PANTHER SECURITIES PLC

Interim Report
Six months ended 30 June 2008

Chairman's Statement

Introduction

I am once again delighted to be able to announce highly satisfactory profits for the six months to 30th June 2008. The pre-tax profits amount to £5,424,000 compared to £5,543,000 for the equivalent period last year.

Rents receivable during the period amount to £3,532,000 compared to £3,785,000 in the half year to June 2007.

Finance

Everyone is well aware that the financial markets are volatile and dysfunctional at the moment. Our shareholders may also be aware that in our June 2007 interim accounts our interest rate swap arrangements had a combined value of approximately £2,500,000 which by the time of our 31st December 2007 accounts had shrunk to nil value (actually a combined liability of £3,000). At the date of these accounts our interest rate swaps have 'swung back' to surplus and your directors decided to "cash in our chips" on these financial products. We received £1,120,000 on the cancellation of our 4.63% swap arrangement on £25,000,000, and the balance sheet includes a combined net asset value of £897,000 for our remaining swaps. Subsequent to the account date, we also cancelled another interest rate swap on £25,000,000 at 4.9% swap and received £1,240,000.

The bank still retains an option to fix the group into a future swap at LIBOR rates with us at 4.63% in three and a half years time. The balance sheet shows this to be a liability of £417,000. The figure is calculated by the bank's 'black box' (a computer using a complex mathematical model which very few people are able to explain) as its value to them. I haven't the slightest idea how this is calculated but would be perfectly happy to take borrowings at 4.63% plus margin in three and a half years time, based on the higher returns anticipated on future acquisitions.

However, when we cancelled our final remaining interest rate swap (at 4.9% on £25,000,000) to receive the premium, our cautious approach led to us entering into a new £35,000,000 swap for 30 years at 5.06% plus margin, which protects us from interest rate increases on our entire current bank borrowings.

Disposals

In February 2008 we sold 245/249 Whitechapel Road E1 at auction and realised £2,655,000 which produced a profit of £1,249,000 over its December 2007 balance sheet valuation.

There are a number of other small transactions that helped swell our profits, and although all individually comparatively small, they do add up; £55,000 received for "loss of light" at one of our properties, and receiving an additional £96,000 in connection with last year's sale of Neil House, Whitechapel Road when certain conditions were met. Dividends of £114,000 were received together with interest of £263,000 on our cash deposits.

Acquisitions

We purchased a vacant freehold former Woolwich branch at 84 High Street, Margate which adjoins our 86/88 High Street, Margate, which was purchased last year. This should create added marriage value when fully let. This property cost £317,000.

Progress Report (on previously mentioned developments)

21/27 Guildhall St. Folkestone

We spent a further £279,000 on completing this development but with limited buyers, we have taken the decision to let the units. When all 20 flats are fully let, they should produce approximately £110,000 pa.

Pyewipe Industrial Estate Grimsby

In this accounting period, we have spent £170,000 on splitting the 20,000 sq.ft. unit into smaller units and good progress is being made. We have seen strong interest from our marketing activities and are confident that the units will let in a short space of time.

Brackla shopping centre extension

We have agreed a building contract at a figure of approximately £500,000 and preliminary works have now started. This will probably be completed within a year and when fully let will increase our rental income by £100,000 pa. We have also seen strong demand for these units and have 60% of them under offer.

High Street Perth

This development is proceeding apace and should complete by the end of September. As previously mentioned, we have parties who have shown interest in this scheme.

General Overheads

We always strive to contain our overheads which have continued at a very reasonable level mainly due to me personally continuing to work for pleasure rather than money.

Share Portfolio

Our share portfolio was written down by £1,545,000 in the period directly to reserves.

Tax Charges

Our tax charges appear low partly due to a reversal of a cautious provision for a prior period, which is no longer required, but also and mainly due to the reduction in our deferred tax liability as shown on the balance sheet.

Post balance sheet event
As mentioned above, after the period end, we rearranged our swap arrangements, including taking a premium of £1,240,000 in July 2008 on the cancellation of our last remaining interest rate swap (at 4.9% on £25,000,000) and then fixing £35,000,000 of our loans at 5.06% plus margin (for 30 years as from September 2008).

