PANTHER SECURITIES PLC

Annual Report &
Financial Statements 2009

East Grinstead Leisure Complex

Aerial view of Brackla Shopping Centre, Bridgend, South Wales

St Nicholas House, Sutton, Surrey

Old Inn House, High Street, Sutton, Surrey

The Year in Brief

	2009	2008 (restated)
	£'000	£'000
Revenue	**9,251**	9,296
Profit or (loss) before tax	**2,953**	(14,331)
Total comprehensive income for the year	**3,720**	(10,537)
Net assets of the Group	**68,010**	65,846
Earnings per 25p ordinary share	**14.7p**	(57.3)p
Dividend per ordinary share (based on those declared in relation to the financial year)	**12p**	12p
Net assets attributable to ordinary shareholders per 25p ordinary share	**403p**	390p

Contents

Directors, Secretary and Advisers

Directors	*	Andrew Stewart Perloff (Chairman and Chief Executive)
	†	Bryan Richard Galan (Non-executive)
	†	Peter Michael Kellner (Non-executive)
		John Terence Doyle (Executive)
		John Henry Perloff (Executive)
		Simon Jeffrey Peters (Finance)
Company Secretary		Simon Jeffrey Peters
Registered Office		Deneway House, 88-94 Darkes Lane, Potters Bar, Herts. EN6 1AQ
Company number		293147
Web site		www.panthersecurities.co.uk
Auditors		Nexia Smith & Williamson 25 Moorgate, London, EC2R 6AY
Bankers **(we borrow from and lend too)**		HSBC Bank plc 31 Holborn, London EC1N 4HR
		Natwest Bank PLC Unit 40, 56 Churchill Square, Brighton, East Sussex BN1 2ES
Bankers **(we lend too)**		Alliance and Leicester Commercial Bank PLC Carlton Park, Narborough, Leicester LE19 0AL
		EFG Private Bank Leconfield House, Curzon Street, London W1J 5JB
		Arbuthnot and Latham Private Bankers Arbuthnot House, 20 Ropemaker Street, London EC2Y 9AR
		Anglo Irish Bank Corporation PLC 10 Old Jewry, London, EC2R 8DN
Brokers		Raymond James Investment Services 77 Cornhill, London EC3V 3QQ
Financial Advisors		Merchant John East Securities Limited 10 Finsbury Square, London EC2A 1AD
Registrars		Capita Registrars The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU
Solicitors		Oberman Law 15 Southampton Place, London WC1A 2AJ
		Howard Kennedy 19 Cavendish Square, London W1A 2AW
		Biggart Baillie Dalmore House, 310 St Vincent Street, Glasgow G2 5QR
		MacRoberts LLP 152 Bath Street, Glasgow, G2 4TB
		Fox Williams LLP Ten Dominion Street, London EC2M 2EE

* Member of the Nomination Committee and Audit Committee
† Member of the Nomination Committee, Audit Committee and Remuneration Committee

Chairman's Statement

Results

The year under review has been difficult for many property companies BUT NOT FOR US. Rent receivable during the year ending December 2009 rose to £7,380,000 compared to £7,064,000 the previous year.

These are also difficult times for many traders and other occupiers. Many tenants either go bankrupt or fail to renew leases. Over the year we lost about 16 tenants with a total rental income of £400,000 p.a. However, I am pleased to say that during this period we have also carried out 60 new lettings totalling £900,000 p.a., of which 15 required some form of rent free period to conclude a letting. Of the 16 tenants lost in 2009, seven are now let. These figures do not include the rental income from purchased properties in the year. On top of this our level of arrears has not deteriorated and is carefully monitored.

I have been the major shareholder, Chief Executive and Chairman of our Group for over thirty five years and I have always been able and pleased to report our results. However, under the present International Financial Reporting Standards (I.F.R.S.) it becomes less easy to do so, as ever, I will give a little story to illustrate why!

