

First Property Group plc  
Report & Accounts  
31 March 2006

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Fprop  
Property Asset Manager

Property asset management  
(UK and Central Europe)  
Property underwriting and trading  
Online sales of property  
Property facilities management

We aim to earn superior rates of return for our clients and shareholders by trading and investing in property using a rigorous selection process

Highlights

#### FINANCIAL HIGHLIGHTS

Turnover grew 47% to £8,312,000 (2005: £5,650,000)

Profit on ordinary activities before taxation and goodwill amortisation increased 22% to £1,167,000 (2005: £955,000)

Recommended total final dividend per share increased 20% to 0.15p (2005: 0.125p)

Net assets appreciated 7.5% to £7,005,000 (2005: £6,515,000)

#### OPERATIONAL HIGHLIGHTS

Assets under management increased 143% to £51 million (2005: £21 million)

First Property Asset Management now has six funds each earning a rate of return for its shareholders in excess of 9% per annum

Universities Superannuation Scheme asset management mandate secured in August 2005 to invest £50 million (£200 million once geared) in the UK, Central and Eastern Europe

Strong pipeline of opportunities to acquire Central European properties

Acquisition of First Property Services in February 2006, which has since performed ahead of budget and won several significant contracts with blue chip clients

Opening of office in Central Europe

Further good rate of growth in assets under management expected

## Chief Executive's Statement

I am pleased to report that the results for the year to 31 March 2006 show another period of progress for the Group.

### Results and dividend

Turnover for the year grew to £8,312,000 (2005: £5,650,000), providing an increased gross profit of £2,318,000 (2005: £1,881,000) and a profit on ordinary activities before taxation and goodwill amortisation of £1,167,000 (2005: £955,000). Diluted earnings per ordinary share before goodwill amortisation were slightly lower than the previous year at 0.83 pence (2005: 0.90 pence) as a result of the Group now having fully utilised tax losses brought forward. During the period, net assets increased to £7,005,000 (2005: £6,515,000).

Assets under management more than doubled to over £51 million (2005: £21 million).

On the basis of these results, and our continued confidence in the Company's performance, the Directors have resolved to recommend an increased dividend for the year of 0.15 pence per share (2005: 0.125 pence per share), which, if approved, will be paid on 29 September 2006 to shareholders on the register at 25 August 2006.

### Review of operations

#### Property asset management

Revenue earned by this division during the year amounted to £503,000 (2005: £334,000). Of the fees earned, £217,000 (2005: £146,000) was in respect of super performance fees.

We now have over £51 million of property assets under management on behalf of investors (2005: £21 million) and are in the process of investing our most recent fund on behalf of the Universities

Superannuation Scheme which, when fully invested, will increase assets under management to over £200 million.

Our experience of the Central European property market is bearing out the expectations we had of it. We are able to find many more attractive properties to acquire than in the UK, as evidenced by the rapid growth of our activities in that region. At the time of writing we have acquired on behalf of our funds, some £19 million worth of Central European property and have under offer some £75 million going through the due diligence process. Naturally, some of these acquisitions will fail to occur but our pipeline is full and I am confident that we will succeed with a high proportion.

The pre-tax rates of return on equity earned from rent alone by our various funds remains very healthy, with all of them earning a rate in excess of 9% per annum. We see no immediate reason why this rate of return should reduce and we anticipate earning similarly high rates from our prospective property acquisitions. The Group's growth is now focussed primarily on asset management activities. Given the large number of attractive properties we are working to acquire, I am confident that we will achieve significant growth over the next year or two and continue to deliver high rates of return to our clients.

#### Property transaction underwriting and trading

Turnover from this activity was £7,375,000 (2005: £5,058,000), producing a gross profit contribution of £1,547,000 (2005: £1,307,000).

As I mentioned when we reported our final and interim results last year, the property market in the UK has risen sharply over the last few years, even though the occupational market has remained weak. This situation remains the case. Consequently, there are now fewer trading opportunities in the current market conditions in the UK. Therefore, the contribution to turnover and profit from this activity, for the year to 31 March 2007, is very likely to reduce substantially.

We have identified a number of interesting properties to trade in Central Europe, but our activities there are in their infancy and it is unlikely that we will be able, in the short term, to fully replace the opportunities which were more readily available in the UK some two to three years ago.

#### First Property Services Ltd

In February 2006 we acquired 60% of First Property Services Ltd (FPS), a new company, for a cash consideration of £60,000. The remaining 40% is owned by the management of the business.

FPS is engaged in the provision of facilities maintenance and building services to clients in the commercial property sector. At the time of our acquisition FPS was managing contracts worth over £500,000 in fee income. Since then the company has won further contracts worth, in aggregate, over £850,000 from a range of different clients including a number of blue chip companies. FPS also provides services to buildings managed by the Group.

