The Cardiff Property plc

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDING 30 SEPTEMBER 2008

The Cardiff Property plc

The group, including Campmoss, specialises in property investment and development in the Thames Valley.

The portfolio, valued in excess of £34m, is primarily located to the west of London, close to Heathrow Airport and in Surrey and Berkshire.

Above: Datchet Meadows, Slough

Financial Highlights

		2008	2007	
Net Assets	£'000	**18,407**	20,641	
Net Assets Per Share	pence	**1,105**	1,189	**-7%**
(Loss)/Profit Before Tax	£'000	**(1,541)**	1,475	
(Loss)/Earnings Per Share — Basic	pence	**(90.2)**	74.5	
Dividend Per Share	pence	**12.30**	11.25	**+9%**
Gearing	%	**Nil**	Nil	

The group seeks to enhance shareholder value by obtaining new planning permissions, managing its existing portfolio and keeping a watchful eye for acquisitions.

Contents

Locations

The group's portfolio of investment property and development schemes are located in the important M4 corridor.

BRACKNELL

Brickfields*
12 business units and 1 office unit totalling 35,000 sq ft. Tenants include Siemens Properties, Beneficial Bank, Verizon UK, BSS Group and National Car Rental producing £427,000 pa.

Market Street*
25,000 sq ft office building, plus 12 retail and part office units. Currently part let producing £136,000 pa. Revised planning application under discussion to replace with high grade offices, residential and retail.

BURNHAM

The Priory*
26,000 sq ft headquarters office building. 9,000 sq ft used as a business centre. Tenants include Industri-Matematik, BEST and AviateQ producing £571,000 pa. 2,600 sq ft vacant.

CARDIFF

Mail Sorting Centre
14,650 sq ft let to The Royal Mail at £40,000 pa expiring 2019.

EGHAM

Station Road
Company head office totalling 1,200 sq ft.

Heritage Court
Retail and office premises totalling 3,000 sq ft producing £35,500 pa. 1 shop unit vacant.

Runnymede Road
Residential property adjacent to The White House. Let on short term tenancy producing £13,200 pa.

Rusham Road
Development of 4 houses. 3 sold, 1 let on short term tenancy producing £9,500 pa.

The White House
Office and retail premises totalling 12,000 sq ft. Tenants include Royal Liver Assurance, Lunn Poly and Dolland & Aitchison producing £229,000 pa.

GUILDFORD

Tangley Place, Worplesdon*
Office and laboratory buildings totalling 26,000 sq ft. Planning applications submitted for either a 19,000 sq ft office building or a 70 room C2 care home.

MAIDENHEAD

Clivemont House*
Building demolished. Planning granted for new 50,000 sq ft B1 office scheme.

Highway House*
11,000 sq ft office building arranged on 4 floors. Planning granted for a new 46,000 sq ft office scheme. Demolition expected early 2009.

Maidenhead Enterprise Centre
Development of 6 business units totalling 14,000 sq ft. 4 units let producing £95,000 pa. 2 units vacant.

SLOUGH

Datchet Meadows*
Development of 35 apartments nearing completion. Sales and letting campaign in hand. 1 unit sold and 4 let on Assured Shorthold Tenancies.

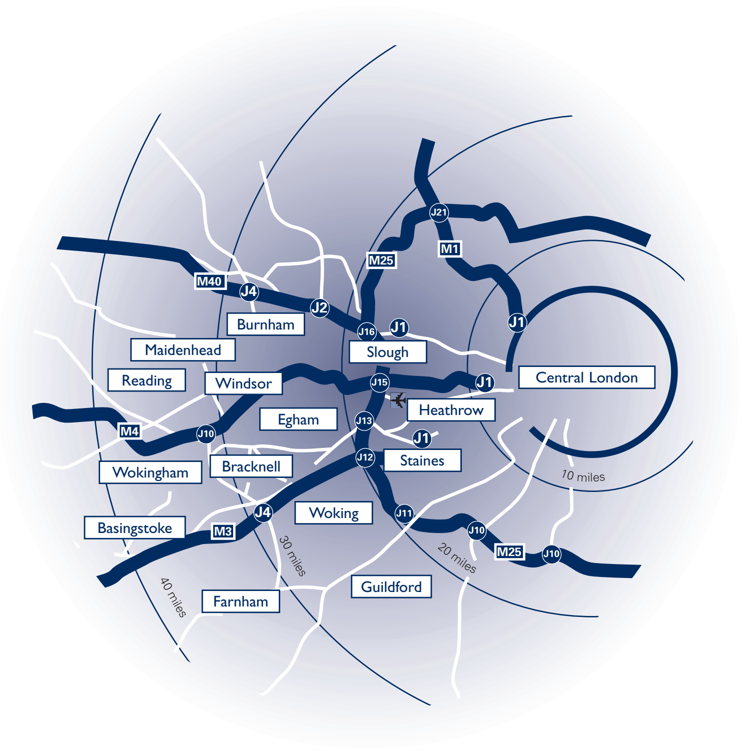
WINDSOR

Windsor Business Centre
4 business units totalling 9,500 sq ft producing £150,000 pa. Tenants include Joyce Meyer Ministries (2 units) and ETAP.

WOKING

Britannia Wharf*
28,750 sq ft office building let to DB Apparel, Exchange FS and Indus International producing £609,750 pa.

* Owned by jointly controlled entity.



Chairman's Statement and Property Review

In the current volatile market, it is difficult to predict the immediate future, but property development should be viewed as a long-term investment.

Dear Shareholder

The Thames Valley has not escaped the general slowdown in the UK property market and this has affected investment, letting and new development activity. The last six month period in particular has shown an even greater decline and the general consensus is that transactions across the sector for the year will be around half of recent years and the lowest for at least seven years.

Over the year commercial property investment yields have increased by at least 100 basis points and up to 200 basis points in certain out-of-town locations. The lack of available funding, higher loan to value ratio requirements and the forecast of lower rents has halted the majority of investors allocating funds towards the commercial property market. Confidence will eventually return assisted by the recent reduction in interest rates and when bank funding returns to a reasonable level. However, this will take some considerable time to work through.

Residential values in the Thames Valley are not immune to these factors and, whilst asking prices may have seen a marginal decline, those transactions that have completed indicate falls over the year of up to 20%. The counties of Surrey and Berkshire have historically shown defensive qualities in a falling market and a decline in values of 10% to 15% has been evident in the small number of transactions being reported. The majority of purchasers require finance and the restricted availability of mortgages has caused prices to fall sharply. The institutions providing these facilities will eventually return to the marketplace but the turmoil in the financial market will need to settle before normality returns.

In the current volatile market it is difficult to predict the immediate future, but the process of property development takes a number of years and as such should be viewed on a long term investment basis.

Your directors have taken a cautious approach over the last few years when valuing the group's investment portfolio. Nevertheless, values have suffered in line with the marketplace and the group, including Campmoss Property Company Limited, our 47.62% jointly controlled entity, has seen this year an overall decline of 14% in the value of its investment portfolio.

Many private and public companies have suffered over the past twelve months from banks and lenders restricting and, in some cases, recalling overdraft and loan positions. The extent of gearing has, therefore, become an important issue. In the case of Campmoss gearing as at 30 September 2008 was 55% (2007: 36%) whilst Cardiff Property Plc has nil gearing (2007: nil).

Financial

Under accounting rules any reduction in the value of the group's property portfolio is required to be taken through the consolidated income statement. This may be confusing but the figures set out below take into account a revaluation deficit as well as the continuing profitability of the group.

For the year to 30 September 2008 the group's loss before tax was £1.54m (2007: profit £1.48m). This figure includes a revaluation deficit of £2.41m (2007: surplus £0.47m) including £1.27m (2007: surplus £0.30m) in respect of our after tax share of Campmoss.

Gross rental income totalled £0.61m (2007: £0.50m). There were no sales of development property during the year (2007: £0.20m). The group's share of gross rental income of Campmoss, reduced as a result of short term leases expiring, amounted to £0.84m (2007: £0.91m). Please note that these revenue figures are not included in group revenue under IFRS rules.

The loss after tax attributable to shareholders for the financial year, including the revaluation deficit referred to above, amounted to £1.53m (2007: profit £1.30m) and the loss per share was 90.2p (2007: earnings of 74.5p).

The company's commercial and residential portfolio valued annually by Cushman and Wakefield and Aitchison Raffety respectively totalled £4.79m (2007: £5.91m). The portfolio excludes property held for resale which is held as stock on the balance sheet at the lower of cost and market value. At the year end stock included commercial property at the Windsor Business Centre, and a residential unit in Egham. The group's property portfolio under management at the year end, including the Campmoss investment and development portfolio, was valued at £34.01m (2007: £35.85m). The company's share of the net assets of Campmoss amounted to £7.47m (2007: £8.62m).

Net assets were £18.41m (2007: £20.64m) equivalent to 1,105p per share (September 2007: 1,189p) a decrease of 7.1% over the year (2007: increase 5.9%).

The group, including Campmoss, has adequate resources to complete the current development programme and cash balances held by Cardiff are placed on deposit.

During the year the company purchased for cancellation 69,573 ordinary shares for a total consideration of £502,209. Your directors are proposing the annual renewal of their authority to acquire shares and of the approval of the Rule 9 waiver, both of which will be included in the Resolutions to be placed before shareholders at the Annual General Meeting and Extraordinary General Meeting respectively to be held on 15 January 2009. Full details of the Rule 9 waiver are set out in the document accompanying this report.

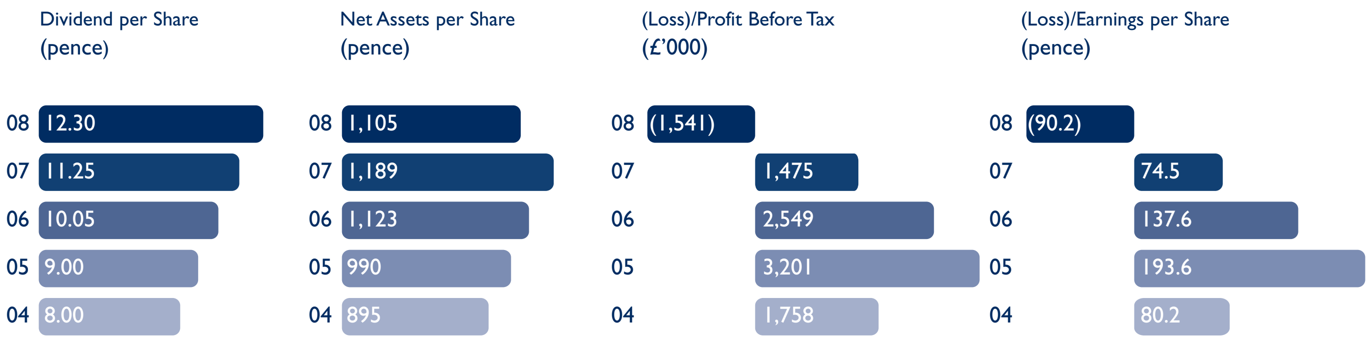
Dividend

The directors recommend a final dividend of 9.0p per share (2007: 8.25p) making a total dividend for the year of 12.3p (2007: 11.25p), an increase of 9.3%. The final dividend will be paid on 12 February 2009 to shareholders on the register on 23 January 2009.

Chairman's Statement and Property Review

continued

The Group is not immune to any further decline in the property market.



Figures for 2008, 2007, 2006 and 2005 are presented under IFRS. Figures for 2004 are presented under UK GAAP.

Investment and development portfolio

The group's property portfolio continues to be located in the Thames Valley primarily to the west of Heathrow, along the M4 motorway and in the counties of Surrey and Berkshire. The buildings retained for investment have been developed and let by the group or are being held whilst planning issues are resolved.

