–	49	**57**
Less: discontinued operations	–	–	–	96	–	–	**96**
Profit before tax	**1,474**	**383**	**–**	**–**	**27**	**(465)**	**1,419**

Segment reporting twelve months to 31 March 2011

	Property fund management £'000	Group properties £'000	Group fund properties ("FOP") £'000	Property facilities management ("FPS") £'000	Other fees & income £'000	Unallocated central overheads £'000	TOTAL £'000
External revenue							
– existing operations	3,970	2,233	907	2,305	–	–	**9,415**
– less discontinued operations	–	–	–	(2,305)	–	–	**(2,305)**
	3,970	2,233	907	–	–	–	**7,110**
Depreciation and amortisation	(18)	(10)	–	(32)	–	–	**(60)**
Operating profit							
– **existing operations**	2,735	1,022	581	–	–	(1,130)	**3,208**
– discontinued operations				(114)			**(114)**
– Interest payable	–	(277)	(325)	(7)	–	–	**(609)**
– Interest receivable and dividend income	–	14	–	1	–	109	**124**
– share of results in associates	–	221	–	–	–	–	**221**
Less: discontinued operations	–	–	–	120	–	–	**120**
Profit before tax	2,735	980	256	–	–	(1,021)	**2,950**
Analysed as:							
Before performance fees and related items:	2,826	995	268	–	–	(653)	**3,436**
Performance fees	–	–	–	–	–	–	**–**
Staff bonus	(91)	(15)	(12)	–	–	(368)	**(486)**
Profit before tax	2,735	980	256	–	–	(1,021)	**2,950**
Assets – Group	1,151	12,159	22,824	–	–	5,595	**41,729**
Assets – associates	–	685	–	–	–	(308)	**377**
Liabilities	(563)	(7,538)	(17,167)	–	–	(267)	**(25,535)**
Net assets	588	5,306	5,657	–	–	5,020	**16,571**

Revenue for the six months to 30 September 2011 from continuing operations consists of revenue arising in the United Kingdom 9% (2010: 6%) and Central and Eastern Europe 91% (2010: 94%) and all relates solely to the Group's principal activities.

Head office costs and overheads that are common to all segments 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.

Notes to the Condensed Consolidated Results *continued*

for the six months ended 30 September 2011

3. Discontinued Operations

The Group sold its 60% interest in First Property Services Ltd ("FPS"), for £170,000 on 17 March 2011 resulting in a profit on sale of £16,000. The carried value of the Group's shareholding in FPS at the date of the sale was £154,000 (March 2010: £213,000). The consideration of £170,000 was partly settled by a cash payment of £20,000 on the date of sale, with the remaining £150,000 payable in cash within twenty four months.

Year ended 31 March 2011

The pre-tax loss during the year up to the date of the disposal in March 2011 of discontinued operations amounted to £136,000 and for the first six months to 30 September 2010 the pre-tax loss was £96,000.

Financial performance of discontinued operations

	2011 Six months to 30 September £'000	2010 Six months to 30 September £'000	2011 Year to 31 March £'000
Trading performance of discontinued operations			
External revenue	–	1,136	2,305
Operating costs	–	(1,229)	(2,435)
Operating profit	–	(93)	(130)
Interest income	–	–	1
Interest expense	–	(3)	(7)
Loss before tax	–	(96)	(136)
Tax credit	–	27	38
Loss after tax	–	(69)	(98)
Non-controlling interest	–	28	39
Loss attributable to owners of the parent	–	(41)	(59)

Loss for the year from discontinued operations			
Loss after tax	–	(69)	(98)
Profit on disposal of discontinued operations	–	–	16
Tax on profit on disposal of discontinued operations	–	–	–
	–	(69)	(82)

Net assets disposed and disposal proceeds of discontinued operations

	2011 Six months to 30 September £'000	2010 Six months to 30 September £'000	2011 Year to 31 March £'000
Cash and cash equivalents disposed on sale of subsidiary	–	–	(110)
Profit on disposal before tax	–	–	16
Cash consideration received, net of costs	–	–	20
Consideration deferred to future periods	–	–	150
Total consideration	–	–	170
Net assets of discontinued operations disposed of	–	–	(154)
Profit on disposal before tax	–	–	16
Net cash outflow from disposals	–	–	(90)