In the short time since we acquired our interest in FPS, the company has performed ahead of budget and secured some valuable and profitable contracts. The business is managed by an experienced team of people and I am confident that it will return a good result for the year to 31 March 2007.

#### Online activities

Commercial Property Database (CPD) is trading satisfactorily and earned revenues of £199,000 (2005: £204,000). We expect the division to contribute a similar result for the year to 31 March 2007.

During the period, we continued to sell properties successfully through our online system. Revenue earned from the online sale of commercial properties was £59,000 (2005: £54,000).

Both CPD and our online sales of property provide excellent services but growing these income streams has proven difficult. We remain convinced that at some point in time the online sale of commercial property will establish itself but predicting when this might happen is impossible. Our aim with these activities is, therefore, to continue to provide the services but not to distract ourselves from our asset management and other activities.

#### Strategy

Our strategy remains to grow our sustainable lines of revenue, most notably our asset management division. We will also continue to target interesting properties through our underwriting and trading activities. In order to bolster CPD and the online sales division, we continue to look for earnings enhancing acquisitions, although none that we have considered have thus far been of a sufficiently high quality to pursue.

#### Current trading and prospects

As I mentioned when we reported our interim results, we are experiencing major changes in our business, which are resulting in a much stronger Group.

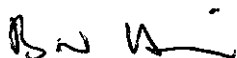
The principal change is that the income we earn from our asset management business is likely to increase materially, and will, in due course, more than replace our currently reducing income from underwriting and trading activities. Given that turnover from these latter activities is determined by the value of properties sold, as these activities reduce, the turnover of the Group will also substantially reduce in the short term. Once our existing asset management mandates have been fully invested, we expect the Group's profit to significantly exceed the level of profit we are currently earning. In the meantime, the profit earned for the year to 31 March 2007, will be determined by the speed of investment achieved in the next six to nine months.

I remain very confident in the Group's prospects.

Ben Habib

Chief Executive

6 June 2006



Directors' Report  
for the year ended 31 March 2006

The Directors present their report and the audited financial statements for the year ended 31 March 2006.  
Principal activities and review of the business

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

The consolidated profit and loss account is set out on page 8.

Share capital

No new shares were issued during the year. Details of Share Options are set out in Note 20 on page 24.

Results and Dividends

The Group made a profit before taxation and goodwill amortisation of £1,167,000 (2005: £955,000 as restated). The retained profit was £420,000 (2005: £859,000 as restated) and will be transferred to the Group's profit and loss account. The Directors recommend the payment of a dividend of 0.15 pence per ordinary share (2005: 0.125p) payable on 29 September 2006 to shareholders on the register at 25 August 2006.

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 2005, at 31 March 2006 and 23 June 2006, 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			Options over Ordinary shares of 1p		
	23/6/2006	31/3/2006	1/4/2005	23/6/2006	31/3/2006	1/4/2005
A J D Locke	8,571,990	8,071,990	8,071,990	-	-	-
B N Habib	14,424,283	13,924,283	13,924,283	3,250,000	2,750,000	2,750,000
G.R.W.Digby	-	22,000	-	1,500,000	500,000	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 may be exercised as to one third on or after 22 December 2002, 22 December 2003 and 22 December 2004 respectively, with 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 may be exercised as to one third on or after 17 July 2004, 17 July 2005 and 17 July 2006 respectively with 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 may be exercised as to one third on or after 18 July 2005, 18 July 2006 and 18 July 2007 respectively with 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 15.25p and the range of market prices during the year was between 11.5p and 22.0p.

Fixed assets

Details of intangible and tangible fixed assets and capital expenditure are shown in Notes 13 and 14 to the financial statements on page 20.

## Substantial shareholdings

The Directors have been notified that the following shareholders held 3% or more of the issued share capital of the Company at 23 June 2006.

	Number of 1p Ordinary shares	Percentage of issued Ordinary 1p shares held %
J C Kottler	14,471,783	12.97%
B N Habib	14,424,283	12.92%
A J D Locke	8,571,990	7.68%
Universities Superannuation Scheme Ltd	8,125,000	7.28%
Phillipe Investment Management Inc.	7,893,200	7.07%
R.S. Duckworth	6,503,580	5.83%
NFU Mutual Insurance Society	3,750,000	3.36%

## Employees

The Group's policy is to consult and discuss with employees, through regular meetings with subsidiary company management, matters likely to affect employees' interests.

## 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 2006 was 41 days (2005: 30 days).

## Annual general meeting

The notice convening the annual general meeting to be held on 19 September 2006, which can be found on pages 30 - 32, contains details of special resolutions empowering the Directors to:  
allot relevant securities for cash up to a maximum nominal amount of £223,202, representing 20% of the issued share capital of the Company.

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.

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 11,160,111 ordinary shares of 1p each (representing just under 10% of the Company's issued ordinary share capital as at 23 June 2006) 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.