At the Maidenhead Enterprise Centre, Maidenhead, two units have been let during the year including one half of the largest unit which was sub-divided. One unit remains vacant although discussions are currently in hand with a prospective tenant. The centre comprises six business units each of approximately 2,000 sq ft offering industrial space on the ground floor with offices above.

At the Windsor Business Centre, Windsor, which comprises five similar business units, one lease was surrendered and a reletting completed. All units are let and negotiations to sell the freehold of one of the units, as detailed later in this report, were successfully completed after the year end.

At Heritage Court, Egham, one shop unit has become available and is being marketed through local agents. The remaining three retail units are let.

At The White House, Egham, all five retail units on the ground floor and offices on the upper floor are let. Rent reviews have now been finalised for all ground floor retail units, resulting in an average increase of over 30%. Two houses in Egham, Surrey, continue to be held and are let on Assured Shorthold Tenancies.

Campmoss Property Company Limited

At Highway House, Maidenhead, planning permission for a new 46,000 sq ft high grade office scheme was granted last year and minor access works in connection with that permission are anticipated to commence early next year. One tenant remains at the building with the remainder of the office space removed from the rating list. Demolition is anticipated towards the end of next year.

Similarly, at Clivemont House, Maidenhead, planning has been granted for a new 50,000 sq ft high grade office scheme and, as a direct result of the new rating system, demolition of the building has now been completed. In both cases agents have been appointed to seek a pre-letting.

At The Priory, Burnham, part of the building was recently refurbished to provide a modern serviced office business centre, the majority of which has now been let. The remainder of the building is let on a medium term institutional lease.

At Kiln Lane, Bracknell, our 13 office and business units are let to a number of well-known companies, primarily on medium term leases.

Our freehold property at Market Street, Bracknell, part of the Town Centre plan, and Tangley Place, Worplesdon, continue to be subject to detailed negotiations with the relevant planning authorities.

At Datchet Meadows, located between Datchet and Slough, Berkshire, the development of 35 apartments is now close to completion. A show apartment has been established and, whilst sales are being negotiated, the directors expect to let the majority of units.

In view of the uncertainties in the office letting market the directors are unlikely to commence any new office schemes until either a full or partial pre-letting is achieved. In the meantime the active pursuit of planning permissions and management of the existing buildings should assist the advancement of our property portfolio.

At the year end the investment portfolio, which includes the above properties, has been valued by the directors, taking account of external advice where available, at a market value of £22.56m (2007: £25.95m). Rental income from the portfolio totalled £1.76m (2007: £1.91m) which is received from 25 tenants. At the year end net borrowings totalled £8.68m (2007: £6.71m) and gearing was 55% (2007: 36%). This latter figure has increased as a direct result of development costs expended at our Datchet Meadows scheme previously referred to.

Quoted investments

The group has retained a small equity portfolio which includes ImmuPharma Plc, General Industries Plc, Kiwara Plc and Tribal Group Plc. All of these investments are the result of original holdings in previously quoted cash shell companies. The value of these investments is currently in excess of cost. I remain a director of Kiwara Plc and General Industries Plc quoted on AIM and PLUS Markets respectively.

Management and staff

I have been able to report a number of achievements during the year in both planning and management terms and I wish to thank our small management team, joint venture partner and fellow board members for their continuing efforts and support during the year.

Shareholders telephone dealing service

The company continues to offer its free share sale service to those shareholders who wish to dispose of holdings of 1,000 shares or less. This facility is provided by our registrars, Computershare Investor services, who can be contacted on 0870 703 0084. Shareholders should be aware that this service should not be construed as an encouragement to buy or sell the company's shares. If in any doubt, Shareholders should contact their own financial advisers.

Outlook

Despite the difficult marketplace, a freehold sale to an existing tenant of one of our business units at The Windsor Business Centre was completed after the year end in excess of book value. At Datchet Meadows, one apartment has been sold and four lettings achieved during the first two months of the current financial year.

The group is not immune to any further decline in the property market. Sufficient resources are available to commence its development programme as soon as confidence returns. In the meantime your directors will continue to seek new planning permissions, manage the existing portfolio and keep a watchful eye for acquisitions, to enhance the value of the group's property portfolio.

J Richard Wollenberg
Chairman
26 November 2008

Financial Review

Understanding our business

The group specialises in property investment and development in the Thames Valley. The portfolio, including our 47.62% jointly controlled entity, Campmoss Property Company Limited, is currently valued in excess of £34m and is primarily located to the west of London, close to Heathrow Airport and in Surrey and Berkshire and comprises a mix of high grade office developments, industrial and commercial units plus residential properties developed for sale. The group's methodology is to acquire sites which, generally, have difficult planning considerations and use its expertise to add value by achieving planning and developing out the sites. The group's strategy is to grow through active property management and rapid response to opportunities as they arise and is focused on the long term.

The current year has been challenging, but the group's underlying profitability remains strong. In line with the marketplace the group's property portfolio has suffered a decline in value and, as a result, under IFRS rules the reduction in the value of the portfolio, both in respect of the company and our share of Campmoss, has been taken to the Income Statement. Eliminating the effect of the portfolio revaluation, the company returned a net profit before tax of £740,000 (2007: £652,000) and our share of the after tax profits of Campmoss was £124,000 (2007: £360,000). The reduction in Campmoss reflects the temporary increase in costs of financing the residential development at Datchet Meadows, Slough.

The effectiveness of the group's strategy is reflected in its performance over the recent years. In the five years from 30 September 2002 net assets increased from 704p per share (under UK GAAP) to 1,189p per share at 30 September 2007, despite the impact of IFRS. The reduction to 1,105p per share at 30 September 2008 represents a 7% decline. The group benefits from substantial cash deposits and ongoing profitability. Dividends increased from 6.3p per share to 11.25p per share over that same period. The dividend for the current year has been increased by 9.3% to 12.3p per share.

Going forward in the short term, the group is continuing to market its industrial development known as The Maidenhead Enterprise Centre and Campmoss has almost completed its residential development in Slough. For the longer term the group is well placed to take advantage of any upturn in the property market, having substantial cash deposits giving it the ability to react quickly to opportunities as they arise. In addition, Campmoss has a substantial development portfolio at Maidenhead following the granting last year of two separate office planning permissions. Potential retail, office and residential developments exist at Bracknell and Guildford subject to securing planning permission.

Income statement

Revenue amounted to £0.61m (2007: £0.70m). This can be analysed as:

	2008 **£'000**	2007 £'000	movement
Gross rents receivable	**609**	504	
Sales of development properties	**—**	196	
Total turnover	**609**	700	-13%

In the year to 30 September 2007 the group sold one residential unit in Egham. This was included in revenue as sales of development property. Sales of investment properties are treated as disposals of non-current assets and only the gain or loss on sale as measured against the valuation carried in the balance sheet is reflected in the income statement. No such sales were made during the year. The group's rental income has increased primarily reflecting lettings at The Maidenhead Enterprise Centre.

The loss before tax was £1.54m (2007: profit £1.48m) reflecting reduced valuations of investment properties in both the group and Campmoss. These results relate entirely to continuing activities. There were no acquisitions or disposals of businesses in the year.

Loss per share is 90.2p (2007: earnings of 74.5p).

Your board has again obtained independent valuations of the property portfolio (excluding those held by Campmoss which are based on directors' valuations). These external valuations result in a decrease in the value of the group's commercial portfolio by £1,135,000 (2007: increase £152,000) and the residential portfolio by £nil (2007: increase £15,000). The decrease of £1,135,000 (2007: increase £167,000) has been taken to the income statement in accordance with IFRS.

Balance sheet

Total assets amount to:

	2008 **£'000**	2007 £'000
Investment properties	**4,790**	5,905
Investment in jointly controlled entity	**7,469**	8,615
Property, plant and equipment	**4**	2
Other financial assets	**320**	340
Deferred tax asset	**23**	22
Stock	**992**	992
Trade and other receivables	**2,368**	1,983
Cash and cash equivalents	**3,255**	3,765
Total	**19,221**	21,624

During the year the company purchased for cancellation 69,573 of its own shares at a cost of £502,209.

The company may hold in treasury any of its own shares purchased. This gives the company the ability to reissue treasury shares and provides greater flexibility in the management of its capital base. Any shares purchased by the company not held in treasury will be cancelled and the number of shares in issue reduced accordingly. The company intends to continue its policy of purchasing its own shares, whether to be held in treasury or to be cancelled, and a resolution renewing the directors' authority will be placed before the forthcoming Annual General Meeting. This authority will only be exercised in circumstances where the directors regard such purchases to be in the best interests of shareholders as a whole and is subject to the waiver under Rule 9 of the City Code of Takeovers and Mergers being approved by shareholders as set out in the document accompanying this report.

Net assets were £18.41m (2007: £20.64m) equivalent to 1,105p per share (2007: 1,189p), a decrease of 7% over the year.

Liquidity

At the year end the company retained substantial cash deposits resulting from the sale of development properties during the previous years. In December 2007 the group declined to renew its base rate loan facility of £3.27m. Sufficient cash resources are available to the group to complete the current development programme. The board will keep this position under review.

Gearing at the year end was nil (2007: nil).

Jointly controlled entity

Our jointly controlled entity, Campmoss Property Company Limited, prepares its results under UK GAAP and these are summarised as follows:

	2008	2007
	£'000	£'000
Turnover (rents received)	**1,756**	1,907
Profit before tax	**380**	905
Net assets before net borrowing	**24,366**	25,516
Net borrowing	**8,681**	6,715
Gearing %	**55**	36

International Financial Reporting Standards ("IFRS")

Shareholders will note that IFRS continues to evolve and the corresponding volume of information presented in the annual report inevitably grows with it. The main changes this year have been the adoption of IFRS 7 — Financial Instruments: Disclosure and the amendments to IAS 1 — Presentation and Financial Statements. IFRS does not affect the performance of the business, but changes the way in which it is reported. The implementation of IFRS will continue for some time to come with a number of issues yet to be resolved by the various accounting standards bodies. As a result there is an ongoing programme refining the interpretations of the standards currently in operation.

The company has elected to prepare its parent company financial statements in accordance with UK GAAP.

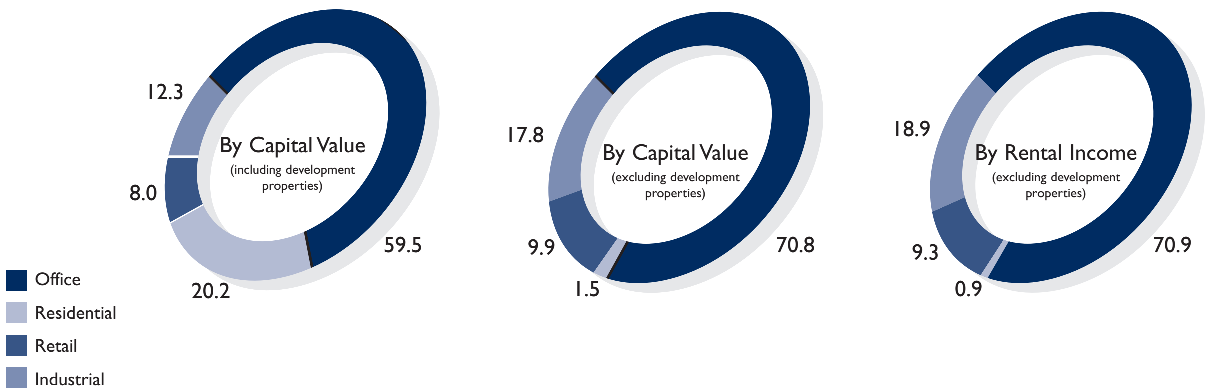
As stated in previous years, shareholders should note that the introduction and continuation of IFRS has led to a significant increase in the administrative and cost burden of the group in the preparation, audit and printing of this report.