After returning from a very recent short break in the South of France, whilst driving home from Luton Airport I had a sudden panic attack. I thought that I had left my draft figures and Chairman's ramblings in the plane seat pocket. I told my wife and said I wasn't too worried about the notes because they were on the computer at the office but the year's figures could be found and traded upon with this inside information. I pondered these thoughts for a few minutes and then laughed out loud and said (probably to myself) "that's ridiculous. I can't understand the 'bl***y' figures so how can any stranger understand them". This is because the I.F.R.S. are trying to have a 'one hat fits all policy' and very recently the Financial Reporting Review Panel (F.R.R.P.) have taken an interest in how we present our figures and insisted we make various changes, which obviously we have done. They have asked us to point out the details and their involvement with our printed accounts and this, of course, I am pleased to do.

I appreciate that we were not protected from the foolishness of some banks and thus the regulators wish to close the stable door after the horse has bolted. However, for most companies, especially smaller companies, reliability and clarity of accounts can be judged by a cursory glance at the management. Thus our record would have shown that not only do I, as the Chief Executive, not receive an unjustified bonus, I have not received a salary for five years and have not received any payment into my pension fund for thirteen years although it would have been personally tax efficient to have done so. My benefits are directly proportionate to every shareholders individual holding. I do not trade in our shares and have never personally sold any, thus our shareholders' interests are well looked after. We are a relatively small company with most of our shareholders private individuals who should be entitled to receive simple, understandable accounts which until recent years they did.

Thus it is my personal opinion that the regulators' input has produced no meaningful benefit for the vast majority of our 500 shareholders. In particular, I feel the accounting under the I.F.R.S. has made the accounts unintelligible on first reading and less easy to understand for the following reasons.

a) the temporary rise and fall in values of a property company's unsold investments are taken through the Income Statement (Profit & Loss Account) but I feel the revised value should be shown on the Statement of Financial Position (Balance Sheet) with appropriate notes, and with unrealised movements taken to reserves.

b) fair value adjustments on financial derivatives are taken to the profit and loss account. However, in our case these have little likelihood of ever being crystallised, and I feel should be dealt with by way of suitable note to the accounts. These derivatives have been so volatile that the values have fluctuated £1.5m up or down over a period of two or three months which is significant for a company of our size. Until realised it is neither a profit or loss but a factor that should be appropriately noted and as our accounts are announced at least three months after the accounting year end date meaning the value is invariably very different at the time of announcement.

These two accounting policies distort the true trading and business activity by completely overshadowing the results within the income statement (profit and loss account).

Also, as you can see from my earlier comments, in an effort to 'simplify' accounts, the I.F.R.S. body has decided, in their great wisdom, to change the titles of key accounts statements. For your information, the profit and loss account is now called the Income Statement (this was changed a few years ago).

For the current year, the balance sheet is now called the Statement of Financial Position.

Although the 'balance sheet' has been used for over 4000 years (such as by the Sumerians) the word for this and profit and loss account can be traced back to Renaissance Italy.

Given this long history, it is no wonder that the previous titles were so widely accepted and understood, so why they have renamed these is beyond my understanding.

I am therefore leaving the I.F.R.S. & F.R.R.P. main account figures and changes to be presented and explained in our Financial Director's Operations Report & Review whereas I will report in terms whereby all shareholders should be able to understand how the business is doing, what we have done over the accounting year and how we see the future progress of the Group.

Valuations

We did not feel it appropriate, necessary or cost effective to have an outside valuation at this date so a panel made up of John Doyle, Simon Peters and Bryan Galan carefully considered the values of our entire property portfolio and afterwards their conclusions were reviewed by myself and, of course, duly audited. A total reduction in values of £6.2 million was approved as appropriate. This included downs and ups. The new figures being provided in our Statement of Financial Position (Balance Sheet) and also as required the changes in total value have been incorporated in our income statement where appropriate.

Our derivatives, which fixes the majority of our interest payments, fluctuated quite wildly during the year but by Balance Sheet date had improved by £5.2 million on the previous year's £12 million liability and thus is brought in as a fair value adjustment in the income statement.

Property Acquisitions & Trading

In the early part of the year the Group contracted to buy five vacant freehold properties, all former Woolwich branches. Two were sold at an aggregate profit of £77,000, and two properties were let and sold for an aggregate profit of £152,000. This produced a combined profit of £229,000. The fifth one, at 19 Queen Street, Ramsgate, was purchased for £105,000 and is currently being offered to the market.