Summary of net assets disposed of

	2011 £'000	2010 £'000	2011 £'000
Non-current assets	–	–	63
Debtors	–	–	955
Cash	–	–	110
Current liabilities	–	–	(854)
Non-current liabilities	–	–	(17)
Non-controlling interest	–	–	(103)
	–	–	154

4. Tax Expense

The tax charge is based on a combination of actual current tax charged and 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 ended 30 September 2011

5. Earnings Per Ordinary 1p 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 2011	Six months ended 30 Sept 2010	Year ended 31 March 2011
Basic	**1.70p**	1.04p	1.98p
Diluted	**1.61p**	0.98p	1.86p
	Number	**Number**	**Number**
Weighted average number of ordinary shares in issue	**111,032,835**	109,770,727	109,890,897
Share options	**7,540,000**	7,650,000	7,790,000
Total	**118,572,835**	117,420,727	117,680,897
	£'000	**£'000**	**£'000**
Basic earnings	**1,891**	1,145	2,178
Diluted earnings assuming full dilution at closing share price	**1,908**	1,153	2,195

6. Interest in Associates and Other Financial Assets

	Six months ended 30 Sept 2011 £'000	Six months ended 30 Sept 2010 £'000	Year ended 31 March 2011 £'000
a) Associated undertakings			
Cost of investment at beginning of period	**377**	337	337
Share of accumulated post tax profit	**97**	114	221
Dividends received	**(61)**	(39)	(103)
Disposals	**–**	(72)	(104)
Release of share of profit in associate withheld	**–**	23	26
Cost of investment at end of period	**413**	363	377
Investments in associated undertakings			
5th Property Trading Ltd	**528**	459	495
Regional Property Trading Ltd	**193**	215	190
	721	674	685
Less: share of profit withheld after tax on sale of property to associate in 2007	**(308)**	(311)	(308)
Cost of investment at end of period	**413**	363	377
b) Other financial assets and investments			
Cost of investment at beginning of period	**711**	99	99
Additions	**163**	324	612
Cost of investment at end of period	**874**	423	711

Notes to the Condensed Consolidated Results *continued*

for the six months ended 30 September 2011

7. Trade and Other Receivables

	Six months ended 30 Sept 2011 £'000	Six months ended 30 Sept 2010 £'000	Year ended 31 March 2011 £'000
Current assets			
Trade receivables	**772**	1,068	1,059
Other receivables	**123**	228	312
Prepayments and accrued income	**227**	811	289
	1,122	2,107	1,660
Non-current assets	**420**	–	473

8. Trade and Other Payables

	Six months ended 30 Sept 2011 £'000	Six months ended 30 Sept 2010 £'000	Year ended 31 March 2011 £'000
Trade payables	**(228)**	(622)	(831)
Other taxation and social security	**(287)**	(262)	(313)
Other payables and accruals	**(687)**	(875)	(698)
Deferred income	**(17)**	(50)	(17)
	(1,219)	(1,809)	(1,859)

9. Financial Liabilities

	Six months ended 30 Sept 2011 £'000	Six months ended 30 Sept 2010 £'000	Year ended 31 March 2011 £'000
a) Current liabilities			
Finance lease	**(458)**	(19)	(499)
Foreign bank loans	**(103)**	–	(1)
	(561)	(19)	(500)
b) Non-current liabilities			
Loans repayable by subsidiary (FOP) to third party shareholders	**(1,234)**	–	(1,267)
Finance lease	**(14,422)**	(26)	(15,063)
Foreign bank loans	**(9,729)**	(6,734)	(6,616)
	(25,385)	(6,760)	(22,946)

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

Bank loans and finance leases totalling £24,712,000 (2010: £6,779,000) included within financial liabilities are secured against investment properties owned by Fprop Opportunities plc ("FOP") and properties owned by the Group shown under inventories.

There are two foreign bank loans. The first of these two is for a sum of £6,809,000 (2010: £6,734,000), 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 US$. Capital repayments commence in November 2013 at a rate of US$17,675 per month until its maturity in November 2015. Interest payments are charged at an annualised rate of one month US$ Libor plus a margin of 2.15%.

The second bank loan is for a sum of £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 Eur 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 three month Euribor plus a margin of 2.8%.

The finance lease outstanding is for £14,880,000 (2010: £nil), 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 Eur 45,000

Notes to the Condensed Consolidated Results *continued*

for the six months ended 30 September 2011

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 three 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.

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