Key performance indicators

The key performance indicators used by the directors for monitoring the performance of the business are shown in the graphs on page 4 and the consolidated five year summary on page 44.

David A Whitaker FCA
Finance Director
26 November 2008

Analysis of Group Property Portfolio



Directors and Advisers

Directors
J Richard Wollenberg
Chairman and chief executive

David A Whitaker FCA,
Finance director

Nigel D Jamieson BSc, MRICS, FSI
Independent non-executive director

Secretary
David A Whitaker FCA

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Registered number
22705

Auditors
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Chartered Accountants
Marlborough House, Fitzalan Court, Fitzalan Road, Cardiff CF24 0TE

Stockbrokers and financial advisers
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Arbuthnot House, 20 Ropemaker Street, London EC2Y 9AR

Bankers
HSBC Bank Plc
97 Bute Street, Cardiff CF10 5XH

Solicitors
Morgan Cole
Bradley Court, Park Place, Cardiff CF10 3DR

Registrar and transfer office
Computershare Investor Services PLC
PO Box 82, The Pavilions, Bridgwater Road, Bristol BS99 7NH
Telephone: 0870 702 0001
Dealing line: 0870 703 0084

J Richard Wollenberg (aged 60)
Chairman and chief executive

Was appointed a director of the company in 1980, became chief executive in 1981 and chairman in 1989. Mr Wollenberg has over 25 years' experience in property investment and development and has been actively involved in a number of corporate acquisitions and flotations. He is an executive director of Campmoss Property Company Limited and General Industries Plc, which is quoted on PLUS Markets and a non-executive director of Kiwara Plc quoted on AIM.

David A Whitaker FCA (aged 59)
Finance director

Was appointed a director and secretary of the company in 1997. He is a Chartered Accountant and brings a wealth of experience of public companies. He also has extensive experience in contracting from a successful career in cable television.

Nigel D Jamieson BSc, MRICS, FSI (aged 58)
Independent non-executive director

Was appointed to the board as a non-executive director in 1991 and is chairman of the company's audit and remuneration committees. He is a Chartered Surveyor with over 25 years' experience of the UK property market both as a general practice surveyor and as an investment analyst. He is an executive director of several independent property investment companies active in the London area and acts as an independent consultant to private clients on a range of property related matters.

Non-executive director of wholly owned subsidiary First Choice Estates plc

Derek M Joseph BCom, FCIS, MIMC, MBIM (aged 58)
Director of HACAS Group Ltd, the leading housing association and local authority housing consultancy, now part of the Tribal Group Plc. He is a non-executive director of a number of social housing development companies, an executive director of a group of companies holding and managing residential and commercial properties and of a quoted company specialising in enterprise development. He advises UK government departments and foreign governments on housing strategy. He is also non-executive director of General Industries Plc.

Report of the Directors

The directors submit their annual report and the audited financial statements for the year ended 30 September 2008.

Results

The results of the group for the year are set out in the audited financial statements on pages 17 to 35.

Dividends

The directors recommend a final dividend for the year of 9.0p per share (2007: 8.25p) payable on 12 February 2009. The total dividend paid and proposed in respect of the year, including the interim dividend of 3.3p per share, amounts to 12.3p per share (2007: 11.25p) which represents an increase of 9.33% over the total dividend per share for the previous year.

Principal activity and enhanced business review

The principal activity of the group during the year continued to be property investment and development. The Companies Act 1985 requires the directors' report to include a business review. Certain information that fulfils the requirement of the business review can be found in the chairman's statement and property review and the financial review on pages 3 to 7.

There are no persons with whom the company has contractual or other arrangements which are essential to the business of the company other than those included in the related party disclosures in note 27 on page 33.

Directors

The current directors of the company and the non-executive director of a wholly owned subsidiary are listed on page 8. All served throughout the financial year.

In accordance with the company's articles of association, Mr Wollenberg will retire by rotation at the Annual General Meeting and, being eligible, will offer himself for re-election.

Directors' interests

Directors' and their immediate families' interests in the ordinary shares of the company were as follows:

	At 30 September 2008		At 1 October 2007	
	Beneficial	**Under option**	Beneficial	Under option
N D Jamieson	**1,500**	**—**	1,500	—
D A Whitaker	**7,000**	**—**	7,000	—
J R Wollenberg	**531,298**	**30,000**	531,298	30,000

No director has any interest in the share capital of any other group company. There were no changes in the directors' shareholdings as stated above between 1 October 2008 and 26 November 2008.

At 30 September 2008 Mr Wollenberg held 25,000 (2007: 25,000) ordinary shares of £1 each in Campmoss Property Company Limited, a jointly controlled entity, representing 2.38% of the issued share capital of that company.

Directors' options

Details of the options to subscribe for ordinary shares of 20p each held by Mr Wollenberg are as follows. No options were granted or exercised and none lapsed during the year.

Date granted	Amount paid	No. of ordinary shares	Option price per share	Exercisable between
16 March 1999	£1	10,000	300p	2002–2009
26 January 2001	£1	10,000	545p	2004–2011
14 January 2003	£1	10,000	515p	2006–2013

The mid-market price of the company's shares on 30 September 2008 was 655p per share, the highest and lowest mid-market prices of the company's shares during the year were 965p and 655p respectively. See remuneration policies on page 14 for the criteria attached to the above options.

Substantial Shareholdings

In addition to one director referred to above who holds 31.9%, the company has been notified of the following holdings of 3% or more in the share capital of the company at 26 November 2008.

	Holding	Percentage
AXA Investment Managers UK Ltd	222,500	13.4
Credit Suisse Asset Management Ltd	101,000	6.1
Gartmore Fledgling Trust Plc	55,000	3.3

Allotment of shares

As special business at the Annual General Meeting, a resolution will be proposed to renew the power of your directors to allot equity securities, pursuant to section 80 of the Companies Act 1985, such power being limited to one-third of the issued share capital of the company. This authority may be renewed for five years but, in common with modern corporate governance practice, it is your directors' intention that the resolution be limited to one year and that its renewal be proposed at each Annual General Meeting.

Pre-emption rights

As special business at the Annual General Meeting a resolution will be proposed to renew for a further year the power of your directors to allot equity securities for cash without first offering such securities to existing shareholders. The aggregate nominal amount of equity securities which may be allotted in this way shall not exceed £16,660, representing 5% of the present issued ordinary share capital of the company.

Purchase of own shares

At the Annual General Meeting held on 10 January 2008, authority was renewed empowering your directors to make market purchases of up to 260,163 of the company's own ordinary shares of 20p each. Under that authority your directors made a market purchase of 22,673 shares (nominal value £5,535) in the period January to August 2008 representing 1.34% of the issued share capital at 10 January 2008. These shares were purchased for an aggregate value of £148,732 and cancelled. The number of shares in issue following these transactions was 1,666,007.

Report of the Directors
continued

The existing authority for the company to purchase its own shares expires at the conclusion of the Annual General Meeting to be held on 15 January 2009. The directors wish to renew the authority and consent is therefore sought to resolution 8 set out in the Notice of Meeting on page 42 authorising the directors to purchase up to 249,734 ordinary shares of 20p each (representing 14.99% of the present issued share capital), at a minimum price of 20p and a maximum price equal to 105% of the average of the middle market quotations for the ordinary shares of the company as derived from the Daily Official List of The London Stock Exchange for the ten business days before the relevant purchase is made. The authority will expire at the conclusion of the Annual General Meeting in 2010 and it is your directors' intention that a resolution for its renewal will be proposed at each succeeding Annual General Meeting.

The authority will only be exercised when the directors are satisfied that it is in the interests of the company so to do. The company may hold in treasury any of its own shares purchased under this authority. This would give the company the ability to reissue treasury shares and provides greater flexibility in the management of its capital base. Any shares purchased by the company not held in treasury will be cancelled and the number of shares in issue reduced accordingly.

Supplier payment policy
Whilst the group does not follow any standard code, it is its policy to negotiate terms with all its suppliers and to ensure that they know the terms on which payment will take place when the business is agreed. It is our policy to abide by these terms. In most instances this requires payment within 30 days of the date of invoice. The number of days' purchases outstanding at the year end was 7 (company: 8 days).

Donations
The company made charitable donations of £50 (2007: £77) during the year. There were no political donations made in either this year or last.

Auditors
A resolution for the reappointment of KPMG Audit Plc as auditors of the company and authorising the directors to determine its remuneration is to be proposed at the forthcoming Annual General Meeting.

Provision of information to auditors
The directors who held office at the date of approval of this directors' report confirm that, as far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Corporate social responsibility
Through the group's acquisition, development and management of commercial and residential property, we aim to conduct our business with honesty, integrity and openness, respecting human rights and the interests of our shareholders and employees. We aim to provide timely, regular and reliable information on the business to all our shareholders and conduct our operations to the highest standards.

We strive to create a safe and healthy working environment for the well-being of our staff and create a trusting and respectful environment, where all members of staff are encouraged to feel responsible for the reputation and performance of the company. We continue to establish a diverse and dynamic workforce with team players who have the experience and knowledge of the business operations and markets in which we operate. Through maintaining good communications, members of staff are encouraged to realise the objectives of the company and their own potential.

Corporate environmental responsibility
The group's policy is to minimise the risk of any adverse effect on the environment associated with its development activities with a thoughtful consideration of such key areas as energy use, pollution, transport, land use, ecology, renewable resources, health and well-being. The group also aims to ensure that its contractors meet with their legislative and regulatory requirements and that codes of best practice are met and exceeded. The group is committed to maintaining high environmental standards in all its operations and to minimise the impact of its activities on the surrounding environment. The nature of the work that we are involved in means that the group has an opportunity, not only to minimise the negative impact on the environment but also to enhance and improve the environment in which we all live and work.

Directors' and officers' indemnity insurance
The directors of the company are covered to the amount of £500,000 in each loss per policy period, with sub-limit of £250,000 in respect of defence costs for pollution.

Transparency directive
Details of the company's share capital and share options are given in note 20 and note 19 respectively.

There are no restrictions on transfer or limitations on the holding of the ordinary shares. None of the shares carry any special rights with regard to the control of the company. There are no known arrangements under which the financial rights are held by a person other than the holder and no known agreements or restrictions on share transfers and voting rights.

As far as the company is aware there are no persons with significant direct or indirect holdings other than the director and other significant shareholders as noted above.

The provisions covering the appointment and replacement of directors are contained in the company's articles, any changes to which require shareholder approval.

There are no significant agreements to which the company is party that take effect, alter or terminate upon a change of control following a takeover bid and no agreements for compensation for loss of office or employment that become effective as a result of such a bid.

Corporate Governance

The board is committed to maintaining appropriate standards of corporate governance. The statement below, together with the report on directors' remuneration on pages 14 to 15, explains how the company has applied the principles set out in The Combined Code and the subsequent Turnbull guidance.

Board of directors

The board currently consists of two executive directors and one independent non-executive director. It meets regularly with senior staff throughout the year to discuss key issues and to monitor the overall performance of the group. The board has a formal schedule of matters reserved for its decision. The board met eight times during the year. The board, led by the independent non-executive director, evaluates the annual performance of the board and the chairman. A framework for the evaluation process has been agreed and the findings arising from the process discussed with the board. The board views the non-executive director as independent of the board, notwithstanding his tenure being in excess of ten years, due to the range and depth of his external commitments and experience in the property sector.

Audit committee

The audit committee, which is chaired by the independent non-executive director, Nigel Jamieson, comprises all board members. The committee meets with the auditors at least once a year to consider the results, internal procedures and controls and matters raised by the auditors. The audit committee met once during the year. The audit committee considers auditor independence and objectivity and the effectiveness of the audit process. It also considers the nature and extent of the non-audit services supplied by the auditors reviewing the ratio of audit to non-audit fees. At least one of the members has relevant recent financial experience.