We acquired a freehold vacant shop and upper part at 5 High Street, Southampton for £260,000, which is close to our recent purchase of investment properties in East

Street, Southampton. This property was immediately offered to the market and was sold shortly thereafter for £430,000. We helped the purchasers finance the acquisition by way of a £60,000 secured loan.

Even though small profits, these demonstrate that there is still an active market and added value can be created by an experienced property team.

We acquired a freehold triple shop unit at 98-102 High Street, Margate, formerly let at £70,000 per annum. The price paid was approximately £350,000, effectively with vacant possession, as the tenant was in receivership. Also, a freehold vacant shop/office/residential property at 214 High Street, Bromley, which adjoins existing substantial property holdings in Bromley, and will hopefully assist in utilising their full potential.

Corporate Acquisitions

In July 2009 we acquired TRS Developments Limited. This is a small group of companies which owned five properties (former petrol stations), where permissions for change of use and redevelopment had been obtained. A nominal value was paid for the shares of the holding company of the group of companies and £1.4 million was paid to acquire debt due to the holding company of the Group (which was at a discount to its book value).

The five properties included two recently completed freehold developments virtually fully let. The first was a convenience store located in Stoke-on-Trent, currently let to United Co-Operative Foodstores. The second, located in Stockton-on-Tees, was a development of three retail units and six flats. The commercial properties had new 15 year leases and the residential properties, on assured short-hold tenancies, produced a rental income in total of approximately £120,000 per annum.

We saw this as a further trading situation and sold the two investment properties for £1.3 million leaving the remaining properties at minimal cost and returning the majority of our original cash investment.

The three undeveloped freehold sites all have the following planning permissions as detailed and have been valued in our books at £0.5 million, but we feel that there are angles to profit even further.

Dynefor Terrace, Nelson, Cardiff, South Wales — a mixed residential planning scheme of 11 units on a site of approximately 0.88 acres.

55-81 Stratford Road, Sparkbrook, Birmingham — a 6,000 sq ft convenience store with 18 flats above on a site of approximately 0.57 acres.

60-62 Paisley Road, Barrhead, Glasgow — outline planning for a retail unit with seven flats above on a site of approximately 0.30 acres.

Melodybright Limited

In July 2009 we also acquired this company which owns a leisure complex in the centre of East Grinstead (see photo IFC*). This property is let to various tenants, including J D Wetherspoon, Domino's Pizza and a triple screen cinema. It produces a total annual income of £240,000. Panther acquired Melodybright Limited for nominal consideration but purchased for £470,000 (a discounted price) the debt due to the original developer, this being the approximate net asset value of the company after adjustments based on the negotiated valuation of the property (approximately £2.2 million). We retained the existing company term bank loan of approximately £1.7 million on favourable terms (compared to the current market). The property contains two vacant units which provide an opportunity to increase the rental return, although one of the units' rent is currently covered by way of a guarantee. The year-end Directors' revaluation of this property provided a substantial uplift.

* IFC – Inside front cover

Development Progress

Guildhall Street, Folkestone

All twenty flats are now let. Shop will be occupied by our new associated shoe retailer (see below).

Top Cat Estate, Grimsby

Only half let but negotiations in hand for a further unit.

Brackla Shopping Centre Extension, Bridgend

Two units are now let and negotiations in hand for the remaining triple unit (see photo IFC*).

199/203 & 205/207 High Street, Perth

199/203 development completed. Increased interest in units. One under offer to pawnbroker.

205/207 under offer to a turf accountant if they can obtain a licence.

Queens Road, Southend

HMV vacated after their lease ended. A development scheme for a new 5,000 sq ft shop and 44 units of student accommodation above has been prepared and submitted for planning.

High Street, Broadstairs

An attractive Tudor style development scheme for a 4,000 sq ft shop unit with twelve flats above has been submitted for planning approval.

Holloway Head, Birmingham

For more years than I care to remember we have been working with our architects to produce a comprehensive scheme for this island site close to the centre of Birmingham. We own about 80% of the site and the other owner has in principle agreed to be re-housed in a new, slightly larger and more suitable building. After three years of detailed discussions with the planners when the vast array of publicly interested parties had been consulted and concerns dealt with, an outline planning application for a 500,000 sq ft mixed use i.e., residential/social housing/car showroom/club/hotel/restaurant/Association headquarters was submitted. Three days before the application was due to go to committee we were asked to temporarily withdraw the application as the planning department had been so snowed under they could not complete their report in time. We hope to resubmit shortly and possibly get a fast track decision.