In August 2008 we purchased a number of new vacant commercial buildings in Frome, Somerset from a large house builder. The total cost was about £1,050,000 and when all the separate units are let, we expect to receive a 12% return approximately. We already have two out of the seven buildings let, with a further one under offer.

Dividends
Whilst we could afford to increase our dividends, your board consider maintaining our interim dividend at 6p per share payable on 29 September as the appropriate response in current times.

Your directors would expect to be able to recommend a final dividend of at least 6p per share to shareholders for their consideration and approval at the next AGM when they receive the December 2008 accounts.

Prospects
In the current economic environment we are having to be more imaginative to generate interest for potential tenants, with market conditions dictating that properties to let are more presentable when brought to market.

We are now receiving and investigating considerably more interesting and attractive investment opportunities than we have seen for many years and are hopeful our previous years of caution and restraint will begin to pay off for the future.

Andrew S. Perloff
Chairman

28 August 2008

Chairman's Supplementary Ramblings

In 1962 I started working life in Mayfair as an estate agent with a well respected commercial agent – Marcus Leaver & Co. where I received £5 per week plus luncheon vouchers. It was there that I met Malcolm who, being three years older than myself, was already very experienced. It was a wonderful, fun office but 2½ years later, Malcolm left suddenly, after giving a client his rather too candid opinion of the lettability of the client's office. In those times jobs were easier to find compared to today and he soon found employment in a non-regulated "boiler room" style house agent in Harrow. These were boom times and the agency was doing well. He and a colleague of his called Terry decided that they would open their own agency but they needed extra capital to get started. Malcolm knew that I somehow managed to exist on little more than my luncheon vouchers, so he contacted me.

A new enterprise was born from a wendy-house sized shop in Eastcote.

We had carefully calculated that one house sale per week (for which we received £137.50 on an average house price of £5,000) was sufficient to pay basic overheads. After that everything was profit.

Within 4 weeks we were selling two or three houses a week and paying ourselves the magnificent salary of £15 per week each. I had no experience of house sales and was trying to build up the commercial side of the business.

For a couple of months all was going well until I started to read about high inflation and a "Credit Squeeze". It appeared that someone called the Chancellor of the Exchequer was going to restrict banks and building societies making loans and this person also had the right to raise interest rates. It took me a few weeks to realise the severe effect this had on our business. House sales dried up. We started to see our credit balances run down. We were in trouble. My father who up till then had taken no visible interest in my venture decided to visit our tiny shop/office. He discussed our situation and then explained "A business is like a plant. It starts from a small seed and can grow quite large provided it has all the right ingredients but one thing that it must always have and without which it will surely die, is water – the water of any business is money – so preserve your cash." He chatted and told us some other stories and then went on the 26 mile journey to our home, to and from which I drove happily every day.

The three of us laughed and joked about his stories but weeks later by agreement Terry left for another job and Malcolm and I stopped taking any salary which we both could afford to do – as we lived at home and sponged off our parents. Terry, who was married, could not.

It was well over a year before we recovered sufficiently to start taking a minimal salary, this being entirely due to our limited success in the commercial sector by letting, selling and buying investment properties for a number of clients who were on the client list of Marcus Leaver & Co., a copy of which

I had accidentally taken when I left. We were no longer local house agents and thus soon we moved to a "cellar" in Holborn from where our success continued unabated for some considerable time.

That was my first experience of the credit crunch but looking back now, perhaps we did not learn our lesson well enough.

Slightly over 10 years later trading out of our now magnificent Georgian style office in Mayfair which we owned, we were not only successful estate agents but also property dealers, investors and developers, visiting our projects in one of our matching Rolls Royces, when once again we were caught metaphorically speaking with our trousers down.

At that time, I did not understand the string of causes that brought about the property market collapse but it apparently started with the 7 day war between Israel and the Arabs, who punished the western world by causing oil prices to triple thus causing considerably higher inflation, thus causing high interest rates, thus causing some secondary banks to cook their own books causing runs on these banks, until the Bank of England stepped in and made the big five clearing banks create a "lifeboat" for the secondary banks. This was created quickly, but gradually and surreptitiously they dealt with all the default loans of the secondary banks over the next three or four years. Of course, the main cause of the complete collapse of the property market were those moronic politicians, first in the Heath government who seeing the way property prices were escalating and public displeasure accentuated by ill-informed press coverage, announced they would bring in a new type of tax on property without giving details. The commercial market stopped – then Prime Minister Heath went to the country on "who runs the country – me or the miners". Well, it certainly wasn't him.