Remuneration committee

The remuneration committee also consists of all board members and is chaired by Nigel Jamieson. It meets when required to consider all aspects of directors' and staff remuneration, share options and service contracts. The remuneration committee met once during the year.

Compliance statement

The company has, other than where stated below, complied fully with the provisions set out in section 1 of The Combined Code, during the year:

- the chairman is also the chief executive;
- a nominations committee has not been established;
- the audit committee consists of all board members, which includes one non-executive director (The Combined Code recommends that the audit committee should comprise at least three, or in the case of smaller companies, two non-executive directors); and
- the remuneration committee also consists of all board members (The Combined Code recommends that the remuneration committee should comprise solely of non-executive directors).

The directors consider this structure to be a practical solution bearing in mind the company's size and needs. However, it is intended to review this issue as the group expands.

The Combined Code requires that the directors review the effectiveness of all internal controls, not only internal financial controls. This extends the requirement in respect of internal financial controls to cover all controls including financial, operational, compliance and risk management. The company has procedures established which enable it to comply with the requirements of The Combined Code in relation to internal controls.

Internal control

The directors confirm that they have reviewed the effectiveness of the group's system of internal control for identifying, evaluating and managing the significant risks faced by the group and they acknowledge their responsibility for that system. Such a system is designed to manage risk and can, however, only provide reasonable but not absolute assurance against material misstatement or loss.

The size of the group and the small number of employees necessarily involves the executive directors closely in the day-to-day running of the group's affairs. This has the advantage of the executive directors becoming closely involved with all transactions and risk assessments. Conversely, the board is aware that its size also means that the division of functions to provide normal internal control criteria is problematic. The board believes, however, that its close involvement with the day-to-day management of the group eliminates, as far as possible, the risks inherent in its small size.

Key features of the system of internal control include:

- strategic planning — the board considers the group's position in respect of its marketplace and likely trends in that marketplace which will necessitate a change or adjustment to that position;
- investment appraisal and monitoring — all capital projects, contracts, business and property holdings and acquisitions are reviewed in detail and approved by the chief executive or, if of a significant size, by the whole board; and
- financial monitoring — cash flow and capital expenditure are closely monitored and key financial information is reviewed by the board on a regular basis.

The board considers that there is an ongoing process for identifying, evaluating and managing the significant risks facing the group that has been in place during the year, which is regularly reviewed and accords with the Turnbull guidance.

The group has a holding representing 47.62% of the issued share capital of its jointly controlled entity, Campmoss Property Company Limited, which is not subject to the requirements of The Combined Code and Turnbull guidance.

Corporate Governance
continued

Internal financial control
Financial controls have been established so as to provide safeguards against unauthorised use or disposition of the assets, to maintain proper accounting records and to provide reliable financial information for internal use.

Key financial controls include:

- the maintenance of proper records;
- a schedule of matters reserved for the approval of the board;
- evaluation, approval procedures and risk assessment for acquisitions and disposals and for major capital expenditure;
- regular reporting and monitoring of development projects; and
- close involvement of the chief executive in the day-to-day operational matters of the group.

The directors consider the size of the group and the close involvement of executive directors in the day-to-day operations makes the maintenance of an internal audit function unnecessary. The directors will continue to monitor this situation.

Relations with shareholders
Presentations are given to institutional investors by the chairman when requested, normally following the publication of the half year and full year results, when interim and annual reports are delivered to all shareholders. The results of meetings with investors, media and analysts are discussed with board members to assist them in understanding the views of investors and others. All directors attend the Annual General Meeting at which they have the opportunity to meet with shareholders.

Going concern
The directors have followed the guidance issued in making their statement on going concern.

After making enquiries the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Registered office:
Marlborough House
Fitzalan Court
Fitzalan Road
Cardiff CF24 0TE

By order of the board

David A Whitaker FCA
Secretary

26 November 2008

Statement of Directors' Responsibilities

The directors are responsible for preparing the annual report and the group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they are required to prepare the group financial statements in accordance with IFRS as adopted by the EU and applicable law and have elected to prepare the parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The group financial statements are required by law and IFRS as adopted by the EU to present fairly the financial position and the performance of the group; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

The parent company financial statements are required by law to give a true and fair view of the state of affairs of the parent company.

In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the group financial statements, state whether they have been prepared in accordance with IFRS as adopted by the EU;
- for the parent company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the parent company financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a directors' report, directors' remuneration report and corporate governance statement that comply with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors confirm that to the best of their knowledge:

- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities and financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- The directors' report includes a fair view of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

J Richard Wollenberg
Chairman
26 November 2008

David A Whitaker FCA
Finance Director

Remuneration Report

Composition of the remuneration committee

Nigel D Jamieson	independent non-executive director, chairman of the committee
David A Whitaker	executive director
J Richard Wollenberg	executive director

Remuneration policy is a matter for the board as a whole. The remuneration committee works within the agreed policy to set individual remuneration levels, although the executive directors do not participate in decisions regarding their own remuneration. The members of the remuneration committee have access to professional advice at the company's expense, if necessary, in order to carry out their duties. No such advice was sought during the year. All members served throughout the year.

Compliance

In setting the company's remuneration policy for directors, the remuneration committee has given full consideration to the best practice provisions annexed to The Financial Services Authority Listing Rules and the report has been prepared in accordance with Schedule 7A to the Companies Act 1985 inserted by the Directors' Remuneration Report Regulations 2002.

Remuneration policies

The remuneration policy is designed to attract, retain and motivate executive directors and senior management of a high calibre with a view to encouraging commitment to the development of the group and for long term enhancement of shareholder value. Remuneration packages take into account individual performance and the remuneration for similar jobs in other comparable companies where such companies can be identified. The committee believes that share ownership by executive directors and senior staff strengthens the link between their personal interests and those of shareholders.

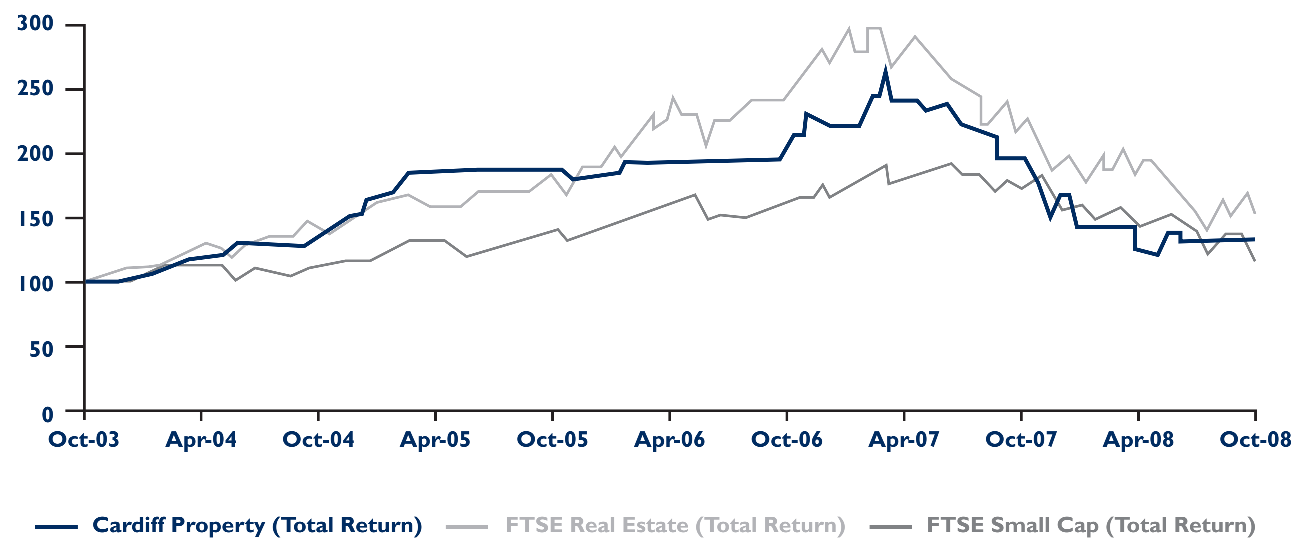
The main components of executive directors' remuneration are:

- basic salary/fee — reviewed annually;
- annual performance bonus — members of staff (excluding directors) are eligible to participate in the company's discretionary bonus scheme. Mr Wollenberg is eligible to receive a sum equal to 2.5 times the percentage increase in net asset value per share based upon current salary up to a maximum of 50% of that salary. Mr Whitaker is eligible to receive a sum equal to the percentage increase in net asset value per share based upon the current fee charged to the company up to a maximum of 50% of that fee;
- taxable benefits — provision of health care for Mr Wollenberg;
- pension benefits — the company has no formal pension scheme. Annual contributions are made to Mr Wollenberg's personal pension scheme currently at the rate of 20% (2007: 20%) of salary and bonuses; and
- share options — grants under the company's approved share option scheme (approved by shareholders in general meeting) are set so that the aggregate option exercise price for each recipient may not be greater than four times annual salary and such grants are phased. Grants under the unapproved share option scheme (approved by shareholders in general meeting) are made by the remuneration committee upon the achievement of specified performance criteria.

The criteria applicable to both schemes were chosen as being those most likely to provide enhanced shareholder value from the performance of executives. They are:

- on grant of an option, an increase in the average of the previous three years earnings per share of at least 3% more than the corresponding increase in the Retail Price Index over the same period; and
- on exercise of an option, an increase in the average of the previous three years net asset value per share of at least 3% more than the corresponding increase in the FT Real Estate Index over the same period.

It is intended that these policies will be continued for the next year and subsequent years.



A graph showing the company's total shareholder return relative to the FTSE Real Estate and FTSE Small Cap Indices is reproduced above. Total shareholder return is calculated to show the theoretical growth in the value of a shareholding over a specified period, assuming that dividends are reinvested to purchase additional shares. Company performance graphs are contained in the Chairman's Statement on page 4.

Service contracts

Mr Wollenberg has a service contract for a three-year rolling term. In the opinion of the committee the notice period is necessary in order to secure Mr Wollenberg's services at the current terms of his employment.

Mr Whitaker's services are provided by Netpage Communications Ltd, a company controlled by him, with whom the company has a service contract which can be terminated by either party upon giving three months' notice in writing.

Remuneration of non-executive director

The remuneration of the non-executive director is decided by the board based upon comparable market levels. The non-executive director is not eligible for any other benefits. His services can be terminated by either party upon giving three months' notice in writing.

Directors' remuneration and directors' options subject to audit

Particulars of directors' remuneration, including pensions and directors' options which, under the Companies Act 1985 are required to be audited, are given in note 7 to the financial statements on page 24 and in the report of the directors on page 9.

External appointments

Executive directors are allowed to accept external appointments with the consent of the board, as long as these are not likely to lead to conflicts of interest. Executive directors are allowed to retain the fees paid.

The remuneration report was approved by the board on 26 November 2008 and signed on its behalf by:

Nigel D Jamieson, BSc, MRICS, FSI
Chairman of the Remuneration Committee

Independent Auditors' Report

KPMG

KPMG Audit Plc
Marlborough House
Fitzalan Court
Fitzalan Road
Cardiff
CF24 0TE
United Kingdom

Independent auditors' report to the members of The Cardiff Property Public Limited Company

We have audited the group and parent company financial statements (the "'financial statements") of The Cardiff Property Public Limited Company for the year ended 30 September 2008 which comprise the Consolidated Income Statement, the Consolidated and Parent Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Recognised Income and Expense and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

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 auditors' 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.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRS) as adopted by the EU, and for preparing the parent company financial statements and the Directors' Remuneration Report in accordance with applicable law and UK accounting standards (UK Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities on page 13.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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

The information given in the Directors' Report includes that specific information presented in the Chairman's Statement and the Financial Review that is cross-referenced from the principal activities and review of the business section of the Directors' Report.