#### 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 pages 14 and 15 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 2006. 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 to acquaint themselves with relevant audit information;

all such information has been communicated to the auditors.

By order of the board  
Alec W J Banyard  
Company Secretary



7 July 2006

Independent Auditors' Report  
to the members of First Property Group plc

We have audited the financial statements of First Property Group plc for the year ended 31 March 2006, which comprise the Consolidated Profit and Loss Account, the Consolidated Balance Sheet, the Consolidated Statement of Cash Flows and the related notes 1 to 28. These financial statements have been prepared under the accounting policies set out on pages 12 and 13.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

The respective responsibilities of directors  
and auditors

As set out in the Statement of Directors' Responsibilities the directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK & Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 the Chief Executive's Statement and the Directors' Report. 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 judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the Company, 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 financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the state of affairs of the Company and the Group as at 31 March 2006 and of the profit of the Group for the year then ended.

the information given in the Directors' report is consistent with the financial statements; and

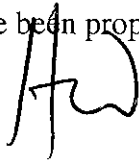
the financial statements have been properly prepared in accordance with the Companies Act 1985.

HW, Chartered Accountants

Registered Auditors

Oxford.

7 July 2006

A handwritten signature in black ink, appearing to be 'HW', is written over the printed name 'HW, Chartered Accountants'.

Consolidated Profit and Loss Account  
for the year ended 31 March 2006

	Notes	2006 Total Results £'000	2006 Goodwill Amortisation £'000	2006 Before Goodwill Amortisation £'000	2005 Total Results RESTATED £'000
Turnover					
- continuing operations		8,312	-	8,312	5,650
Total turnover	2	8,312	-	8,312	5,650
Cost of sales	3	(5,994)	-	(5,994)	(3,769)
Gross profit		2,318	-	2,318	1,881
Net operating expenses	4	(1,517)	(391)	(1,126)	(931)
Operating profit					
- continuing operations		801	(391)	1,192	950
Total operating profit		801	(391)	1,192	950
Share of associated company's profit		23	-	23	11
Income from fixed asset		2	-	2	1
Net interest payable	5	(50)	-	(50)	(7)
Profit on ordinary activities before	8	776	(391)	1,167	955
Taxation on ordinary activities	9	(236)	-	(236)	(2)
Profit for the year before minority		540	(391)	931	953
Equity minority interest		20	-	20	17
Profit for the year	10	560	(391)	951	970
Earnings per Ordinary 1p share					
- basic	12	0.50p		0.85p	0.92p
- diluted	12	0.49p		0.83p	0.90p

Consolidated Statement of Recognised Gains and Losses  
for year ended 31 March 2006

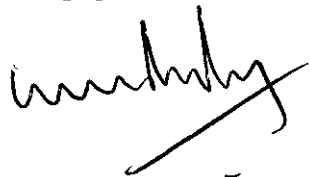
	Notes	2006	2005 RESTATED
Exchange differences on translation of foreign operations	21	70	-
Net Gain recognised directly in Reserves	21	70	-
Profit for year after tax	21	420	859
Total recognised gains for year		490	859

Balance Sheets  
at 31 March 2006

	Notes	2006		2005	
		Group £'000	Company £'000	Group £'000	Company £'000
Fixed assets					
Intangible assets	13	16	-	-	-
Tangible assets	14	220	-	21	-
Investments - Share of associates	15	230	1,066	100	609
net assets		466	1,066	121	609
Current assets					
Stocks	16	2,698	-	4,001	-
Debtors	17	5,706	5,287	1,355	4,657
Cash at bank and in hand		1,189	409	1,588	1,456
		9,593	5,696	6,944	6,113
Creditors: amounts falling due within	18	(2,962)	(176)	(550)	(147)
Net current assets		6,631	5,520	6,394	5,966
Total assets less current liabilities		7,097	6,586	6,515	6,575
Creditors: amounts falling due after	18	(92)	-	-	-
Net assets		7,005	6,586	6,515	6,575
Capital and reserves					
Called up share capital	20	1,116	1,116	1,116	1,116
Share premium	21	5,298	5,298	5,298	5,298
Merger reserve	21	5,823	-	5,823	-
Foreign Exchange Translation	21	70	-	-	-
Profit and loss account	21	(5,302)	172	(5,722)	161
Equity shareholders' funds	22	7,005	6,586	6,515	6,575

The financial statements on pages 8 to 31 were approved by the Board of Directors on 7 July 2006 and were signed on its behalf by:

George Digby  
Finance Director



Consolidated Cash Flow Statement  
for the year ended 31 March 2006

	Notes	2006 £'000	2005 £'000
Net cash inflow/(outflow) from operating activities	23	(850)	565
Returns on investments and servicing of finance			
- Dividends paid		(140)	(112)
- Dividends received		2	1
- Interest received		101	53
- Interest paid		(151)	(60)
Net cash (outflow) from returns on investments and servicing		(188)	(118)
Taxation		(1)	(2)
Capital expenditure and financial investment			
- Purchase of tangible fixed assets		(222)	(19)
- Purchase of intangible fixed assets		(16)	-
- Purchase of fixed asset investments		(111)	(85)
- Sale of tangible fixed assets		7	-
- Purchase of minority interest		(336)	-
Net cash (outflow)/inflow from capital expenditure and financial investment		(679)	(106)
Cash inflow/(outflow) before management of liquid resources		(1,717)	341
Management of liquid resources			
- Decrease/(Increase) in short term deposits	24	508	(995)
Financing			
- Issue of shares net of expenses		-	2,807
- Bank overdraft		3	-
- Finance Lease		145	-
- Loans received		1,304	134
- Loan repayments		(134)	(2,163)
Net cash (outflow) / inflow from management of liquid resources		1,826	(217)
Increase in cash in the year	24	109	124
<b>Reconciliation of net cash flow to movement in net funds</b>			
	Notes	2006 £'000	2005 £'000
Increase in cash in the year		109	124
Movement in short term deposits		(508)	995
Movement in loans and bank overdraft		(1,318)	2,029
Movement in net funds in the year		(1,717)	3,148
Net funds at 1 April		1,454	(1,694)
Net funds at 31 March	24	(263)	1,454

## Notes to the Financial Statements

### 1. Principal accounting policies

The financial statements have been prepared under the historical cost convention in accordance with applicable Accounting Standards in the United Kingdom. Set out below is a summary of the more important accounting policies, which have been applied consistently except as noted below.

#### Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the Company and all its subsidiary undertakings made up to 31 March 2006. Intra-Group 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.

#### Goodwill

Goodwill is stated at cost less accumulated amortisation and, when appropriate, less impairment in value. Goodwill arising on consolidation represents the excess of the fair value of the consideration over the fair value of the net assets acquired. Goodwill arising on consolidation has previously been capitalised and written off.

#### Investments

Investments are normally carried at cost less provision, where necessary, for impairment in value. Where permitted investments acquired through the issue of shares are stated at the nominal value of the shares issued together with the expenses of acquisition.

#### 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.

#### Tangible fixed assets

Tangible fixed 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
Short Leasehold	33.33

#### Stocks

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.

#### Deferred taxation

Deferred taxation is provided in full on an undiscounted basis, on all timing 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 crystallise based on current tax rates and law. Timing 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 timing differences can be deducted.

#### Turnover

Turnover comprises the invoiced value of goods and services (excluding 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.

#### 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

FRS 8 "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 FRS 8 not to disclose transactions between Group companies.

#### Foreign Currency Translation

At entity level, transactions denominated in foreign currencies are translated into the local 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 re-translated at the exchange rate ruling at the balance sheet date and the resultant exchange differences are dealt with in the profit and loss account.

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.

Exchange differences arising from the translation of foreign operations are taken to the translation reserve in the balance sheet and are released to the profit and loss account either on disposal if a non-monetary item or on settlement if a monetary item.

#### Financial instruments

The Group's financial assets and liabilities are recorded 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.



5. Net interest (payable)/receivable

	2006	2005
	£'000	£'000
Interest payable – bank	(1)	-
Interest payable – property loans	(150)	(60)
Total interest payable	(151)	(60)
Interest receivable – bank deposits	38	53
Interest receivable – other	63	-
Total interest receivable	101	53
Net interest (payable)	(50)	(7)

6. Employee information

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

	2006	2005
	Number	Number
Management	4	3
Property operations	6	3
Technical operations	5	4
	15	10

6. Employee information continued

An analysis of staff costs is set out below:

	2006	2005
	£'000	£'000
Wages and salaries	693	520
Social security costs	75	56
Other pension costs	2	3
	770	579

The Group contributes to a number of defined contribution pension schemes. The total contribution payable in respect of these schemes amounted to £2,197 (2005: £2,488). At 31 March 2006 there were no prepaid contributions (2005: nil) in respect of the above schemes. There were no outstanding contributions at 31 March 2006 in respect of the above schemes (2005: nil).

7. Directors' remuneration

	2006 £'000	2005 £'000
Aggregate emoluments	356	268
Pension contributions	-	-
	356	268
Highest paid Director		
	2006 £'000	2005 £'000
Aggregate emoluments	280	218
Pension contributions	-	-
	280	218

There are no retirement benefits accruing to Directors (2005: none) under money purchase pension schemes. No directors exercised options in the year.