Socialism arrived with a vengeance and not wanting to miss out on this bandwagon, they also announced they would tax property. For approximately the next 8 months, they were so busy trying to find other ways to soak the rich, the commercial property market died until there were hardly any rich left to soak. Even lunatics sometimes have moments of lucidity. The proposal to create a new tax on property was abandoned and the free market gradually began to recover.

At that time my one large bank lender was Barclays (one of the big five) but I also had three secondary banks funding our enterprises. The smallest of these banks had agreed to finance two developments. One development was in Borehamwood where we had bought some derelict buildings in the High Street and obtained planning permission for a large shop with two floors of offices above along with its own car park. The second development was the restoration and renovation of two Georgian office buildings in Clapham which over the years had been split into numerous, "out of context", tiny, higgledy-piggledy offices. We also obtained planning permission to build a modern three story extension on the rear garden linked to the front buildings.

While times were good, the small bank had agreed to advance 60% of the initial value (as this was after we had secured planning permission) this was more than our cost and 100% of the cost of the building works. Before we started, we pre-let the ground floor at Borehamwood to a big multiple. The Clapham office was also pre-let to a large architect's partnership. The only fly in the ointment was that the works were taking longer then expected and costing more than initially calculated (although we had anticipated this possibility and our financial budget reflected it).

After about 18 months, our developments were over 90% completed but by then the property market had collapsed. Our developments as pre-lets would still sell and even at the anticipated 30% price reduction would still clear all debts and show us a substantial surplus towards our other obligations.

However, the bank stopped payment for the final instalments needed to complete the buildings even though both the tenants were now in, and in Clapham the architects went in without the top two floors of the extension being usable. We needed about £30-40,000 to complete both developments to make them suitable for sale – the bank wouldn't and we couldn't provide this money.

One Monday morning, we received a batch of letters delivered by hand to the company and us personally demanding £750,000 repayment of loans by lunchtime the following day. Some hope! We phoned our lawyers who in legal terms wrote telling the bank to "sod off" as they had not complied with their part of the contract.

We met with a director of the bank who was a leading young, successful, and highly qualified estate agent – the bank was a sideline. At the meeting, this young estate agent sat behind a massive desk on a large chair, and we sat in front on seemingly and perhaps deliberately low armchairs. Initially he listened politely to our suggestions that for a little extra money, on completing the developments, they would sell well even in the current climate and there would be sufficient to pay off all his loans and even leave some money over for us. He, then, in the most pompous and bombastic fashion, told us how clever and experienced he was, how important his clients were and proceeded to lambast our "second rate", poor quality, incompetently run developments. We felt bad and left hating the snotty-nosed little bastard, but felt more determined than ever to go to court, which we did.

The judicial process in itself proved to be a revelation – as we explained the case to our barrister which we considered simple. The bank had broken their contractual obligations by failing to provide final funds that would have enabled us to complete the developments and then sell them at a proper price. Our Counsel explained that the small print in their agreement allowed them to do practically anything, but he knew of some old laws going back over 100 years that should prevent the bank from obtaining an order for them to sell as a mortgagee in possession.

In court, I vaguely recall our defence appeared to somehow relate to either "three nuns in a nunnery" or "three milkmaids and the dairy", a case that was heard in a higher court over 100 years previously. The judge and opposing Counsel both seemed to be familiar with this case and much repartee and humour went on between all three. I was in the witness box and gave my evidence of the bank's complete failures. For the first two days, the judge seemed to be siding with us, which I gleaned from the pleasant way he agreed with our barrister and his demeanour towards me.

Well, whichever profession those three Victorian ladies were pursuing, their case was useless to our defence. The judge was scathing of our barrister's defence. "Irrelevant" he said. He did not like me or my evidence which he felt was incorrect and that I was evasive and had probably misrepresented many facts. We lost.