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

We review whether the corporate governance statement reflects the company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the annual report and consider whether it is consistent with the audited financial statements. 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 audit 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 and the part of the Directors' Remuneration Report to be audited. 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 group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited 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 and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRS as adopted by the EU, of the state of the group's affairs as at 30 September 2008 and of its loss for the year then ended;
- the group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation;
- the parent company financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 30 September 2008;
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc Cardiff
Chartered Accountants
Registered Auditor 26 November 2008

Consolidated Income Statement

for the year ended 30 September 2008

	Notes	2008 £'000	2007 £'000
Revenue	3	609	700
Cost of sales		(94)	(175)
Gross profit		515	525
Administrative expenses		(379)	(463)
Other operating income		253	250
Operating profit before (losses)/gains on investment properties and other investments	4	389	312
Loss on sale of other investments		—	(7)
(Deficit)/surplus on revaluation of investment properties		(1,135)	167
Operating (loss)/profit		(746)	472
Financial income	5	351	347
Share of results of jointly controlled entity	13	(1,146)	656
(Loss)/profit before taxation	3–7	(1,541)	1,475
Taxation	8	16	(178)
(Loss)/profit for the financial year attributable to equity holders	24	(1,525)	1,297
(Loss)/earnings per share on (loss)/profit for the financial year — pence			
Basic	9	(90.2)	74.5
Diluted	9	(90.2)	73.8
Dividends			
Final 2007 paid 8.25p (2006: 7.30p)		143	127
Reduction in 2007 final dividend following purchase of own shares		(3)	—
Interim 2008 paid 3.30p (2007: 3.00p)		55	52
		195	179
Final 2008 proposed 9.00p (2007: 8.25p)		150	143

Consolidated Balance Sheet

at 30 September 2008

	Notes	2008 £'000	2008 £'000	2007 £'000	2007 £'000
Non-current assets					
Investment properties	11		4,790		5,905
Investment in jointly controlled entity	13		7,469		8,615
Property, plant and equipment	12		4		2
Other financial assets	13		320		340
Deferred tax asset	18		23		22
			12,606		14,884
Current assets					
Stock and work in progress	14	992		992	
Trade and other receivables	15	2,368		1,983	
Cash and cash equivalents		3,255		3,765	
			6,615		6,740
Total assets			19,221		21,624
Current liabilities					
Corporation tax		(203)		(148)	
Trade and other payables	16	(484)		(482)	
			(687)		(630)
Non-current liabilities					
Provisions	17	(65)		(65)	
Deferred tax liability	17–18	(62)		(288)	
			(127)		(353)
Total liabilities			(814)		(983)
Net assets			18,407		20,641
Capital and reserves					
Called up share capital	20		333		347
Share premium account	21		4,946		4,946
Other reserves	22		2,314		2,300
Investment property revaluation reserve	23		3,194		5,365
Retained earnings	24		7,620		7,683
Shareholders' funds attributable to equity holders			18,407		20,641
Net assets per share	10		1,105p		1,189p

These financial statements were approved by the board of directors on 26 November 2008 and were signed on its behalf by:

J Richard Wollenberg
Director

Consolidated Cash Flow Statement

for the year ended 30 September 2008

	2008 £'000	2007 £'000
Cash flows from operating activities		
(Loss)/profit for the year	**(1,525)**	1,297
Adjustments for:		
Depreciation, amortisation and impairment	**2**	2
Financial income	**(351)**	(347)
Share of loss/(profit) of jointly controlled entity	**1,146**	(656)
Loss on sale of other investments	**—**	7
Loss on disposal of fixed assets	**—**	1
Deficit/(surplus) on revaluation of investment properties	**1,135**	(167)
Taxation	**(16)**	178
Decrease in provisions	**—**	(50)
Cash flows from operations before changes in working capital	**391**	265
Decrease in stock	**—**	140
Increase in trade and other receivables	**(385)**	(486)
Increase in trade and other payables	**2**	35
Cash generated from/(absorbed by) operations	**8**	(46)
Tax paid	**(156)**	(315)
Net cash flows from operating activities	**(148)**	(361)
Cash flows from investing activities		
Interest received	**351**	347
Acquisition of property, investments and plant and equipment	**(24)**	(9)
Proceeds of disposal of property, investments and plant and equipment	**8**	29
Net cash flows from investing activities	**335**	367
Cash flows from financing activities		
Purchase of own shares	**(502)**	(52)
Dividends paid	**(195)**	(179)
Net cash flows from financing activities	**(697)**	(231)
Net decrease in cash and cash equivalents	**(510)**	(225)
Cash and cash equivalents at beginning of year	**3,765**	3,990
Cash and cash equivalents at end of year	**3,255**	3,765

Other Primary Statements

for the year ended 30 September 2008

Consolidated statement of recognised income and expense

	2008 £'000	2007 £'000
Net change in fair value of available for sale financial assets recognised directly in equity	**(12)**	19
(Loss)/profit for the financial year	**(1,525)**	1,297
Total recognised income and expense for the year attributable to the equity holders of the parent company	**(1,537)**	1,316

Notes to the Financial Statements

1. International Financial Reporting Standards

The consolidated results for the year ended 30 September 2008 and 2007 are prepared by the group under applicable International Financial Reporting Standards adopted by the European Union ("adopted IFRS") which have been adopted and incorporated into the principal accounting policies as set out in note 2.

The company has elected to prepare its parent company financial statements in accordance with UK GAAP.

2. Accounting policies

Basis of preparation

The following principal accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements except for the first time application of IFRS 7 — Financial Instruments: Disclosure and the amendment to IAS 1 — Presentation and Financial Statements. Their adoption has not had a significant impact on the reported results or the financial position of the group for 2008 or 2007, given that they are both Standards relating to disclosure requirements. The financial statements have been prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: financial instruments classified as available for sale; and investment properties. These accounting policies have been applied consistently across the group for the purposes of these consolidated financial statements.

Basis of consolidation

The group's financial statements consolidate those of the company and its subsidiaries and equity account for the interest in the jointly controlled entity. Subsidiary companies are those entities under the control of the company, where control means the power to govern the financial and operating policies of the entity so as to obtain benefit from its activities. The results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated income statement from the date control is obtained or up to the date when control is lost. Intra-group transactions are eliminated on consolidation.

Jointly controlled entities are those in whose activities the group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. The group's investment in the jointly controlled entity is accounted for using the equity method, hence the group's share of the gains and losses of the jointly controlled entity is included in the consolidated income statement and its interest in the net assets is included in investments in the consolidated balance sheet.

Use of estimates and judgement

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The key areas in which estimates have been used and the assumptions applied are in valuing investment properties (see note below) and in the calculating of provisions (note 17).

Goodwill

Goodwill represents amounts arising on acquisition of subsidiaries and jointly controlled entities. Goodwill represents the difference between the cost of the acquisition and the fair value of the assets, liabilities and contingent liabilities acquired. Identifiable assets include intangible assets which can be sold separately or which arise from legal rights regardless of whether those rights are separable.

The classification and accounting treatment of acquisitions that occurred prior to 30 September 2004 has not been reconsidered in preparing the group's opening IFRS balance sheet at 30 September 2004.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually at the balance sheet date for impairment. In respect of associates and jointly controlled entities, the carrying amount of goodwill is included in the carrying amount of the investment in that associate or jointly controlled entity.

Impairment

The annual impairment review involves comparing the carrying amount to the estimated recoverable amount (by allocating the goodwill to cash-generating units) and recognising an impairment loss, if the recoverable amount is lower. Impairment losses are recognised through the income statement.

Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or both. Investment properties are stated at fair value, which is based on market values, with any change therein recognised in the income statement and transferred to Investment property revaluation reserve in the balance sheet. An external, independent valuer, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued, values the company portfolio each year. The directors of the jointly controlled entity value its portfolio each year. All valuations take into account yields on similar properties in the area, vacant space and covenant strength.

Design, construction and management expenses together with interest incurred in respect of investment properties in the course of initial development are capitalised until the building is effectively completed and available for letting along with the costs directly attributable to the initial letting of newly developed properties. Thereafter they are charged to the income statement. Whilst under development such properties are classified as assets in the course of construction within property, plant and equipment. These properties are revalued at the year end and surpluses or deficits are recognised in equity.

Property, plant and equipment and depreciation

Property and plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Provision is made for depreciation on property, plant and equipment so as to write off their cost less the estimated residual value on a straight-line basis over their expected useful lives as follows:

- motor vehicles — 4 years; and
- fixtures, fittings and equipment — 4 years.

Notes to the Financial Statements
continued

2. Accounting policies continued

Impairment
The carrying amounts of the group's assets, other than investment properties and financial assets designated as available for sale which are measured at fair value, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss recognised where the recoverable amount is less than the carrying value of the asset. Any impairment losses are recognised in the income statement.

Stocks and work in progress
Stocks, being properties under development intended for ultimate resale, are stated at the lower of cost, including attributable overheads, and net realisable value.

Revenue
Revenue consists of rental income, earned under operating leases granted, from properties held for investment purposes, together with the proceeds from the sale of development properties. Rental income is recognised in the income statement on a straight-line basis over the total lease period. Payments due on early terminations of lease agreements are recognised in the income statement within revenue.

Proceeds from the sale of investment properties are not included in revenue, but in profit on sale of investment property. The profit or loss on disposal is calculated with reference to the carrying amount in the balance sheet. Purchases and sales of investment properties are accounted for when exchanged contracts become unconditional.

Financial assets
Investments in equity securities are classified as assets available for sale and are stated at fair value with any resultant gain or loss being recognised directly in equity. When these investments are derecognised the cumulative gain or loss previously recognised in equity is recognised in the income statement.

Trade and other receivables
Trade and other receivables are stated at their historic cost (discounted if material) less impairment.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

Equity
Equity comprises issued share capital, share premium, other reserves, investment property revaluation reserve and retained earnings.

Share-based payments
The share option programme allows group employees to acquire shares of the parent company; these awards are granted by the parent. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at the date of grant and spread over the period during which the employees become unconditionally entitled to the options using an option valuation model, taking into account the terms and conditions upon which options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is due only to share prices not achieving the threshold for vesting.

Dividends
Interim dividends are recorded in the financial statements when they are paid. Final dividends are recognised as a liability in the period in which they are approved by the company's shareholders.

Provisions
A provision is recognised in the balance sheet when: the group has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefit will be required to settle the obligation; and the outflow can be estimated reliably. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Taxation
Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Adopted IFRS not yet applied
The following adopted IFRSs/IFRICs were available for early application but have not been applied by the group in these financial statements:
- IFRS 8 — Operating Segments;
- IFRIC 9 — Reassessment of Embedded Derivatives;
- IFRIC 10 — Interim Reporting and Impairment;
- IFRIC 11 — Group and Treasury Share Transactions; and
- Amendments to IAS 23, IAS 27, IAS 32, IFRS 1, IFRS 2 and IFRS 3.

It is not anticipated that the application of these standards will have any significant impact on the reported results or the financial position of the group. The group plans to adopt these standards in the years ending 30 September 2009 and 2010 as appropriate.

3. Segmental analysis

The primary format used for segmental analysis is by business segment, as the group operates in only one geographical segment. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

	2008 £'000	2007 £'000
Revenue (wholly in the United Kingdom):		
Property and other investment being gross rents receivable	**609**	504
Property development being sale of development properties	**—**	196
	609	700
(Loss)/profit before taxation:		
Property and other investment	**(1,716)**	1,424
Property development	**175**	51
	(1,541)	1,475
Net operating assets:		
Assets		
Property and other investment	**18,059**	20,871
Property development	**3,048**	2,905
Eliminations	**(1,886)**	(2,152)
Total assets	**19,221**	21,624
Liabilities		
Property and other investment	**2,354**	2,405
Property development	**346**	318
Eliminations	**(1,886)**	(1,740)
Total liabilities	**814**	983
Net operating assets	**18,407**	20,641

The group's share of the results of its jointly controlled entity included above relate entirely to property development.