8. Profit on ordinary activities before taxation

	2006 £'000	2005 £'000
Profit on ordinary activities before taxation is stated after		
Depreciation charge		
- Tangible owned fixed assets	17	6
Profit/(Loss) on disposal of fixed assets	1	-
Auditors' remuneration		
- Group audit [Company £14,000 (2005: £11,000)]	26	22
- Non-audit fees	-	8
Operating lease rentals		
- Land and buildings	46	45
- Computer and office equipment	-	-

The Company's auditors received £nil (2005: £8,000) for professional services relating to an abortive acquisition.

9. Taxation on profit on ordinary activities

Analysis of charge in period

	2006 £'000	2005 £'000
Current tax		
- UK Corporation tax - Group	231	-
- Associates	5	2
	236	2

9. Taxation on profit on ordinary activities continued

Factors affecting the tax charge for the period

The 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:

	2006 £'000	2005 £'000
Profit/(Loss) on ordinary activities before tax	776	955
Profit/(Loss) on ordinary activities multiplied by standard rate	233	286
Effects of:		
- Expenses not deductible for tax purposes	118	12
- Depreciation in excess of capital allowances	(6)	(11)
- Movement on deferred tax unprovided	(97)	(282)
- Other adjustments	(12)	(3)
Current tax charge for period	236	2

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.

Provision for deferred tax

	2006		2005	
	Group £'000	Company £'000	Group £'000	Company £'000
Depreciation in excess of capital	20	-	29	-
Tax losses carried forward	166	119	263	146
Unprovided deferred tax asset	186	119	292	146

10. 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 profit for the year was £11,000 (2005: loss £91,000).

11. Dividend on ordinary shares

	2006 £'000	2005 £'000 (Restated)
Approved final Dividend for 2004, paid on new issues	-	18
Approved final Dividend for the year ended 31 March 2005 0.125pence	140	93
	140	111

The company has implemented FRS 21 and in consequence has adjusted its comparative figures to remove proposed dividends at the preceding balance sheet date. Reserves brought forward have been restated accordingly.

12. Earnings per share

The calculation of basic earnings per share is based on the profit on ordinary activities after taxation and before goodwill amortisation, namely £951,000 (2005:restated £970,000) and on 111,601,115 (2005:

105,642,729) ordinary shares being the weighted average number of ordinary shares in issue and ranking for dividend during the year.

The calculation of diluted earnings per share is based on an adjusted profit on ordinary activities after taxation of £958,000 (2005:restated £980,000) and on 114,901,115 (2005: 108,842,729) ordinary shares being the adjusted weighted average number of ordinary shares at the year-end including shares under option which are exercisable at less than the market price at the year-end.

### 13. Intangible fixed assets

	2006		2005	
	Group £'000	Company £'000	Group £'000	Company £'000
Cost				
At 1 April	-	-	-	-
Goodwill purchased during year	407	-	-	-
At 31 March	407	-	-	-
Amortisation				
At 1 April	-	-	-	-
Amortisation during year	(391)	-	-	-
At 31 March	(391)	-	-	-
Net book value	16	-	-	-

### 14. Tangible fixed assets

#### Group

	Computer equipment £'000	Office equipment £'000	Motor vehicles £,000	Short leasehold improvements £'000	Total £'000
Cost					
At 1 April 2005	79	22	-	12	113
Additions	44	27	151	-	222
Disposals	-	-	(6)	-	(6)
At 31 March 2006	123	49	145	12	329
Depreciation					
At 1 April 2005	58	22	-	12	92
Charge for year	12	1	4	-	17
Disposals	-	-	-	-	-
At 31 March 2006	70	23	4	12	109
Net book value					
At 31 March 2006	53	26	141	-	220
At 31 March 2005	21	-	-	-	21

The Company had no tangible fixed assets (2005: nil). Assets owned under finance leases included above amounted to £179,000 (2005: nil) at cost with a net book value of £169,000 (2005: nil). The amounts comprise motor vehicles at a cost of £151,000 with a net book value of £141,000 and computer equipment at a cost of £29,000 with a net book value of £28,000.

### 15. Fixed asset investments

The Group and the Company have the following investments:

2006

2005

	Group £'000	Company £'000	Group £'000	Company £'000
--	----------------	------------------	----------------	------------------

## Investments in Group undertakings

- shares at nominal value	-	444	-	444
- incidental costs of acquisition	-	75	-	75
	-	519	-	519

## Unlisted securities

At 1 April	100	90	5	5
Additions	111	457	85	85
Disposals	-	-	-	-
Share of associated company's profit after tax	19	-	10	-
At 31 March			100	90
	230	1,066	100	609

The principal investments of the Group at 31 March 2006 are as follows:

	Principal activities	% of ordinary shares held by	
		Company %	Subsidiary %
<b>Group Undertakings</b>			
<b>UK</b>			
First Property Online Ltd	Internet based property trading, database and web design	100	-
First Property Services Ltd	Property Services	60	-
First Property International Ltd (formerly COMPROPTWO LTD)	Dormant	100	-
First Property Asset Management Ltd	Property asset management	100	-
<b>Poland</b>			
First Property Poland Sp z o.o.	Property investment and management	100	-
<b>Unlisted Securities</b>			
<b>UK</b>			
First Property Trading Ltd	Property fund	20	-
Third Property Trading Ltd	Property fund	10	-
Regional Property Trading Ltd	Property fund	22	-
5th Property Trading Ltd	Property fund	20	-
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
<b>Poland</b>			
E&S Estates Poland Sp. z o.o.	Property fund	22	-

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

\*\* As the Group's investment in 366HS Ltd (an individual associate) exceeds 25%, the following disclosure is required under FRS 9: the Group's share of current assets and the Group's share of liabilities due within one year are £1,028,000 (2005: nil).