If we receive a favourable decision it could crystallise a substantial increase in the value of our site.

Post year end activity

New associated shoe retailer

Since the year end we have formed a joint company with Daniel Footwear who are a successful quality multiple shoe retailer with over twenty branches. The new company is aimed at the value end of the market with a view to utilising some of our vacant units and taking advantage of the many other retail opportunities that are available. This new company is currently trading from four units and has a positive cashflow.

Investments

Since the year end we have acquired 20% equity in Beale PLC at a cost of approximately £1.6 million where I personally also hold 10%. Beales is an old established group of department stores owning some large freeholds and we are currently in discussions with the Board to obtain representation with a view to assisting them with any potential expansion plans they may have.

Finance

We are fully drawn down on our £42.5 million facility with HSBC Bank plc which we have in place until 30 November 2011. We believe the general lending situation is recovering and we hope and prefer to be able to refinance with HSBC Bank plc with whom we have had a twenty seven year unbroken and cordial relationship.

* IFC – Inside front cover

We have had discussions with four other banks regarding additional financing facilities. All have offered us loan facilities in principle. As we have still not fully utilised our significant cash funds (£14.8 million at the balance sheet date) we have not actively pursued these potential new facilities.

I would remind our shareholders that at 31st December 2009 we held approximately £22 million of uncharged properties and over £5 million by value of uncharged quoted securities.

Dividends

In the year we paid one quarterly dividend of 3p per share (October 2009), and have also since the year end paid a further 5p per share (February 2010). We expect to pay a final dividend of 4p per share in July, subject to shareholder approval, bringing the total for the year under review to 12p per share.

In February 2010 we paid a 10p interim dividend per share for the year ending 31st December 2010 and anticipate a final dividend of not less than 2p per share.

Political Donation

This year I have not asked for a donation for the Conservative Party as I did not believe it would arrive early enough to help with the forthcoming election. However, most shareholders will be delighted to know I personally gave an equivalent donation to help try and remove this dreadfully incompetent government.

Prospects

As I write this last part of my Chairman's Statement, I have just heard on the radio that our Prime Minister was on his way to see the Queen to ask her to disband the current Band of Bureaucratic Bounders, Brigands and Bare Faced Liars, and throw their expense accounts, hidden agendas, general incompetence, political correctness and failures in practically everything that counts for most people to the people's judgement. Please, please may it be swift and harsh.

Our prospects are affected to a degree by the outcome of this election. The best outcome for nearly all businesses including the property business is a Conservative win with a good working majority. On the current government's record over thirteen wasted years guiding the country practically into bankruptcy, it should be a walkover.

But, of course, life's not like that. People's subservience has been bought with sinecures such as the 1,000 quangos who employ many, many thousands of people. Many are paid for failure or lie on a claim form and many can't even acknowledge that their cushy job is not really necessary, i.e., bat-finders, newt-watchers and traffic flow improvement planners. For them, the question is not "What can I do for my country" but "How much longer can I squeeze the state for my entitlements". Thus, many voters will vote for continued profligacy — we may receive either the same continuation of failures, or a hung Parliament when coalition will produce another period of decision delays. In either of these cases, the world's financial markets would then vote with their feet. Probably dump the £, dump our government bonds, halt major investment in UK PLCs and then wait and see. This scenario can't be good. Our company is small and nimble and financially robust enough to profit from short term opportunities that may come our way. However, for long term success, we need stability, which only comes from a government with the ability to pull back the country from the precipice of bankruptcy, and then continue to manage without constantly resorting to financially bleeding the successful parts of the economy to squander on hair-brained politically correct agendas.

Either way, I am confident we will continue to prosper. A report in Property Week (dated 18th December 2009) put our company at number two for overall increase in shareholder return over the previous 10 years out of 28 of the fully listed property companies.

For this, I apologise — we should have been top!!

We will, of course, try to do better in the next ten years.

Finally, I would like to thank our financial advisers, legal advisers, agents, accountants and, of course, our tenants — to all of whom I am most grateful.