However, during the course of the case, we were told that the bank had been purchased by a clearing bank for £1 and was more 'broke' than us and under instructions to wind down its assets and later I also found out that our other two secondary banks were in similar circumstances.

There are two endings to this matter. First, the bank did not actually become mortgagees in possession because the bank's associate – a tame investment institution that had agreed to buy the properties at the bank's suggested very low prices – was precluded from buying from mortgagees. We thus agreed to sell to the bank's associate directly at the low prices but the balance that was still ostensibly owed to the bank was transferred back to us personally which benefited us some years later.

The other ending was twenty years later when I took over a small public property company and had the pleasure of sacking the snotty-nosed little bastard. Every cloud has a silver lining – but sometimes you have to wait.

From these episodes, I learnt that it's just as important to know the quality of your lender as it is the terms of the loans, and also that development always takes longer than expected with costs escalating particularly in boom conditions when everybody is paying more for labour and materials.

Many years later after the Rolls Royces and high overheads had all gone in our retrenchment years, we had moved from our palatial Mayfair office which was furnished with such lavishness Louis XIV would have wept with envy, into two rooms in our Dickensian optical works which a squatter would have declined to inhabit.

The earlier lessons on preserving cash and spending less meant that we always had a decent separate cash hoard for any financial downturn or credit squeeze, crunch or crisis that could occur in the economy.

A number of friends who were also enjoying the benefits of the then property market boom, also had substantial cash deposits, and whereas we always kept our money with a top ranked bank and received the going rate of interest, they deposited their funds with a secondary bank and received interest at more than double our rate. They kept telling us how good their bank was, and that they always received monthly statements showing them the high interest that had been credited to their accounts. I was sceptical of their claim that their money was absolutely safe as the bank was owned and run by a very clever young accountant who only invested in gilts. "Impossible" I said, "Trading in gilts possibly!", "But investing in gilts for double or triple returns – impossible!"

However, my resolve was starting to weaken. On holiday in Miami, one of my American friends told me how she had met the young accountant/banker with a group of friends during an outing with Malcolm and others. She told me how handsome, slick, charming and interesting the accountant/banker was, and how well dressed and attractive his young fiancée was. I could not help but dislike him even before I heard Malcolm's report of the dining experience. Malcolm told me that as the group walked to their table, our banker friend called to the waiter loudly, "Two bottles of Dom Perignon and keep it flowing!" One of my other single male friends sitting at the table turned to Malcolm and said "This man is MAD, I'm going!" and promptly left the restaurant.

Later on that holiday, I met my cousin who also had money invested with this small bank and who knew the young, handsome, slick, interesting banker. He told me of another event that holiday. He and his wife were out at the very exclusive and terrifyingly expensive Bal Harbour shopping mall – and knowing my cousin it was undoubtedly window shopping only.

The group were in one of the well known stores when they spotted the young banker with his fiancée. She just could not make up her mind which of the very expensive leather belts and bags to buy – black, brown or tan? My cousin nearly choked when he heard the banker utter the words "Buy them all, darling!" They then proceeded to buy more "necessities" from around the mall.

From the comfort of our sun loungers, Malcolm and I agreed that all the other accountants or bankers we knew up till then had been very careful even to the point of being mean with their money. My words then were "This man is not spending his own money". I resolved, upon our return to England to do a company search on this most successful bank. The search revealed a company that was behind with its accounts and showed profits and directors' salaries way below what was needed for the kind of lifestyle the handsome young slick banker was living. Indeed, both he and his fiancée had recently acquired top of the range sports cars.

I relayed my fears to my friends, one of whom admitted the bank seemed to be much slower in repaying money needed for his new property deal and another friend had also asked for his deposit back – they did not get it. The next we heard was that the handsome slick banker had disappeared but was then found after a botched suicide attempt. The authorities had been notified. All the money had been lost either in share trading, or extravagant spending but most just seemed to have evaporated. The handsome, young, slick and now disgraced banker was sentenced to seven years at her Majesty's Pleasure. The true hardships were for the friends, family and vulnerable investors who trusted him and had lost large sums of money, in some cases all of their retirement savings. Some of his victims eventually received just £48,000 from the government compensation fund. There were certainly nearly 100 people whose lives were ruined by the bank's collapse.