## 16. Stocks

	2006		2005	
	Group £'000	Company £'000	Group £'000	Company £'000
Properties held for resale	2,698	-	4,001	-
	2,698	-	4,001	-

## 17. Debtors

	2006		2005	
	Group £'000	Company £'000	Group £'000	Company £'000
Trade debtors	4,348	-	456	-
Amounts owed by subsidiary	-	4,307	-	3,866
Amounts due from undertakings in which the company has a participating interest	961	961	768	768
Other debtors	-	-	35	19
Prepayments and accrued income	133	19	30	4
Other taxation	244	-	12	-
Equity minority interest	20	-	54	-
	5,706	5,287	1,355	4,657

Amounts owed by subsidiary undertakings to the Company include £4,272,000 falling due in more than one year (2005: Company £3,866,000).

Other debtors of the Group and Company include nil falling due in more than one year (2005: Group and Company £19,000).

Trade debtors include £3,681,000 due from 366 HS Ltd an undertaking in which the company has a participating interest.

## 18. Creditors

	2006		2005	
	Group £'000	Company £'000	Group £'000	Company £'000
Amounts falling due within one year				
Bank loans (note 26)	1,304	-	134	-
Overdrafts	3	-	-	-
Trade creditors	334	14	185	8
Corporation tax payable	230	-	-	-
Other taxation and social security	213	108	24	80
Other creditors and accruals	742	54	161	59
Deferred income	83	-	46	-
Finance Lease	53	-	-	-
Dividend payable	-	-	-	-
	2,962	176	550	147
	2006 £'000		2005 £'000	

Amounts falling due after more than one

Finance leases	92	-
	92	-

Bank loans totalling £1,304,000 (2005: £134,000) 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.

19. Provisions for liabilities and charges

Deferred taxation

There is no deferred taxation provided in the financial statements and no potential liability.

20. Called-up share capital

	2006	2005
	£'000	£'000
Authorised		
240,000,000 (2005: 240,000,000) Ordinary shares of 1p each	2,400	2,400
Allotted, called up and fully paid		
111,601,115 (2005: 111,601,115) Ordinary shares of 1p each	1,116	1,116

The Company had 5,937,500 options outstanding at 31 March 2006 (2005: 5,437,500), including those noted in Directors' interests in the Directors' Report.

Year of grant	Exercise price (p)	Exercise period	2006 Numbers	2005 Numbers
2001/02	7.00	Dec 2002 to Apr 2011	566,666	566,666
2001/02	7.00	Dec 2003 to Apr 2011	566,667	566,667
2001/02	7.00	Dec 2004 to Apr 2011	566,667	566,667
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	July 2004 to Apr 2011	333,000	333,000
2003/04	6.25	July 2005 to Apr 2011	333,000	333,000
2003/04	6.25	July 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	July 2005 to Apr 2011	712,500	712,500
2004/05	16.50	July 2006 to Apr 2011	712,500	712,500
2004/05	16.50	July 2007 to Apr 2011	712,500	712,500
2005/06	13.25	June 2006 to Apr 2011	33,333	-
2005/06	13.25	June 2007 to Apr 2011	33,333	-
2005/06	13.25	June 2008 to Apr 2011	33,334	-
2005/06	16.00	June 2006 to Apr 2011	133,333	-
2005/06	16.00	June 2007 to Apr 2011	133,333	-
2005/06	16.00	June 2008 to Apr 2011	133,334	-

During the year 500,000 options were granted, none were exercised and none lapsed.

Subsequent to the year-end 380,000 options were granted on 3 April 2006 at an exercise price of 15.25 pence per share. The options may be exercised as to one third on or after 2 April 2007, 2 April 2008, and 2 April 2009 respectively, with an expiry date of 5 April 2011. Subsequent to the year-end 1,750,000 options were granted on 16 June 2006 at an exercise price of 15.75 pence 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.