A special thanks to our small dedicated team of staff, all of whom helped way beyond the normal call of duty in successfully arranging our office move from Panther House, Mount Pleasant — where we were part of the fixtures and fittings — to Deneway House, Potters Bar during October 2009. We all now have a much improved environment in which to work, to the benefit of our shareholders.

Andrew S Perloff
Chairman

26 April 2010

Chairman's Supplementary Ramblings

VIVA LAS VEGAS

You probably recently read about the G8 Summit on climate change, when leaders of the eight "rich" countries of the world discussed ways to reduce global warming and advise poorer nations about their CO2 emissions.

Shareholders already know my views on "climate change" and the first part of my scepticism has been proved correct, with some leading scientists having been exposed doctoring their research reports to give the results they want us to hear. The rich nations proposed granting billions of Dollars/Pounds/Euros in aid to help the poor nations produce more efficiently (i.e. cheaply) with less CO2 release.

Of course, they already have much cheaper labour costs, so added aid will help them to undercut goods currently produced in the UK, thus closing many of our factories and putting UK workers onto state aid. Our Prime Minister was one of the first to promise £1.5 billion of aid — perhaps he does not talk to his Chancellor, who might have told him the country is practically bankrupt, living off IOUs and in no fit state to help others.

However, I saw a newspaper photo of the leaders at the G8 Summit Table and the eight people sitting round a table reminded me of one of my memories of nearly 30 years ago.

I was in Las Vegas with a small group of friends for a 10 day holiday. Las Vegas, built in a desert as everyone knows with mob money as a gambling destination, has boomed as few other towns have over a similar period. Shareholders will know I am not a particularly enthusiastic gambler, but the town has fantastic weather, great facilities, huge choice of food, late night entertainment and exceptional hotels, all of which were at reasonable prices (obviously subsidised by the gambling). I stayed at Caesar's Palace Hotel (appropriately named). Whichever way you approached the lifts to take you to your bedroom, you had to pass through the gambling rooms which were operational 24 hours a day. The second night after seeing a show, as I was passing the poker tables at about 2am, I decided to play. Poker was a game I had played once a week with my friends for about 10 years, when I was aged 17 to 27, but it was 10 years since that time.

At the casino there are usually eight people round a horseshoe shaped table (hence the reminder when I saw the G8 photo shot). The dealer sits in the inner middle of the horseshoe and the seven punters round the outside. The first time I played for a couple of hours to get a feel for the game again. The next night I took my place also at about 2am. Six other gamblers were there — three men, who could have fitted in well at any accountants' or lawyers' convention; but to my left was a very large and very jovial widow from Minnesota, who told us her life story before five hands had been dealt and played. Her late husband obviously had committed suicide. To my right sat a Texan husband and wife team. He looked like an elderly Buffalo Bill with long grey hair and big hat, big belt with empty gun holster and big boots and she was a young pretty trailer park Calamity Jane with big blonde hair, big blue eyes, big boots and big boobs. I initially thought she was there as a nubile distraction to benefit her husband, but she herself in fact played well.

The casino made its money by taking two dollars from each player each round they played and stayed in. We were playing stud poker, which is where the first card is dealt to each player face down, which only the individual player can see, and then four more cards are dealt face up — one at a time, which everyone else sees — and then bets on each round. You either have to keep up with the betting or you fall out, leaving your earlier bets in the pot until there are only two players left, one matches the last bet to see the cards of his or her opponent — the best hand wins the entire pot but even though playing for small stakes ($1 to $10 a bet), the pot could still amount to $200 or $300. After about two hours of uneventful play and constant joviality from the Minnesota widow, I was suddenly dealt an excellent hand with my hidden card and first open card matching. The widow seemed even happier than usual and was making the running with the betting, which I went along with. There were only three people left after all the cards had been laid down. It was my turn to make the first bet. The widow had a good hand showing, and the other man less so, my hand showing was reasonable but with the hidden card made it unbeatable whatever combination of hidden cards the other two players could muster. I said "check", which means I would leave the betting to the next man, usually done when one has a weak hand. The next man also checked. The widow bet $20 and I then bet her $20 and raised it $30. The next man pulled out. The widow thought I was bluffing and bet $50. I raised $50. She bet $50 and raised it $50. I knew it was impossible for her to have a better hand so I continued two or three more rounds. The widow finally paid to see me. Of course, I won. The pot was $800, the largest of the night. The widow's joviality vanished instantly. Bright red in the face, she shouted at me that I shouldn't have checked with such a good hand. She then stood up, pushed her chair over and stalked off. Buffalo Bill smiled at me and said in his Texan drawl "That ain't no way to treat a lady, sonny".