From this I learned that the integrity of the bank where you deposit your cash is more important than pursuit of the highest rate of interest. I also learnt that when you give your money to someone else to manage, the statements you receive showing how well you are doing can often fail the test of intense scrutiny.

I cannot finish my ramblings without some sort of castigation of our bureaucrats.

The public house and gambling industries have been severely hit by the smoking ban. Scunthorpe is part of our depressed North East. When Barracuda Inns, a new tenant of ours, decided to spend over £500,000 on our property with a new lounge bar restaurant area, this was a much needed investment that helped to transform that area with other new traders following in its footsteps. So that their clients could enjoy a cigarette with their drink, they set the main shop front back and created a veranda area which allowed people to sit and drink ostensibly outside but under attractive cover. A new law was passed recently preventing people drinking in the street thus rendering the veranda unable to be used until the issue is resolved. **This is madness**.

I have recently read that certain councils have sent round health and safety officers to fish and chips shops to make them convert the salt shakers to ones having less than five holes, so that their customers eat less salt! Rubbish inspectors are being hired by the bin load to oversee our compliance with ever more ridiculous rules. **This is lunacy**.

Finally our MPs are currently considering scrapping ancient rules (made in Elizabethan times) which prevents idiots and lunatics from becoming members of Parliament!? I suppose they consider this may be the one case where retrospective legislation is necessary to help to keep them in their jobs.

Andrew S. Perloff
Chairman

28 August 2008

Consolidated Income Statement

For the six months ended 30 June 2008

	Notes	**Unaudited Six months ended 30 June 2008 £'000**	Unaudited Six months ended 30 June 2007 £'000	Audited Year ended 31 December 2007 £'000
Revenue	2	**4,673**	5,142	9,516
Cost of sales	2	**(1,307)**	(1,557)	(2,576)
Gross profit		**3,366**	3,585	6,940
Other income		**92**	46	86
Administrative expenses		**(945)**	(1,058)	(2,291)
		2,513	2,573	4,735
Profit on the disposal of investment properties		**1,344**	1,151	5,457
Movement in fair value of investment properties		**–**	–	182
		3,857	3,724	10,374
Finance costs		**(850)**	(962)	(1,847)
Investment income		**377**	190	488
Profit on the disposal of available for sale investments (shares)		**20**	76	77
Premium received on disposal of derivative financial asset	11	**1,120**	–	–
Fair value gain/(loss) on derivative financial assets		**900**	2,515	(3)
Profit before tax		**5,424**	5,543	9,089
Income tax expense	3	**(109)**	(226)	(1,646)
Profit for the period		**5,315**	5,317	7,443
Attributable to:				
Equity holders of the parent		**5,278**	5,328	7,509
Minority interest		**37**	(11)	(66)
Profit for the period		**5,315**	5,317	7,443
Earnings per share				
Basic and diluted	5	**31.2p**	31.3p	44.3p

Consolidated Balance Sheet

As at 30 June 2008

	Notes	Unaudited 30 June 2008 £'000	Restated Unaudited 30 June 2007 £'000	Audited 31 December 2007 £'000
ASSETS				
Non-current assets				
Property, plant and equipment		**19**	30	24
Investment property	7	**100,802**	105,303	101,200
Derivative financial assets		**1,314**	2,890	572
Available for sale investments (shares)		**5,715**	2,006	5,209
		107,850	110,229	107,005
Current assets				
Inventories		**143**	96	376
Stock properties		**9,167**	9,374	9,165
Trade and other receivables		**5,421**	3,356	2,992
Cash and cash equivalents		**7,300**	6,637	12,572
		22,031	19,463	25,105
Total assets		**129,881**	129,692	132,110
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent				
Capital and reserves				
Share capital	8	**4,217**	4,250	4,230
Share premium account	8	**2,886**	2,886	2,886
Capital redemption reserve	8	**604**	571	591
Retained earnings	8	**73,912**	69,862	70,901
		81,619	77,569	78,608
Minority interest		**68**	83	27
Total equity		**81,687**	77,652	78,635
Non-current liabilities				
Long-term borrowings		**35,011**	35,011	35,011
Derivative financial liability		**417**	375	575
Deferred tax liabilities		**7,387**	11,156	9,321
		42,815	46,542	44,907
Current liabilities				
Trade and other payables		**3,958**	3,879	4,696
Current tax payable		**1,421**	1,619	3,872
		5,379	5,498	8,568
Total liabilities		**48,194**	52,040	53,475
Total equity and liabilities		**129,881**	129,692	132,110