4. Operating profit before (losses)/gains on investment properties and other investments

	2008 £'000	2007 £'000
Included are the following expenses/(income):		
Auditors' remuneration:		
Fees payable to the company's auditors for the audit of the annual accounts	**20**	20
Audit of subsidiary undertakings pursuant to legislation	**3**	3
Tax services	**6**	7
IFRS advisory	**3**	3
Other services	**3**	2
Depreciation of property, plant and equipment	**2**	2
Management charges receivable	**(246)**	(247)

5. Financial income

	2008 £'000	2007 £'000
Bank and other interest receivable	**351**	347

Notes to the Financial Statements
continued

6. Employees

The average number of persons employed by the group and the company (including executive directors) during the year was:

	Number of employees 2008	2007
Management	**3**	3
Administration	**2**	2
	5	5

The aggregate payroll costs of these persons were as follows:

	2008 £'000	2007 £'000
Wages and salaries	**265**	313
Social security costs	**19**	30
Other pension costs	**22**	27
	306	370

Other pension costs represents amounts paid by the group to a personal pension plan in respect of a director.

7. Emoluments of directors

The emoluments of the directors were as follows:

	Salary/fee £	Benefits £	Bonus £	2008 Total £	2007 Total £	2008 Pension contributions £	2007 Pension contributions £
As executives							
J R Wollenberg, chairman	117,576	8,076	—	**125,652**	140,616	**21,640**	26,800
D A Whitaker	39,252	—	—	**39,252**	41,272	**—**	—
	156,828	8,076	—	**164,904**	181,888	**21,640**	26,800
As non-executive							
N D Jamieson	12,000	—	—	**12,000**	12,000	**—**	—
	168,828	8,076	—	**176,904**	193,888	**21,640**	26,800

The information above is in respect of the company. In addition, Mr Wollenberg received consultancy fees of £50,000 (2007: £50,000) from our jointly controlled entity, Campmoss Property Company Limited. Details of the company's policy on directors' remuneration is contained within the remuneration report on pages 14 to 15. Information on directors' share options is shown in the report of the directors on page 9. Amounts in respect of emoluments for Mr Whitaker are paid to Netpage Communications Limited, a company which he controls.

8. Taxation

	2008 £'000	2007 £'000
Current tax		
UK corporation tax on the result for the year	**203**	148
Adjustments in respect of prior periods	**8**	(1)
Total current tax	**211**	147
Deferred tax		
Origination and reversal of temporary differences	**(227)**	21
Adjustments in respect of prior periods	**—**	10
Total deferred tax	**(227)**	31
Taxation	**(16)**	178

Factors affecting the tax (credit)/charge for the year

The tax (credit)/charge for the year is lower (2007: lower) than the standard rate of corporation tax in the UK of 28% (2007: 30%). The differences are explained below.

	2008 £'000	2007 £'000
Tax reconciliation		
(Loss)/profit before taxation	**(1,541)**	1,475
(Loss)/profit before taxation multiplied by standard rate of corporation tax in the UK of 28% (2007: 30%)	**(431)**	443
Effects of:		
Expenses not deductible for tax purposes	**3**	1
Release of deferred tax relating to capital allowances not clawed back	**—**	(23)
Other non-taxable income	**(1)**	(1)
Jointly controlled entity	**322**	(38)
Differences between chargeable gains and accounting profits in relation to investment disposals	**—**	12
Small companies relief	**—**	(31)
Tax effect of revaluation of investment properties	**83**	(133)
Change in rate of deferred tax	**—**	(61)
Adjustments in respect of prior periods	**8**	9
Taxation	**(16)**	178

Factors that may affect future taxation

The group expects to be able to claim capital allowances in excess of depreciation in future years.

Notes to the Financial Statements
continued

9. (Loss)/earnings per share

(Loss)/earnings per share has been calculated in accordance with IAS 33 — Earnings Per Share using the loss after tax for the financial year of £1,525,000 (2007: profit £1,297,000) and the weighted average number of shares as follows:

	Weighted average number of shares	
	2008	2007
Basic	**1,690,199**	1,740,839
Adjustment to basic for bonus element of shares to be issued on exercise of options	**10,948**	17,814
Diluted basis	**1,701,147**	1,758,653

Under IAS 33.41, diluted earnings per share where a loss is recorded cannot be less than the basic earnings per share.

10. Net assets per share

	2008 Pence per share	2007 Pence per share
Based on shares in issue at 30 September 2008 of 1,666,007 (2007: 1,735,580)	**1,105**	1,189

11. Freehold investment properties

	2008 £'000	2007 £'000
Group and company		
At beginning of year	**5,905**	5,730
Additions at cost	**20**	8
(Deficit)/surplus on revaluation	**(1,135)**	167
At end of year	**4,790**	5,905

The company's freehold commercial investment and owner occupied properties have been valued by external valuers Cushman & Wakefield, and its residential property by Aitchison Raffety, as at 30 September 2008. These external valuations have been prepared as Regulated Purpose Valuations in accordance with the Practice Statements contained in the RICS Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors in May 2003 (as amended). The bases of valuation were Market Value and Existing Use Value, as appropriate. The aggregate values attributed to these investment properties are as follows:

	30 September 2008 £'000
Cushman & Wakefield (Real Estate Consultants)	**4,570**
Aitchison Raffety	**220**
	4,790

The historical cost of the investment properties was:

	£'000
Group and company	
At 30 September 2008	**3,921**
At 30 September 2007	3,901

The cumulative amount of interest capitalised at 30 September 2008 was £90,000 (2007: £90,000).

12. Plant and equipment

	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost			
At 30 September 2006	64	9	73
Additions	1	—	1
Disposals	(2)	—	(2)
At 30 September 2007	63	9	72
Additions	—	4	4
Disposals	—	(9)	(9)
At 30 September 2008	**63**	**4**	**67**
Depreciation			
At 30 September 2006	60	9	69
Charge for year	2	—	2
On disposals	(1)	—	(1)
At 30 September 2007	61	9	70
Charge for year	—	2	2
On disposals	—	(9)	(9)
At 30 September 2008	**61**	**2**	**63**
Net book value			
At 30 September 2008	**2**	**2**	**4**
At 30 September 2007	2	—	2
At 30 September 2006	4	—	4

13. Investments

	Shares in jointly controlled entity £'000	Unlisted investments £'000	Listed investments £'000	Total £'000
At beginning of year	8,615	12	328	8,955
Disposals	—	—	(8)	(8)
Revaluation	—	—	(12)	(12)
Share of loss of jointly controlled entity	(1,146)	—	—	(1,146)
At end of year	**7,469**	**12**	**308**	**7,789**

Notes to the Financial Statements
continued

13. Investments continued
Listed investments
These included minority stakes in Tribal Group Plc, listed on The London Stock Exchange, Kiwara Plc and ImmuPharma Plc, both listed on AIM, and General Industries Plc, listed on PLUS Markets and are designated as available for sale financial assets.

Jointly controlled entity
The group owns 47.62% (2007: 47.62%) of the total issued ordinary share capital of £1,050,000 of Campmoss Property Company Limited incorporated in England and Wales.

The group's share of the results of Campmoss Property Company Limited and its subsidiary undertaking for the year ended 30 September 2008 has been incorporated in the consolidated financial statements. The following figures have been derived from the financial statements of Campmoss Property Company Limited and those of its subsidiary undertaking for the year ended 30 September 2008.

The group's share of the consolidated income, expenses, tax and (loss)/profit after tax was:	**2008 £'000**	2007 £'000
Income	**837**	908
Expenses (including taxation credit of £280,000 (2007: charge of £38,000))	**(375)**	(514)
Revaluation of property	**(1,608)**	262
(Loss)/profit after tax	**(1,146)**	656

The group's share of the consolidated net assets of its jointly controlled entity was:	**2008 £'000**	2007 £'000
Non-current assets		
Investment properties	**10,786**	12,354
Deferred tax asset	**6**	6
	10,792	12,360
Current assets		
Stock and work in progress	**2,622**	1,398
Trade and other receivables	**205**	247
Cash and cash equivalents	**227**	177
	3,054	1,822
Total assets	**13,846**	14,182
Current liabilities		
Bank overdraft	**—**	(17)
Loans	**(1,231)**	(2,083)
Corporation tax	**(32)**	(54)
Trade and other payables	**(1,651)**	(1,480)
	(2,914)	(3,634)
Non-current liabilities		
Loans	**(3,130)**	(1,275)
Provisions	**(50)**	(52)
Deferred tax liability	**(283)**	(606)
	(3,463)	(1,933)
Total liabilities	**(6,377)**	(5,567)
Net assets	**7,469**	8,615

Investment properties are included at fair value based on directors' valuations as at 30 September 2008.

13. Investments continued

Loans are secured on certain investment properties. Included in the comparative figures under current liabilities is the group's share of a loan of £4.2m which became due for renewal in November 2007. This loan was renewed for a further five years. Loans due after more than one year are repayable as follows:

	2008 £'000	2007 £'000
1–2 years	117	56
2–5 years	334	254
After more than 5 years	2,679	965
	3,130	1,275

14. Stock and work in progress

This comprises work in progress on development properties intended for ultimate resale.

15. Trade and other receivables

	2008 £'000	2007 £'000
Trade receivables	73	51
Amounts owed by jointly controlled entity	2,203	1,844
Other receivables	74	74
Prepayments and accrued income	18	14
	2,368	1,983

16. Trade and other payables

	2008 £'000	2007 £'000
Rents received in advance	117	115
Trade creditors	18	10
Other taxes and social security	31	36
Other creditors	197	163
Accruals and deferred income	121	158
	484	482

17. Non-current liabilities

	Provisions for resolving claims £'000	Deferred tax liability £'000	Total £'000
At beginning of year	65	288	353
Movements in the year	—	(226)	(226)
At end of year	**65**	**62**	**127**

Provisions include the directors' best estimate of the cost of resolving claims made against the company in respect of property developments. The directors are defending such claims in the company's interests and the ultimate costs will depend upon the outcome of ongoing discussions and actions. Provisions are not expected to be utilised within the next 12 months.

Notes to the Financial Statements
continued

18. Deferred taxation
Provision has been made for deferred taxation as follows:

	2008 £'000	2007 £'000
Difference between accumulated depreciation and amortisation and capital allowances	**(62)**	(53)
Revaluation	**—**	(235)
Other temporary differences	**23**	22
Net deferred tax liability	**(39)**	(266)
Deferred tax asset	**23**	22
Deferred tax liability (see note 17)	**(62)**	(288)
Net deferred tax liability	**(39)**	(266)

The above deferred tax asset included within non-current assets in the group accounts relates to temporary differences and tax losses.

A deferred tax asset of £38,000 (2007: £nil) in respect of property revaluations has not been recognised due to uncertainty regarding its recoverability.

19. Share-based payments
In accordance with the transitional provisions in IFRS 1 and IFRS 2, the recognition and measurement principles in IFRS have not been applied to grants made prior to 7 November 2002.

For grants subsequent to this date the fair values of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the option, which is spread over the vesting period, is measured based on a Black–Scholes model (with the contractual life of the option and expectations of early exercise built into the model). The option vests after a period of three years and in addition, the average of the previous three years net asset value per share must exceed the corresponding increase in the FT Real Estate Index over the same period, by at least 3%.

The terms and conditions of outstanding share options granted in the current and previous years are as follows:

Date granted	Amount paid	No. of ordinary shares	Option price per share	Exercisable between
8 December 2006	£1	500	1,105p	2009–2016

The principal assumptions used in assessing the fair value of the options above are as follows:

- share price — 1,105p;
- exercise price — 1,105p;
- option life — 10 years;
- expected dividends — 1.4%; and
- risk-free interest rate — 4.3%.

