

FIRST PROPERTY GROUP PLC

UNAUDITED CONSOLIDATED INTERIM RESULTS for the six months to 30 September 2003

CHIEF EXECUTIVE'S STATEMENT

Results and dividend

I am pleased to report that turnover during the six month period to 30 September 2003 was £1,597,000 (2002: £386,000), providing a profit on ordinary activities before taxation and goodwill amortisation of £175,000 (2002: loss of £116,000). Gross profit during the period was £652,000 (2002: £341,000).

Net assets amounted to £2,371,000 at 30 September 2003, as opposed to £1,929,000 on a comparable basis, excluding goodwill, at 30 September 2002.

The Group commenced paying a final dividend last year. In light of our continuing profitability, the Directors have resolved to maintain this policy with the payment of a final dividend. This will be determined later in the year.

Review of operations

Commercial Property Database

CPD continues to trade satisfactorily in a difficult environment. This division earned revenue of £168,000 (2002: £205,000).

Earlier this month we recruited a new head of sales and marketing, David Thomas, who joined us from Estates Gazette. In the short time he has been with us he has initiated a number of promising projects.

A key aspect of the success of a business such as CPD is the quality of the data on the database. Most operators of such businesses have found it difficult to maintain high levels of data quality, in part due to the relatively high cost of doing so. We are therefore looking to expand our data entry capability by recruiting a number of employees in this activity in Pakistan. The quality of personnel in Pakistan can be very high whilst the costs of employment are substantially less than in the UK. We anticipate that, by expanding our data entry team in this way, enabled by sophisticated software, we aim to develop the best commercial property database in the UK and therefore give CPD a large competitive advantage.

We expect the division to contribute a healthy result for the year to 31 March 2004.

First Property Asset Management

Our fund management business, FPAM, which commenced trading in October last year, is rapidly gaining momentum. Revenue earned by FPAM during the period to 30 September 2003 was £67,000 (2002: nil). We expect this to rise significantly as assets under management increase.

FPAM now has two fully invested funds with an aggregate of £7 million under management.

The weighted average annualised pre-tax rates of return on equity currently being earned purely from rental income on the properties held in our first two funds is c17.2% per annum. I am pleased to say that this weighted average rate of return increases to c26.4% per annum when capital gains made thus far are also included. We are confident of earning further capital gains.

We have also raised our third fund, Third Property Trading Ltd, which is nearly twice the size of either of our first two funds. We have begun to invest this fund and would anticipate it being fully invested within the next few months.

We already have indications of interest for our fourth fund, which we will close once our third fund is fully invested.

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Property transaction underwriting

Our underwriting activities have continued to create profitable opportunities for the Group. Turnover from this activity amounted to £1,352,000 (2002: £177,000) producing a gross profit of £368,000 (2002: £137,000).

In the absence of any material adverse change in the UK economy, we expect this division to make a further improved contribution to profits for the remainder of the year.

Other products and services

Our bespoke loan arrangement and online marketing of commercial property services continue to assist the Group in the provision of its other services although revenue from these activities remains small. Turnover from both activities during the period was £10,000 (2002: £4,000). However, it is becoming increasingly clear that the use of the Internet by the property industry is rapidly growing and I am confident that these services will contribute to our profitability over time.

I remain optimistic about the online marketing of commercial property, which has scored some notable successful sales recently. In the last three months we have sold £2.6 million of property online, without the assistance of any conventional marketing. A further £1.9 million of property is under offer and £5.3 million of property is currently being marketed online. We also have mandates to sell £4.9 million of property, which we will bring to market shortly. We will benefit from fees on the successful sale of all these properties.

Current trading and prospects

We are pleased that our growth in revenue has been matched by a continued tight control of costs, with costs lower than in the same period last year. The cost base of the Company should not grow significantly as our various divisions and products grow. The principal challenge that lies ahead for us is to increase revenue and fully exploit this operational gearing.

Our emphasis will be on growing the asset management and CPD businesses and bolster this income by profits made from our underwriting activities. We will also consider strategic acquisitions where such opportunities present themselves.