Consolidated Statement of Recognised Income and Expense

For the six months ended 30 June 2008

	Unaudited Six months ended 30 June 2008 £'000	Unaudited Six months ended 30 June 2007 £'000	Audited Year ended 31 December 2007 £'000
Movement in fair value of available for sale investments (shares) taken to equity	**(1,545)**	(23)	227
Deferred tax relating to movement in fair value of available for sale investments (shares) taken to equity	**463**	15	(60)
Net (expense)/income taken directly to equity	**(1,082)**	(8)	167
Profit for the period	**5,315**	5,317	7,443
Total recognised income and expense for the period	**4,233**	5,309	7,610
Attributable to:			
Equity holders of the parent	**4,196**	5,320	7,676
Minority interest	**37**	(11)	(66)
	4,233	5,309	7,610

Consolidated Cash Flow Statement

For the six months ended 30 June 2008

	Notes	**Unaudited 30 June 2008 £'000**	Restated Unaudited 30 June 2007 £'000	Audited 31 December 2007 £'000
Cash flows from operating activities				
Profit before interest, investment income and tax		**2,513**	2,573	4,735
Add: Depreciation charges for the year		**5**	6	12
Less: Profit on sale of non current assets		**–**	–	(4)
Profit before working capital change		**2,518**	2,579	4,743
Decrease/(increase) in inventories		**233**	173	(107)
Decrease in available for sale investments (shares)		**–**	99	99
(Increase)/decrease in stock properties		**(2)**	–	209
(Increase)/decrease in receivables		**(42)**	14	377
(Decrease)/increase in payables		**(798)**	(447)	565
Cash generated from operations		**1,909**	2,418	5,886
Interest paid		**(787)**	(1,001)	(2,080)
Income tax paid		**(4,031)**	(350)	(1,427)
Net cash from operating activities		**(2,909)**	1,067	2,379
Cash from investing activities				
Purchase of plant and equipment		**–**	(15)	(15)
Purchase of investment properties	7	**(952)**	(5,047)	(9,324)
Purchase of available for sale investments (shares) – non current assets		**(3,550)**	(205)	(3,158)
Proceeds from sale of investment properties		**308**	5,416	18,284
Proceeds from sale of fixed assets		**–**	–	4
Proceeds from disposal of available for sale investments (shares) – non current assets		**1,519**	628	628
Dividend income received		**114**	10	53
Interest income received		**263**	180	435
Net cash from investing activities		**(2,298)**	967	6,907
Financing activities				
Repayments of loans		**–**	(2,113)	(2,113)
Premium received on cancellation of financial derivative		**1,120**	–	–
Purchase of own shares for cancellation		**(173)**	–	(297)
Dividends paid	4	**(1,012)**	(1,020)	(2,040)
Net cash used in financing activities		**(65)**	(3,133)	(4,450)
Net (decrease)/increase in cash and cash equivalents		**(5,272)**	(1,099)	4,836
Cash and cash equivalents at the beginning of period	9	**12,572**	7,736	7,736
Cash and cash equivalents at the end of period		**7,300**	6,637	12,572

Notes to the Interim Financial Report

For the six months ended 30 June 2008

1. Basis of preparation of accounts

The results for the year ended 31 December 2007 have been audited whilst the results for the six months ended 30 June 2007 and 30 June 2008 are unaudited. The interim report is unaudited and does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The statutory accounts for the year ended 31 December 2007 have been delivered to the Registrar of Companies. The auditors' opinion on these accounts was unqualified and did not contain a statement made under s237(2) or s237(3) of the Companies Act 1985. Copies of the report are available from the address shown in note 12.

The interim financial report has been prepared using accounting policies consistent with International Financial Reporting Standards (IFRSs) and in accordance with IAS 34 'Interim Financial Reporting'.