The fair value calculation in respect of the above options resulted in an adjustment of less than £1,000 and has, therefore, been ignored.

20. Share capital

	2008 £'000	2007 £'000
Authorised		
4,500,000 (2007: 4,500,000) ordinary shares of 20 pence each	**900**	900
Allotted, called up and fully paid		
At 30 September 2007 — 1,735,580 (2006: 1,741,080) ordinary shares of 20 pence each	**347**	348
Cancelled during the year — 69,573 (2007: 5,500) ordinary shares of 20 pence each	**(14)**	(1)
At 30 September 2008 — 1,666,007 (2007: 1,735,580) ordinary shares of 20 pence each	**333**	347

During the year a total of 69,573 ordinary shares of 20 pence each (with a nominal value of £13,915) were purchased and cancelled thereby reducing share capital. The nominal value was credited to capital redemption reserve and the total amount paid of £502,209, including costs, charged directly to retained earnings as required by section 170 of the Companies Act 1985.

Details of share options held by the directors are set out in the Report of the Directors on page 9. At 30 September 2008 there were also outstanding the following options for senior executives and employees to purchase ordinary shares of 20 pence each.

Date granted	Amount paid	No. of ordinary shares	Option price per share	Exercisable between
8 December 2006	£1	500	1,105p	2009–2016

The total number of ordinary shares under option is 30,500 (2007: 30,500).

Capital management

The board's objectives when managing capital are to maintain a balance between providing shareholders with an adequate return by means of a progressive dividend policy whilst ensuring the security of the group supported by a sound capital structure. In order to maintain the optimal capital structure, the group may adjust its dividend policy, issue new shares or return capital to shareholders.

21. Share premium account

	£'000
Group and company	
At beginning and end of year	4,946

22. Other reserves

	Capital redemption reserve £'000	Capital reserve £'000	Merger reserve £'000	Total £'000
At beginning of year	401	30	1,869	2,300
Nominal value of shares repurchased (note 20)	14	—	—	14
At end of year	**415**	**30**	**1,869**	**2,314**

The capital redemption reserve arises from the transfer from share capital of the nominal value of shares purchased for cancellation and is not available for distribution. The capital and merger reserves arise from the acquisition of subsidiaries and are not available for distribution.

Notes to the Financial Statements
continued

23. Investment property revaluation reserve

	2008 £'000	2007 £'000
At beginning of year	**5,365**	4,892
Transfer from retained earnings on revaluation in the year	**(2,171)**	473
At end of year	**3,194**	5,365

The investment property revaluation reserve represents surpluses and deficits arising on revaluation of the group's properties, including its share of Campmoss Property Company Limited, the group's 47.62% jointly controlled entity. This reserve comprises unrealised profits and losses and is not available for distribution until realised through sale.

24. Retained earnings

	2008 £'000	2007 £'000
At beginning of year	**7,683**	7,071
(Loss)/profit for the financial year	**(1,525)**	1,297
Dividends paid	**(195)**	(179)
Transfer to investment property revaluation reserve on revaluation in the year	**2,171**	(473)
Own shares purchased in year	**(502)**	(52)
(Deficit)/surplus on revaluation of other investments	**(12)**	19
At end of year	**7,620**	7,683

25. Commitments

Expenditure on development and investment properties

There were no commitments under contract at 30 September 2008 (2007: nil).

26. Operating leases

Operating leases granted

The group leases out its investment properties under operating leases. The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	2008 £'000	2007 £'000
Within one year	**500**	533
Years two to five	**1,235**	1,896
More than five years	**291**	816
Total	**2,026**	3,245

Operating leases taken

Neither the group nor the company had any material commitments under non-cancellable operating leases at 30 September 2008 (2007: nil).

27. Related party transactions

During the year the group entered into the following material transactions with related parties:

		Value		Balance owed by/(to) related party at 30 September	
Party	Nature of transaction	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Campmoss Property Company Limited	Loans made by the company to acquire and develop properties	**1,167**	461	**2,161**	1,844
	Loans repaid to the company	**850**	—	**—**	—
	Loan interest received by the company	**129**	110	**40**	—
	Management fees received by the company	**234**	234	**2**	—
	Consultancy fees received by JR Wollenberg (director)	**50**	50	**—**	—
Netpage Communications Ltd	Consultancy fees in respect of the services of DA Whitaker (director)	**39**	41	**—**	—
Deepwood Properties	Contracting work carried out	**—**	5	**—**	—
DM Joseph	Director's salary paid	**3**	2	**—**	—
	Director's salary paid to Tribal Treasury Services Ltd	**—**	1	**—**	—

Campmoss Property Company Limited is a jointly controlled entity of the company. The amount due from Campmoss Property Company Limited at 30 September 2008 of £2,161,000 (2007: £1,844,000) represents the outstanding balance on the revolving credit drawdown facility of £2,200,000 provided to Campmoss Property Company Limited by the company at an interest rate of base plus 2%. Campmoss Property Company Limited is a company in which Mr Wollenberg is a director and both he and the company are shareholders.

Certain contracting work has been carried out by Deepwood Properties, a business of which Mr ER Goodwin, a director and shareholder in our jointly controlled entity Campmoss Property Company Limited, is the sole proprietor. Payments made are in accordance with costs incurred by prior agreement between the group and Deepwood Properties and are priced on an arm's length basis.

Mr DM Joseph is a non-executive director of First Choice Estates plc, a wholly owned subsidiary of the company.

Details relating to the shareholdings and remuneration of key management personnel are set out in the Directors' Report on page 9 and note 7 on page 24.

Notes to the Financial Statements
continued

28. Financial instruments
The group has exposure to credit risk, liquidity risk and market risk. This note presents information about the group's exposure to these risks, along with the group's objectives, processes and policies for managing the risks.

Credit risk
Credit risk is the risk of financial loss for the group if a client or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from clients, amounts due from the jointly controlled entity, available for sale financial assets and moneys on deposit with financial institutions.

The group has a credit policy in place and credit risk is monitored by the board on an ongoing basis. Credit evaluations are carried out on all new clients before credit is granted above certain thresholds. There is a spread of risks among a number of clients with no significant concentration of risk with any one customer. The group establishes an allowance for impairment in respect of trade receivables where there is any doubt over recoverability.

The group has significant moneys on deposit at the year end, largely in short term treasury deposits. The group's policy is to maximise interest income on these cash deposits whilst credit risk is mitigated through placing cash with leading international highly-rated financial institutions.

The carrying amount of financial assets represents the maximum exposure to credit risk as follows:

	2008	2007
	£000	£000
Cash and cash equivalents	**3,255**	3,765
Trade and other receivables	**165**	139
Amounts due from jointly controlled entity	**2,203**	1,844
Available for sale financial assets	**320**	340
	5,943	6,088

At 30 September 2008 the group had £3,255,000 (2007: £3,765,000) deposited with banks and financial institutions of which £2,926,000 is available for withdrawal in 90 days with the remainder available immediately.

The amounts due from the jointly controlled entity at 30 September 2008 are repayable on demand and are secured upon certain investment properties owned by the jointly controlled entity. None of these amounts are overdue.

All financial assets are sterling denominated.

The ageing of trade and other receivables along with the associated provision at the year end was:

	2008		2007	
	Gross	**Provision**	Gross	Provision
	£000	**£000**	£000	£000
Not past due	**162**	**—**	137	—
Past due 0–30 days	**—**	**—**	—	—
Past due 31–90 days	**—**	**—**	—	—
Past due more than 91 days	**12**	**9**	13	11
	174	**9**	150	11

28. Financial instruments continued

Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have adequate liquidity to meet its liabilities as they fall due, without incurring unacceptable losses or risking damage to the group's reputation.

In respect of cash deposits, the carrying value approximates to fair value because of the short maturity of the deposits. Interest rates are floating and based on LIBOR. There is also no difference between the fair value of other financial and financial liabilities and their carrying value in the balance sheet.

The group's financial liabilities comprise trade creditors and other creditors amounting to £484,000 (2007: £482,000) and are all repayable within one year.

Banking facilities

	Facility		Floating interest rate	Utilisation	
	2008	2007		**2008**	2007
	£000	£000		**£000**	£000
Base rate loan	**—**	3,265	Base +1%	**—**	—

The base rate loan facility expired in December 2007 and was not renewed by the company. Sufficient cash resources are available to the group to complete the current development programme. The board will keep this position under review.

Market risk

Market risk is the risk that changes in market prices, such as currency rates and interest rates, will affect the group's results. The group's objective is to manage and control market risk within suitable parameters.

Currency risk

All of the group's transactions are denominated in sterling. Accordingly, the group has no direct exposure to exchange rate fluctuations. Furthermore, the group does not trade in derivatives.

Interest rate risk

The group does not undertake any hedging activity in this area. The main element of interest rate risk involves sterling deposits which are placed on a floating LIBOR based rate.

Parent company risks

In accordance with FRS 29, the company has taken advantage of the exemption in the Standard not to disclose information about the parent company's exposure to financial instrument risks.

Company Balance Sheet

at 30 September 2008

	Notes	2008 £'000	2008 £'000	2007 £'000	2007 £'000
Fixed assets					
Tangible assets:					
Investment properties	11		**4,790**		5,905
Other	32		**4**		2
			4,794		5,907
Investments	33		**4,142**		4,162
			8,936		10,069
Current assets					
Debtors	34	**2,316**		1,918	
Cash at bank and in hand		**3,247**		3,765	
		5,563		5,683	
Creditors: amounts falling due within one year	35	**(2,293)**		(2,117)	
Net current assets			**3,270**		3,566
Total assets less current liabilities			**12,206**		13,635
Provisions for liabilities	36		**(62)**		(53)
Net assets			**12,144**		13,582
Capital and reserves					
Called up share capital	20		**333**		347
Share premium account	21		**4,946**		4,946
Investment property revaluation reserve	37		**868**		2,003
Other reserves	38		**2,284**		2,270
Profit and loss account	39		**3,713**		4,016
Shareholders' funds — equity	40		**12,144**		13,582

These financial statements were approved by the board of directors on 26 November 2008 and were signed on its behalf by:

J Richard Wollenberg
Director

Notes to the Financal Statements

continued

29 Accounting policies

The following accounting policies have been applied consistently in dealing with the items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention, modified by the revaluation of investment properties and in accordance with applicable accounting standards and with the Companies Act 1985 except as noted below under investment properties.

Under FRS 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

Investment properties

Design, construction and management expenses together with interest incurred in respect of investment properties in the course of development are capitalised until the building is effectively completed and available for letting along with the costs directly attributable to the initial letting of newly developed properties. Thereafter they are charged to the profit and loss account. Whilst under development such properties are classified as assets in the course of construction and any accumulated revaluation surpluses or deficits are transferred from the investment property revaluation reserve to a separate revaluation reserve. These properties are also revalued at the year end and surpluses or deficits transferred to that revaluation reserve. As assets in the course of construction are not in use they are not depreciated.

When completed, these properties are transferred back to investment properties and accumulated revaluation surpluses or deficits transferred back to the investment property revaluation reserve.

In accordance with Statement of Standard Accounting Practice No. 19:

- investment properties are revalued annually and surpluses or deficits are transferred to a revaluation reserve unless a deficit on an individual property is considered permanent. In this case the deficit is charged to the profit and loss account and any subsequent reversal is credited to the profit and loss account in the period in which it arises; and
- no depreciation is provided in respect of freehold investment properties.

This treatment, as regards certain of the company's investment properties, may be a departure from the requirements of the Companies Act 1985 concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. Depreciation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Independent professional valuations for the company's investment properties are obtained by the directors annually. The most recent such valuations were obtained as at 30 September 2008.