21. Share premium account and reserves  
Group

	Share premium account £'000	Foreign Exchange Translation reserve £'000	Merger reserve £'000	Profit and loss account £'000
At 1 April 2005 as previously reported	5,298	-	5,823	(5,862)
Prior period adjustment	-	-	-	140
At 1 April 2005 as restated	5,298	-	5,823	(5,722)
Shares issued during year	-	-	-	-
Cost of share issue	-	-	-	-
Profit for the year	-	70	-	420
At 31 March 2006	5,298	70	5,823	(5,302)

Company

	Share premium account £'000	Profit and loss account £'000
At 1 April 2005 as previously reported	5,298	21
Prior period adjustment	-	140
At 1 April 2005 as restated	5,298	161
Shares issued during year	-	-
Cost of share issue	-	-
Profit for the year	-	11
At 31 March 2006	5,298	172

The Profit and Loss Account Reserve brought forward on 1 April 2005 has been re-stated to reflect the adoption of FRS21, in relation to the treatment of proposed and paid dividends.

22. Reconciliation of movements in equity shareholders' funds

	Group		Company	
	2006 £'000	2005 £'000 (Restated)	2006 £'000	2005 £'000 (Restated)
Opening shareholders' funds as	6,515	2,756	6,575	3,719
Prior period adjustment		93		93
Opening shareholders' funds as restated	6,515	2,849	6,575	3,812
Profit for the financial year before	560	970	151	67
New share capital issued	-	185	-	185
Share Premium	-	2,726	-	2,726
Increase in merger reserve	-	-	-	-
Increase in Foreign Exchange	70	-	-	-
Share issue costs	-	(104)	-	(104)
Dividends paid	(140)	(111)	(140)	(111)
Closing shareholders' funds	7,005	6,515	6,586	6,575

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

	2006	2005
	£'000	£'000
Operating profit	801	950
Depreciation and profit on disposal of fixed assets	18	6
Amortisation of goodwill	391	-
Movement in foreign exchange translation reserve	70	-
Decrease/(increase) in stocks	1,303	(273)
(Increase) /decrease in trade debtors	(3,892)	(241)
Decrease/(increase) in prepayments and other debtors	(261)	110
Increase/(decrease) in trade creditors	149	(32)
Increase/(decrease) in taxation and social security	(54)	1
Increase/ (decrease) in other creditors, accruals and deferred	625	44
Net cash inflow/(outflow) from operating activities	(850)	565

24. Reconciliation of movement in net funds

	1 Apr 2005	Cash flow	31 Mar 2006
	£'000	£'000	£'000
Cash at bank and in hand	1,588	(399)	1,189
Short term deposits	(1,009)	508	(501)
Cash (excluding short term deposits)	579	109	688
Short term deposits	1,009	(508)	501
Debt due within one year			
- Overdraft	-	(3)	(3)
- Finance leases	-	(53)	(53)
- Property loan	(134)	(1,170)	(1,304)
Debt due after one year			
- Finance leases	-	(92)	(92)
	1,454	(1,717)	(263)

25. Capital commitments

The Group had no capital commitments at 31 March 2006 (2005: nil).

26. Financial commitments

At 31 March 2006 the Group had annual commitments under non-cancellable operating leases as follows:

	2006		2005	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Expiring within one year	-	-	-	-
Expiring between two and five years	35	-	35	-
	35	-	35	-

The Company had no commitments under non-cancellable operating leases expiring within one year at 31 March 2006 (2005: nil).

## 27. Financial instruments and risk management

The Group's financial instruments comprise or have comprised cash and liquid resources, including trade debtors, trade creditors 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 currency 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.

### Interest rate risk

The Group is exposed to interest rate risk on its long term financing and short term cash balances and deposits.

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

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.

### 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.

### 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.

### 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 2006 and 31 March 2005 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	688	-	-	688
Short term deposits	501	-	-	501
At 31 March 2006	1,189	-	-	1,189
Other debtors due after 1 year	-	-	-	-
Cash	579	-	-	579
Short term deposits	1,009	-	-	1,009
At 31 March 2005	1,588	-	-	1,588

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.

At 31 March 2006 and 31 March 2005 there were no fixed rate short term deposits.

#### Financial liabilities

The interest rate profile of the Group's financial liabilities at 31 March 2006 and 31 March 2005 was as follows:

	Fixed rate liabilities £'000	Floating rate financial liabilities £'000	Total £'000
Bank loans	-	1,304	1,304
Finance lease obligations	145	-	145
Other financial liabilities	-	-	-
At 31 March 2006	145	1,304	1,449
Bank loans	-	134	134
Finance lease obligations	-	-	-
Other financial liabilities	-	-	-
At 31 March 2005	-	134	134

At 31 March 2006 the Group had no fixed rate or non-interest bearing financial liabilities (2005: 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 2006 and 31 March 2005 was as follows:

	Finance lease £'000	Bank loans £'000	Total £'000
In one year or less	53	1,304	1,357
Between one and five years	92	-	92
Over five years	-	-	-
Total at 31 March 2006	145	1,304	1,459
In one year or less	-	134	134
Between one and two years	-	-	-
Between two and five years	-	-	-
Over five years	-	-	-
Total at 31 March 2005	-	134	134

The bank loans are with The Royal Bank of Scotland and Nationwide Building Society.