There is no material seasonality associated with the Group's activities.

To the best of the Directors' knowledge, the half yearly interim financial report which has been prepared in accordance with applicable accounting standards gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and were approved by the board on 27 August 2008.

The Interim figures are prepared on the basis of the accounting policies set out in the last annual report to 31 December 2007.

Principal risks and uncertainties for the remaining 6 months of the financial year

The most significant risks to the Group's business relate to either property or financing.

Over the remaining six months of the year, the most significant risk with the former category is the future value to be placed on property assets in a climate of uncertainty among investors. However the Group's spread of property types and locations should help to mitigate any downward movement. Further to this the Group is lowly geared with surplus cash and loan funds available, so being in a strong position to take advantage of situations arising out of the current economic environment.

Financing within the Group is not considered a risk or uncertainty due to the high liquidity, low gearing and the financial derivatives which have been entered into to fix the rate of the group loans.

1. Basis of preparation of accounts continued

Statement of directors' responsibilities

The Directors' confirm that this condensed consolidated interim financial information has been prepared in accordance with IAS 34 as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- An indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- Material related party transactions in the first six months and any material changes in the related party transactions described in the last annual report.

The Directors of Panther Securities plc are listed in the Panther Securities plc Annual Report for 31 December 2007 and a list of current Directors is maintained on the Panther Securities plc website: www.panthersecuritiesplc.com.

By order of the board

Andrew Perloff, *Chairman* **Simon Peters,** *Finance Director*

Dated: 28 August 2008

2. Revenue and cost of sales

The majority of the revenue cost of sales and profit before taxation is attributable to the principal activity of the Group and all of which is continuing. The Group's main business segment is that of investment and dealing in property and securities.

M.R.G. Systems Ltd is a separate business segment whose principal activity is that of electronic designers, engineers and consultants. The split of assets and tax effect of each segment is not shown as these are not material in relation to M.R.G. Systems Ltd.

Turnover arose as follows:	**Unaudited 30 June 2008 £'000**	Unaudited 30 June 2007 £'000	Audited 31 December 2007 £'000
Rental income from investment properties	**3,109**	3,359	6,673
Rental income from stock properties	**423**	426	853
Income from sale of stock properties	**–**	–	237
Income from disposal of available for sale investments (shares) – current assets	**–**	114	114
Income from trading (M.R.G. Systems Ltd)	**1,141**	1,243	1,639
	4,673	5,142	9,516

2. Revenue and cost of sales continued

Cost of sales arose as follows:

	Unaudited 30 June 2008 £'000	Unaudited 30 June 2007 £'000	Audited 31 December 2007 £'000
Cost of sales – from rental income	**714**	634	1,340
Stock properties recognised as an expense	**–**	–	138
Cost of sales – available for sale investments (shares) – current assets	**–**	99	99
Cost of sales – trading (M.R.G. Systems Ltd)	**593**	824	999
	1,307	1,557	2,576

3. Taxation

The charge for taxation comprises the following:

	Unaudited 30 June 2008 £'000	Unaudited 30 June 2007 £'000	Audited 31 December 2007 £'000
Current period UK corporation tax	**1,732**	1,327	4,562
Prior period UK corporation tax	**(152)**	–	95
Current period deferred tax	**(1,471)**	(1,101)	(3,011)
	109	226	1,646

The taxation charge is calculated by applying the Directors' best estimate of the annual effective tax rate to the profit for the period.

4. Dividends

Amounts recognised as distributions to equity holders in the period:

	Unaudited 30 June 2008 £'000	Unaudited 30 June 2007 £'000	Audited 31 December 2007 £'000
Final dividend for the year ended 31 December 2007 of 6p (2006 – 6p) per share	**1,012**	1,020	1,020
Interim dividend for the year ended 31 December 2007 of 6p per share	**–**	–	1,020
	1,012	1,020	2,040

The Directors have proposed an interim dividend of 6p per share that will be paid on 29 September 2008 to shareholders on the register at 5 September 2008.