I played on for another half hour or so and then stopped with most of my winnings intact. When I stopped playing, so did Buffalo Bill and Calamity Jane, and we chatted at the bar for a while. He told me that he had been a poker player for most of his life and said: "Whenever you sit down at a poker table, after a few rounds, look at the people — there are always one or two mug players — if you can't see who they are, then it's you." He then went on to say "I thought you and the big widow were the mug punters, but it was only her."

We all know who the mug punter was at the G8 Table; it always seems to me whenever there is a round table conference on European trade or agricultural subsidy policies or asylum seekers or human rights or mutual extradition treaties our representatives come off worst with a rotten deal for our country and thus appear to be the "mug punters".

BUILDINGS — LITTLE & LARGE

Firstly, the large.

This is Dolphin Square, with which I have only a tenuous link. The first connection was many years ago in 1963, when I was the most junior of junior office boys at Marcus Leaver & Co, the Mayfair agents with instructions to sell the block by auction. Another time, over 20 years later I made enquiries via solicitors to try to find out whether Westminster Council would sell their long leasehold interest!

Dolphin Square is a massive brick built block of about 1,250 flats, divided into 13 sections, all named after former British admirals or navigators. It is situated along the north bank of the Thames, close to Vauxhall Bridge, and conveniently within walking distance of the Houses of Parliament and some of the most important government buildings. Its location therefore makes it ideal and thus extremely sought after by members of the House of Lords, MPs and other well-paid bureaucrats who work in Whitehall or very central London.

Dolphin Square was built by the speculator builders Richard Costain Limited, between the years 1935-1937, when the country was still recovering from the Wall Street Crash of 1929 and the years of depression that followed when materials and labour was cheap. The flats were all let and Costain was able to retain it as an investment for about 20 years although because of Rent Control Legislation it was not a particularly profitable investment. In 1958 they sold the block to one of the greatest property dealers of all time, Max Joseph, whom I had met on four occasions, three times taking him up in the lift to see Marcus Leaver and once 12 years later when I tried to sell him a two acre site containing about 100 freehold Georgian buildings in W1 — however, I am drifting.

Max Joseph paid £2.4 million, giving Costain a £1 million profit on its 20 year investment. Within a short space of time he sold it, along with another block of property called the Hyde Park North Estate (which Marcus Leaver also later dealt with by auction), on to a newly formed company called Lintang Investments, which was then floated on the Stock Exchange. There was a property and share boom/bubble at that time, and Lintang was a roaring success reflected in its increasing share price. Max Joseph then started to unload some of his shares at a huge profit while cleverly maintaining 50% control.

So far so good, but there is now a new twist and new direction to the story…..

Harry Jasper was a pre-war refugee from Berlin. He had owned and ran a successful currency trading business. However, he served in the British Army and afterwards built up an even more successful merchant bank called H Jasper & Co. Sometime in the mid 50's he was joined by another refugee from Berlin, a young and clever lawyer called Friedrich Grunwald.

I have no doubt that after the war there were huge opportunities for adventurous entrepreneurs who could take advantage of the shortages, government rationing and licensing. Following the frugal years of war, there was an escalating demand for practically everything — especially property — due to the destruction. At the same time, many old established businesses faced ruin due to excessive taxation and heavy death duties and also the devastation caused by war.

In this scenario, the Jasper Group prospered. They acquired controlling interests in asset rich public companies, selling off or selling and leasing back properties from which their new company traded and moved on to bigger and better deals so that by the late 50's they controlled about 16 quoted companies. However, it was a little strange that although Britain was going through a credit squeeze they never seemed to have any trouble in finding cash. They had a distinct advantage in that Grunwald was solicitor to the State Building Society, a small (40th largest society) but not inconsequential building society, with over £12 million in assets. To give an idea of values at that time, it must be remembered that a substantial detached house in London could have been bought for £5,000. Out of the State Building Society total funds half, i.e. about £6 million, was lent to the Jasper Group and of this, half of the loans was completely unsecured without any proper documentation.