We continue to be pleased by the rate at which revenue generation is increasing and, subject to market conditions, we would expect this growth to continue during the year to 31 March 2004 and beyond.

Ben Habib
Chief Executive

30 October 2003

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CONSOLIDATED PROFIT & LOSS ACCOUNT
for the six months to 30 September 2003

		Six months to 30 September 2003 (unaudited)		
	Notes	Total Results	Goodwill Amortisation	Total Results
		£'000	£'000	£'000
Turnover				
- continuing operations		1,597	-	1,597
Total turnover	2	1,597	-	1,597
Cost of sales				
- continuing operations		(945)	-	(945)
Gross profit		652	-	652
Net operating expenses		(428)	-	(428)
Operating profit/(loss)				
- continuing operations		224	-	224
Total operating profit/(loss)		224	-	224
Net interest (payable)/receivable		(49)	-	(49)
Profit/(loss) on ordinary activities before taxation		175	-	175
Taxation on profit on ordinary activities		(10)	-	(10)
Profit/(loss) on ordinary activities before minority interest		165	-	165
Equity minority interest		(15)	-	(15)
Profit/(loss) for the period		150	-	150
Dividend on ordinary shares		-	-	-
Profit/(loss) transferred to/(from) reserves		150	-	150
Earnings/(loss) per Ordinary 1p share - basic before goodwill amortisation	3	0.16p	-	-
Earnings/(loss) per Ordinary 1p share - basic after goodwill amortisation	3	-	-	0.16p

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Six months to 30 September 2002 (unaudited)			Year to 31 March 2003 (audited)		
Results before Goodwill Amortisation £'000	Goodwill Amortisation £'000	Total Results £'000	Results before Goodwill Amortisation £'000	Goodwill Amortisation £'000	Total Results £'000
386	-	386	2,281	-	2,281
386	-	386	2,281	-	2,281
(45)	-	(45)	(1,186)	-	(1,186)
341	-	341	1,095	-	1,095
(442)	(1,717)	(2,159)	(929)	(2,915)	(3,844)
(101)	(1,717)	(1,818)	166	(2,915)	(2,749)
(101)	(1,717)	(1,818)	166	(2,915)	(2,749)
(15)	-	(15)	(64)	-	(64)
(116)	(1,717)	(1,833)	102	(2,915)	(2,813)
-	-	-	-	292	292
(116)	(1,717)	(1,833)	102	(2,623)	(2,521)
-	-	-	4	-	4
(116)	(1,717)	(1,833)	106	(2,623)	(2,517)
-	-	-	(46)	-	(46)
(116)	(1,717)	(1,833)	60	(2,623)	(2,563)
(0.12p)	-	-	0.11p	-	-
-	-	(1.98p)	-	-	(2.72p)

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CONSOLIDATED BALANCE SHEET
as at 30 September 2003

	Notes	As at 30 Sept 2003 (unaudited) £'000	As at 30 Sept 2002 (unaudited) £'000	As at 31 March 2003 (audited) £'000
Fixed assets				
Intangible assets		-	1,010	-
Tangible assets		10	38	19
Investments		25	238	25
		35	1,286	44
Current assets				
Stocks - land and buildings		3,416	3,925	3,190
Debtors		473	324	652
Cash at bank and in hand		724	139	314
		4,613	4,388	4,156
Creditors: amounts falling due within one year		(621)	(1,574)	(1,316)
Net current assets		3,992	2,814	2,840
Total assets less current liabilities		4,027	4,100	2,884
Creditors: amounts falling due after more than one year		(1,656)	(1,161)	(675)
Net assets		2,371	2,939	2,209
Capital and reserves				
Called up share capital	5	928	924	924
Share premium	5	2,669	2,661	2,661
Merger reserve	5	5,823	5,823	5,823
Profit and loss account	5	(7,049)	(6,469)	(7,199)
Equity shareholders' funds		2,371	2,939	2,209

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SUMMARISED CONSOLIDATED CASH FLOW STATEMENT
for the six months to 30 September 2003