5. Earnings per ordinary share (basic and diluted)

The calculation of earnings per ordinary share is based on earnings, after minority interests, of £5,278,000 (30 June 2007 – £5,328,000 and 31 December 2007 – £7,509,000) and on 16,894,500 (30 June 2007 – 16,998,151, and 31 December 2007 – 16,958,402) ordinary shares being the weighted average number of ordinary shares in issue throughout the six months ended 30 June 2008.

6. Net assets per share

	Unaudited 30 June 2008	Unaudited 30 June 2007	Audited 31 December 2007
Net assets per share	**484p**	456p	465p

The calculation of net asset per ordinary share is based on the equity attributable to shareholders of the equity in the parent company being on 16,869,000 (30 June 2007 – 16,998,151 and 31 December 2007 – 16,918,651) ordinary shares being number of ordinary shares in issue at 30 June 2008. The calculation used the net asset value as at 30 June 2008 of £81,619,000 (30 June 2007 – £75,569,000 and 31 December 2007 – £78,608,000).

7. Investment Properties

	Unaudited 30 June 2008 £'000	Unaudited 30 June 2007 £'000	Audited 31 December 2007 £'000
Fair value of investment property			
At 1 January	**101,200**	104,521	104,521
Additions	**952**	5,047	9,324
Disposals	**(1,350)**	(4,265)	(12,827)
Revaluation increase	**–**	–	182
	100,802	105,303	101,200

The Directors do not consider there to be a material change as at 30 June 2008 in value since the professional valuation by DTZ for the accounts for the year ended 31 December 2007. There will be a Director's revaluation for the full year as at 31 December 2008.

8. Reconciliation of the changes in equity

	Share Capital £'000	Share Premium £'000	Capital Redemption £'000	Retained Earnings £'000	Total £'000
Balance at 1 January 2007 (audited)	4,250	2,886	571	65,562	73,269
Movement in fair value of available for sale investments (shares)	–	–	–	227	227
Deferred tax relating to movement on fair value of available for sale investments (shares)	–	–	–	(60)	(60)
Shares purchased for cancellation	(20)	–	20	(297)	(297)
Profit for the year	–	–	–	7,509	7,509
Dividends paid	–	–	–	(2,040)	(2,040)
Balance at 1 January 2008 (audited)	4,230	2,886	591	70,901	78,608
Movement in fair value of available for sale investments (shares)	–	–	–	(1,545)	(1,545)
Deferred tax relating to movement on fair value of available for sale investments (shares)	–	–	–	463	463
Shares purchased for cancellation	(13)	–	13	(173)	(173)
Profit for the period	–	–	–	5,278	5,278
Dividends paid	–	–	–	(1,012)	(1,012)
Balance at 30 June 2008 (unaudited)	**4,217**	**2,886**	**604**	**73,912**	**81,619**

9. Reconciliation of net cash flow to movement in net debt

	Unaudited 30 June 2008 £'000	Unaudited 30 June 2007 £'000	Audited 31 December 2007 £'000
Cash at bank and in hand	**12,572**	7,736	7,736
Bank and building society loans	**(35,011)**	(37,124)	(37,124)
Net debt at start of period	**(22,439)**	(29,388)	(29,388)
Net increase/(decrease) in cashflow	**(5,272)**	(1,099)	4,836
Repayment of loans	**–**	2,113	2,113
	(27,711)	(28,374)	(22,439)
Cash at bank and in hand	**7,300**	6,637	12,572
Bank and building society loans	**(35,011)**	(35,011)	(35,011)
Net debt at period end	**(27,711)**	(28,374)	(22,439)

10. Issuance and repayment of debt in the period

No debt was repaid or issued in the period.

Note 30 of the statutory accounts for the year ended 31 December 2007 detailed the financial instruments entered into by the Group. During the period to 30 June 2008, the Group cancelled the 4.63% interest rate swap with HSBC on £25,000,000 and received a premium of £1,120,000.

11. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on Consolidation and are not disclosed in this note. There were no related party transactions in the period under review or within the comparative period.

12. Copies of this report are to be sent to all shareholders and are available from the Company's registered office at Panther House, 38 Mount Pleasant, London WC1X 0AP.

Shareholder Notes

Panther Securities PLC
Panther House
38 Mount Pleasant
London WC1X 0AP