Even then, building societies were regulated and they needed either special approval or had to list any individual loan over £5,000. This was easily surmounted, as Jasper/Grunwald had created well over 500 companies to make their purchases and each was lent just under the £5,000 limit by the State Building Society.

Success however eventually went to their heads and they over-reached themselves. They bought 51% of Lintang Investments from Max Joseph and bid for the rest of the company (valuing the company at about £7,500,000) a premium to market price and the then stated asset value. They might have just survived this deal as Max Joseph helped by providing some short term finance but another irresistible opportunity came their way. The £1,500,000 Ely Brewery Company of Cardiff, with 260 freehold pubs was available. They just had to bid for it but they ran out of cash and were unable to pay the various accepting shareholders their money. Like a house of cards, their whole edifice collapsed. Grunwald fled the country and Jasper and Murray (the Chairman of the State Building Society), were temporarily left to carry the can.

The sixteen companies' shares were suspended. The State Building Society suspended redemptions of deposits to its 26,000 depositors but, and unlike today, the government acted quickly and appointed a top Q.C. to investigate the Jasper affair and arranged for one of the leading and most honourable solicitors of the day to become Chairman of 10 of the companies with a view to sorting out the complexity and difficult ownerships in nearly 1,000 separate companies.

We now revert to the junior office boy who had his desk at the front of the office in Bruton Street. It was not my place to deal with visitors but that of an elderly sergeant who, in his uniform, looked like an under-nourished survivor of the Boer War. He was never at his desk, he was either in the basement having a drink and smoke, out on an errand or flirting with the secretaries on the first floor.

It thus fell to me to deal with all and sundry visitors. One morning a tall, grey haired old cadaverous and serious looking man arrived. He was wearing a black jacket, grey striped trousers and black bowler hat — obviously a solicitor. He approached my desk. "I have an appointment with Marcus Leaver". "Ooh shall I says 'ere?" I asked from my slouched position in my chair, he replied "SIR DINGWALL BATESON"!

I jumped to attention and executed a magnificent bow that would have done justice to the Emperor Hirohito if he had deigned to grace us with his presence.

"YES SIR!!, I will take you to him right away" and so I did. Sir Dingwall came on many occasions but by then I had been informed although he was important, he did not warrant the full royal treatment I had delivered, although he deserves immortality for his quote "A solicitor is a man who calls in a person he doesn't know, to sign a contract he hasn't seen, to buy a property he doesn't want, with money he hasn't got.

Another visitor who arrived at my desk connected to Dolphin Square was a very small man with a big head, big glasses and an enormous smile. He asked to see "Marcus". I knew his name, Arthur Askey, a well-known and popular comedian. He was a Dolphin Square resident and represented the Tenants Association. Of course, over the years, as well as many bureaucrats and MPs etc., many famous people lived there including Harold Wilson and comedians Ben Lyon and Bud Flanagan, Peter Finch and also Christine Keeler and John Vassall (a Soviet Spy), Charles de Gaulle, Donald Campbell etc and, of course, many persons on the public payroll.

With such high-powered and well connected tenants, they managed to convince Westminster Council to provide public funds to purchase the property.

The then 70 year head lease was purchased before the auction for £4,500,000, well above the £3.5 million originally expected. Westminster Council loaned the money to a new non-profit making Dolphin Square Management Trust, which was created by two of Westminster's council officials, who interestingly, were both residents of Dolphin Square and one later became chairman and the other vice chairman of the Trust. The rents were reduced. The Trust was accountable only to itself. Gradually, over the years, the block seemed to be subsidised accommodation for the rich or well connected. By the late 90's, Westminster Council began to realise their dreadful mistake and tried to extricate itself from the arrangement with the Trust.

Finally, after failing to rectify the situation, Westminster sold its remaining 27 year leasehold interest in 2005 to an American equity and property trading fund for

£190 million. Of course, if the block was freehold it would have been worth about £400 million.