Property loan of £1,034,000 with The Royal bank of Scotland on interest only basis with an interest rate of 1.5% over base.

Property loan of £270,000 with Nationwide Building Society on interest only basis with an interest rate of 1.2% over base.

First Property Online Ltd has granted fixed charges over specific properties and floating charges over the company's assets in favour of The Royal Bank of Scotland and Nationwide Building Society.

The loans are classified as falling due within one year as the properties to which they relate are being actively marketed for sale.

#### Borrowing facilities

At 31 March 2006 the group had undrawn committed borrowing facilities available of £1,312,750 (31 March 2005: Nil).

#### 28. Related party transactions

Agency fees of £nil (2005: £3,562) were charged by the Group during the year to J.K.L. (21) Ltd, a Company controlled by John Kottler, a substantial shareholder in First Property Group plc. No amounts were outstanding at 31 March 2006 (2005: nil).

Agency and management fees of £11,404 (2005: £59,978) were charged by the Group during the year to First Property Trading Ltd, a Company of which Benyamin Habib is a director and shareholder. £3,162 (inc. VAT) was owed to the Group at 31 March 2006 (2005: £50,544).

Agency and management fees of £45,752 (2005: £107,003) were charged by the Group during the year to Second Property Trading Ltd, a Company of which Benyamin Habib is a director and shareholder. £4,454 (inc. VAT) was owed to the Group at 31 March 2006 (2005: £80,601).

Management fees of £300,800 (2005: £127,507) were charged by the Group during the year to Third Property Trading Ltd, a Company of which Benyamin Habib is a director. £261,029 (inc. VAT) was owed to the Group at 31 March 2006 (2005: £55,076).

Property sales and management fees of £13,083 (2005: £612,132) were charged by the Group during the year to Regional Property Trading Ltd, a Company of which Benyamin Habib is a director and shareholder. £9,311 (inc. VAT) was owed to the Group at 31 March 2006 (2005:£439).

Management fees of £53,246 (2005:£10,023) were charged by the Group during the year to 5th Property Trading Ltd, a Company of which Benyamin Habib is a director and shareholder. £11,171 (inc. VAT) was owed to the Group at 31 March 2006 (2005:£174).

366 HS Ltd is a related party of First Property Group plc by virtue of 366 HS Ltd being an Associate of the Group. In February 2006 First Property Online Ltd received £193,750 on exchange of contracts for the sale of nineteen flats with a further £3,680,750 in total receivable on completion on or before 31 December 2006 to 366 HS Ltd. 366 HS Ltd will endeavour to sell the flats and when successful will complete on the purchase of each individual flat from First Property Group plc prior to 31 December 2006. £3,680,750 was owed to the Group at 31 March 2006 (2005:£Nil).

## Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of FIRST PROPERTY GROUP PLC will be held at the offices of Tavistock Communications Limited, 131 Finsbury Pavement, London, EC2A 1NT on 19 September 2006 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:

To receive and adopt the Directors' Reports and Accounts for the year ended 31 March 2006.

To approve the final dividend of 0.150p per Ordinary Share.

To re-appoint George R. Wingfield-Digby as a Director.

To re-appoint Haines Watts 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.

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:

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 £372,000 being 33.33 per cent of the issued share capital of the company as at 23 June 2006, 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:

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:

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 the nominal amount of £223,202;

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.

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:-

- the maximum number of ordinary shares of 1p each authorised to be acquired is 11,160,111 (representing just under 10 per cent of the Company's issued ordinary capital as at 23 June 2006);
- the minimum price which may be paid for each ordinary share is 1p (exclusive of expenses);
- 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.

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.

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.

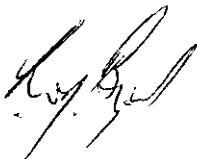
Dated 7 July 2006

Registered Office: By Order of the Board

17 Quayside Lodge Alec W J Banyard

William Morris Way Secretary

London SW6 2UZ



Notes:

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.

A form of proxy is attached. 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, The Registry, 34 Beckenham Road Beckenham, Kent, BR3 4BR not less than 48 hours before the time of the meeting.

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](http://www.fprop.com)

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19-23 High Street  
Kidlington  
Oxford OX5 2DH

Registrars  
Capita Registrars  
The Registry  
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Beckenham  
Kent  
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Bankers  
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99 Gresham Street  
London EC2V 7NG

Anglo Irish Bank Corporation plc  
10 Old Jewry  
London EC2R 8DN

Nationwide Building Society  
10 Culver Street West  
Colchester  
Essex CO1 1JG

Legal Adviser  
Harbottle and Lewis  
Hanover House  
14 Hanover Square

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