Tangible fixed assets — other

Tangible fixed assets — other, comprise motor vehicles and fixtures, fittings and equipment stated at cost less accumulated depreciation. Provision is made for depreciation so as to write off cost less estimated residual value on a straight-line basis over the expected useful life as follows:

- motor vehicles — 4 years; and
- fixtures and fittings — 4 years.

Investments

Investments in equity securities are classified as assets available for sale and are stated at fair value.

Investments in subsidiary undertakings and joint ventures are stated at cost less any impairment value.

Share based payments

Information relating to the accounting policy and disclosure of share-based payments is disclosed in notes 2 and 19.

Taxation

Provision is made for corporation tax payable at current rates on the result for the period as adjusted for tax purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19 — Deferred Tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the timing difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the tax benefit will be received.

Notes to the Financal Statements
continued

30. Administrative expenses

	2008 £'000	2007 £'000
Auditors' remuneration:		
Fees payable to the company's auditors for the audit of the annual accounts	**20**	20
Tax services	**6**	7
IFRS advisory	**3**	3
Other services	**3**	2
Depreciation of property, plant and equipment	**2**	1

Details of employee numbers and costs are given in note 6.

31. Profit for the financial year of the company

The profit for the financial year dealt with in the financial statements of the company is as follows:

	2008 £'000	2007 £'000
Profit for the financial year	**394**	286

In accordance with the provisions of Section 230 of the Companies Act 1985 the company has not published a separate profit and loss account. The parent company's profit and loss account was approved by the board on 26 November 2008.

32. Tangible fixed assets — other

	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost			
At 30 September 2007	63	9	72
Additions	—	4	4
Disposals	—	(9)	(9)
At 30 September 2008	**63**	**4**	**67**
Depreciation			
At 30 September 2007	61	9	70
Charge for year	—	2	2
On disposals	—	(9)	(9)
At 30 September 2008	**61**	**2**	**63**
Net book value			
At 30 September 2008	**2**	**2**	**4**
At 30 September 2007	2	—	2

33. Investments

	Shares in group undertakings £'000	Shares in joint venture undertakings £'000	Listed investments £'000	Total £'000
At beginning of year	3,289	545	328	4,162
Disposals	—	—	(8)	(8)
Revaluation	—	—	(12)	(12)
At end of year	**3,289**	**545**	**308**	**4,142**

Group undertakings

The company's investments in group undertakings, all of which are incorporated in England and Wales, are as follows:

	% Issued share capital held	Type of shares held	Activity
First Choice Estates plc	100%	Ordinary shares of £1 each	Property development
Thames Valley Retirement Homes Limited	100%	Ordinary shares of £1 each	Property development
Village Residential plc	100%	Ordinary shares of 10p each	Property development
Cardiff Property (Construction) Limited	100%	Ordinary shares of £1 each	Dormant
Wadharma Holdings Limited	100%	Ordinary shares of £1 each	Dormant
Land Bureau Limited	100%	Ordinary shares of £1 each	Dormant

All of the above undertakings have been included within the consolidated financial statements.

Further information on listed investments and our joint venture undertaking Campmoss Property Company Limited is included in note 13.

34. Debtors

	2008 £'000	2007 £'000
Trade debtors	**104**	28
Amounts owed by subsidiary undertakings	**25**	25
Amounts owed by joint venture undertaking	**2,161**	1,844
Other debtors	**6**	5
Prepayments and accrued income	**15**	13
Deferred tax asset (note 36)	**5**	3
	2,316	1,918

All debtors are due within one year.

35. Creditors

	2008 £'000	2007 £'000
Rents received in advance	**99**	89
Trade creditors	**13**	8
Amounts owed to subsidiary undertakings	**1,810**	1,664
Corporation tax	**160**	124
Other taxes and social security	**27**	28
Other creditors	**66**	48
Accruals and deferred income	**118**	156
	2,293	2,117

Notes to the Financal Statements
continued

36. Provisions for liabilities

	Deferred tax liability £'000
At beginning of year	53
Charge for the year in the profit and loss account	9
At end of year	**62**

Deferred taxation

Full provision has been made for deferred taxation as follows:

	2008 £'000	2007 £'000
Difference between accumulated depreciation and amortisation and capital allowances	**(62)**	(53)
Other timing differences	**5**	3
Net deferred tax liability	**(57)**	(50)
Deferred tax asset (note 34)	**5**	3
Deferred tax liability (see above)	**(62)**	(53)
Net deferred tax liability	**(57)**	(50)

The above deferred tax asset included within current assets relates to short term timing differences and tax losses and is anticipated to be recoverable within 1 year.

37. Investment property revaluation reserve

	£'000
At beginning of year	2,003
On revaluation in the year	(1,135)
At end of year	**868**

38. Other reserves

	Capital redemption reserve £'000	Merger reserve £'000	Total £'000
At beginning of year	401	1,869	2,270
Nominal value of shares repurchased (note 20)	14	—	14
At end of year	**415**	**1,869**	**2,284**

39. Profit and loss account

	2008 £'000	2007 £'000
At beginning of year	**4,016**	3,961
Profit for the financial year	**394**	286
Dividends paid	**(195)**	(179)
Own shares purchased in year	**(502)**	(52)
At end of year	**3,713**	4,016

40. Reconciliation of movements in shareholders' funds

	2008 £'000	2007 £'000
Opening shareholders' funds	**13,582**	13,360
Profit for the financial year	**394**	286
Dividends paid	**(195)**	(179)
Revaluation of investment properties	**(1,135)**	167
Own shares purchased	**(502)**	(52)
Closing shareholders' funds	**12,144**	13,582

Notice of Annual General Meeting

Notice is hereby given that the one hundred and twenty second Annual General Meeting of The Cardiff Property Public Limited Company will be held at 56 Station Road, Egham, Surrey TW20 9LF on Thursday 15 January 2009 at 12 noon, for the following purposes:

Ordinary business

1. To receive the reports of the directors and auditors and the financial statements for the year ended 30 September 2008.

2. To approve the remuneration report for the year ended 30 September 2008.

3. To declare a dividend to be paid on 12 February 2009.

4. To re-elect as a director J Richard Wollenberg, who retires by rotation.

5. To reappoint KPMG Audit Plc as auditors of the company and to authorise the directors to determine its remuneration.

Special business

To consider and, if thought fit, to pass resolution 6 as an ordinary resolution and resolutions 7 and 8 as special resolutions.

6. That the directors be generally and unconditionally authorised pursuant to section 80 of the Companies Act 1985 to exercise all the powers of the company to allot, grant options over or otherwise deal with or dispose of the unissued share capital of the company provided that the authority hereby given:

   (a) shall be limited to unissued shares in the share capital of the company having an aggregate nominal value of £111,067; and

   (b) shall expire at the end of the next Annual General Meeting of the company to be held in 2010 unless previously renewed or varied save that the directors may, notwithstanding such expiry, allot, grant options over or otherwise deal with or dispose of any shares under this authority in pursuance of an offer or agreement so to do made by the company before the expiry of this authority.

Special resolutions

7. That the directors be and they are hereby empowered pursuant to section 95(1) of the Companies Act 1985 to allot equity securities (as defined in section 94(2) to 94(3A) of that Act) for cash pursuant to the authority conferred in that behalf by the preceding ordinary resolution, as if section 89(1) of that Act did not apply to any such allotment, provided that this power shall be limited:

   (a) to the allotment of equity securities in connection with a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them subject only to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements; and

   (b) to the allotment (otherwise than pursuant to subparagraph (a) above) of equity securities up to an aggregate nominal amount of £16,660 representing 5% of the present issued share capital of the company;

   and shall expire on the date of the next Annual General Meeting of the company or 15 months from the passing of this resolution, whichever is the earlier, save that the company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the board may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

8. Pursuant to article 12(2) of the company's articles of association that the company be and is hereby unconditionally and generally authorised to make market purchases (as defined in Section 163(3) of the Companies Act 1985) of ordinary shares of 20 pence each in the capital of the company, provided that:

   (a) the maximum number of ordinary shares hereby authorised to be acquired is 249,734 representing 14.99% of the present issued share capital of the company as at 27 November 2008;

   (b) the minimum price which may be paid for such shares is 20 pence per share which amount shall be exclusive of expenses;

(c) the maximum price which may be paid for such shares is, in respect of a share contracted to be purchased on any day, an amount (exclusive of expenses) equal to 105% of the average of the middle market quotations for an ordinary share of the company taken from the Daily Official List of The London Stock Exchange on the ten business days immediately preceding the day on which the share is contracted to be purchased;

(d) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting or fifteen months from the passing of this resolution, whichever is the earlier; and

(e) the company may make a contract to purchase its own shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of its own shares in pursuance of any such contract.

Registered office:
Marlborough House
Fitzalan Court
Fitzalan Road
Cardiff CF24 0TE

By order of the board

David A Whitaker FCA
Secretary

26 November 2008

Notes

1. Copies of the directors' service contracts will be available for inspection at the registered office of the company during usual business hours from the date of this notice until the date of the Annual General Meeting, and also during and at least fifteen minutes before the beginning of the Annual General Meeting.
2. A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him/her using the procedures set out in these notes and the notes to the proxy form. A form of proxy is enclosed. A proxy need not also be a member of the company.
3. A member may appoint more than one proxy but must follow the procedure set out in the notes to the proxy form.
4. It should be noted that a vote withheld is not a vote in law and will not be counted in the calculation of the proportion of votes cast For or Against a resolution.
5. As at 16:00 hours on 26 November 2008, the company's issued share capital comprised 1,666,007 ordinary shares of 20 pence each. Each ordinary share carries the right to one vote at a general meeting of the company and, therefore, the total number of voting rights in the company at 16:00 hours on 26 November 2008 is 1,666,007.
6. Pursuant to recent legislation, the company may hold in treasury any of its own shares purchased under the authority conferred by resolution 8 above. This would give the company the ability to reissue treasury shares and provides greater flexibility in the management of its capital base. Any shares purchased by the company not held in treasury will be cancelled and the number of shares in issue reduced accordingly.

Consolidated Five Year Summary

		2008	2007	2006	2005	2004
Income statement items						
Revenue						
Gross rental income	£'000	**609**	504	515	559	731
Sales of development properties	£'000	**—**	196	1,927	1,113	—
Total	£'000	**609**	700	2,442	1,672	731
(Loss)/profit before taxation	£'000	**(1,541)**	1,475	2,549	3,201	1,758
Dividends paid and proposed in respect of the year	£'000	**210**	195	175	163	140
Dividend cover	times	**(7.3)**	7.6	14.6	19.6	12.6
Dividend per share	pence	**12.30**	11.25	10.05	9.00	8.00
(Loss)/earnings per share — basic	pence	**(90.2)**	74.5	137.6	193.6	80.2
Balance sheet items						
Total assets	£'000	**19,221**	21,624	20,706	19,132	16,884
Total liabilities	£'000	**(814)**	(983)	(1,150)	(1,556)	(1,336)
Net assets		**18,407**	20,641	19,556	17,576	15,548
Number of shares in issue at 30 September	'000	**1,666**	1,735	1,741	1,775	1,737
Net assets per share attributable to shareholders	pence	**1,105**	1,189	1,123	990	895
Gearing	%	**nil**	nil	nil	nil	nil

Figures for 2008, 2007, 2006 and 2005 are presented under IFRS. Figures for 2004 are presented under UK GAAP.

Dividends represent the interim paid and final declared in any one financial year.

Financial Calendar

27 November 2008	Results announced for the year ended 30 September 2008
15 January 2009	Annual General Meeting
21 January 2009	Ex dividend date
23 January 2009	Record date for final dividend
12 February 2009	Final dividend to be paid
May 2009	Interim results for 2009 to be announced
July 2009	Interim dividend for 2009 to be paid
30 September 2009	Year end

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