	Notes	Six months to 30 Sept 2003 (unaudited) £'000	Six months to 30 Sept 2002 (unaudited) £'000	Year to 31 March 2003 (audited) £'000
Net cash inflow/(outflow) from operating activities	6	272	(2,737)	(2,068)
Returns on investment and servicing of finance				
Interest received		6	17	19
Interest paid		(55)	(32)	(83)
Net cash (outflow) from returns on investment and servicing of finance		(49)	(15)	(64)
Capital expenditure and financial investment				
Purchase of tangible fixed assets		(2)	(2)	(6)
Sale of tangible fixed assets		-	-	8
Purchase of fixed asset investments		-	-	(5)
Sale of fixed asset investments		-	-	30
Net cash (outflow)/inflow from capital expenditure and financial investment		(2)	(2)	27
Equity Dividends paid		(46)	-	-
Cash inflow/(outflow) before management of liquid resources and financing		175	(2,754)	(2,105)
Management of liquid resources				
(Increase)/decrease in short term deposits		(522)	1,430	1,429
Financing				
Issue of Ordinary share capital		12	-	-
Minority interest		(15)	-	4
Loans advanced		981	1,244	871
Loans repaid		(743)	-	(105)
Net cash (outflow)/inflow from management of liquid resources and financing		(287)	2,674	2,199
(Decrease)/ increase in cash in period		(112)	(80)	94

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**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN
NET (DEBT)/ FUNDS**

	Notes	Six months to 30 Sept 2003 (unaudited) £'000	Six months to 30 Sept 2002 (unaudited) £'000	Year to 31 March 2003 (audited) £'000
(Decrease)/ increase in cash in period		(112)	(80)	94
Movement in short term deposits		522	(1,430)	(1,429)
Movement in loans		(238)	(1,244)	(766)
Movement in net funds in period		172	(2,754)	(2,101)
Net funds at beginning of period		(1,283)	818	818
Net (debt)/ funds at end of period		(1,111)	(1,936)	(1,283)

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NOTES TO THE CONSOLIDATED RESULTS For the six months ended 30 September 2003

1. The interim accounts have been prepared on a basis which is consistent with the accounting policies adopted for the year ended 31 March 2003.
2. Turnover consists entirely of revenue arising in the United Kingdom and relates solely to the Group's principal activities.
3. The basic earnings per Ordinary Share is calculated on the profit on ordinary activities after taxation and minority interest on the weighted average of Ordinary Shares in issue, during the period, of 92,580,782 (30 September 2002: 92,441,254 and 31 March 2003: 92,441,254).
4. The company has no recognised gains or losses other than those disclosed in the profit and loss account.

5. Capital and Reserves

	Share capital	Share premium	Merger reserve	Shares to be issued	Profit and loss account
	£'000	£'000	£'000	£'000	£'000
At 1 April 2003	924	2,661	5,823	-	(7,199)
Issue of shares	4	8	-	-	-
Profit for the period	-	-	-	-	150
At 30 Sept 2003	928	2,669	5,823	-	(7,049)

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6. Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities

	Six months to 30 Sept 2003 (unaudited) £'000	Six months to 30 Sept 2002 (unaudited) £'000	Year to 31 March 2003 (audited) £'000
Operating profit/(loss)	224	(1,818)	(2749)
Depreciation and profit on disposal of fixed assets	11	22	37
Amortisation	-	1,717	2,727
Decrease in book value of fixed asset investments	-	-	188
(Increase) in stocks	(226)	(2,804)	(2,069)
(Increase)/decrease in debtors	179	57	(231)
Increase in creditors	84	89	29
Net cash inflow/(outflow) from operating activities	272	(2,737)	2,068

7. The financial information contained in this interim report does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. This information has been neither audited nor reviewed within the meaning of APB Bulletin 1999/4 by the Company's auditors. The financial statements for the year ended 31 March 2003, incorporating an unqualified report of the auditors, have been filed with the Registrar of Companies.

8. The Board of First Property Group plc approved these interim results on 30 October 2003. The interim results are being circulated to all shareholders. Further copies can be obtained from the registered office at 17 Quayside Lodge, William Morris Way, London SW6 2UZ.