Friends Provident own the freehold on behalf of one of their long-term funds, almost certainly a great investment. They obviously had tried to buy the Westminster lease, but failed, possibly by virtue of the Trust's disinclination for change. American funds, however, are made of sterner stuff and having bought the leasehold, moved to acquire the freehold unilaterally by taking advantage of the leasehold enfranchisement acts (which had been badly drafted and allowed investors, as well as occupiers, to enfranchise if they owned a lease of more than 21 years at a ground rental). To utilise the legislation, the American fund then reverted back to the old Jasper/Grunwald trick of creating 600 companies, each owning one or two Dolphin Square flats and serving enfranchisement notice on Friends Provident, which could have allowed each company to buy its freehold. Its attempt rightly failed.

It is reported that of Westminster's £190 million sale price, £52 million went to its general fund. The balance of £138 million went to the Trust, of which £84 million was used to set up the Dolphin Trust Foundation Charity to support affordable housing. The £54 million left was set aside to protect the tenants and pension obligations!

THE STORY IS FAR FROM OVER, as Friends Provident recently merged with another recently created company, and I have no doubt this major asset will somehow be involved in the reorganisations that will take place over the forthcoming years. The American Fund temporarily thwarted in its effort to buy the freehold presumably to enable it to sell off individual flats, decided to maximise their return. Probably over 50% of the residents of Dolphin Square had some form of controlled or regulated rent payment (which means they pay very low rents) and have security of tenure, so it was worth while for the leasehold owners to either buy out tenants' leases at a fat premium and obtain vacant possession, or even pay a premium of anywhere between £30,000 to £120,000, and then grant the tenant a new lease at a modern market rent of maybe £200 — £300 per week higher without the security. There were many people who took the offer and I suspect that a good proportion of them were either politicians or bureaucrats who have their rent paid by us, the taxpayer. I wonder how many of them took the capital sum offer for themselves (tax free as their principal home), then started to charge the higher rents to the taxpayer as a second home "expenses" — I suspect this building story, which has been running longer than "The Mouse Trap" is not yet finished.

Secondly, the little building — **PANTHER HOUSE**

On Friday, 16 October 2009, my wife had her best nights' sleep for a very long time. I did not sleep at all that night and she therefore didn't suffer the usual snoring, fidgeting and general discomfort that is part of the "for better or for worse" of being my wife. The reason for my sleeplessness? I had finally moved out of my office after 35 years and the enormity of the occasion had just begun to sink in. Although the move had been planned for many months, most of the work and effort had been dealt with by others. As always I was too busy to focus on the gradual changes going on around me. That Friday evening, leaving our now desolate empty offices and saying goodbye to many long-term friends and tenants, I admit to feeling a tinge of sadness and nostalgia.

At night, however, as I lay there in the long dark watches of the night, sleep remained elusive and my mind was free to wander back 38 years to when the story began.

The year was 1971 and our business was on the way up. We were about to move from our pleasant but utilitarian offices in Grays Inn Road to our palatial offices in Park Street, Mayfair. Around this time, whilst reading the Financial Times, I read an article about a property company that had acquired 18 per cent of a small old-established quoted optical concern called Levers Optical Company Limited, and was in talks to merge its property interests with that company. Levers occupied a building then called Leveroptic House, at 38 Mount Pleasant, just three hundred yards from our existing offices, so Harold, Malcolm and I took a stroll up the road to look at their building. I had already studied their accounts — any novice could have seen that their huge building, despite its age and location, was far more valuable than the £85,000 freehold value shown in their accounts. With practically no debt and showing £240,000 net assets, the company was easily worth double the £160,000 at which it was valued in the Stock Market. We bought some shares and a few months later it was announced that the merger talks were off, so I instantly phoned the jilted property company offering to buy their shareholding, which we did, giving them a small profit.

We thus became a large minority shareholder in the family-controlled company and initiated our own merger discussions which, of course, politely went nowhere. We continued to make small purchases of shares and were by now prospering and enjoying life in our palatial Mayfair office. Gradually the optical company began to suffer so we approached two of the founding family members who held 18 per cent of the company's shares. Neither worked in the company nor received salaries, only a very meagre dividend. We offered them 110p per share which, at nearly twice the market price was a very generous price, but, of course, Leveroptic House had risen in value. They accepted and, having reached 42 per cent of the ordinary shares of the company in September 1972, we were obliged to and made a successful bid. Finally we obtained 54 per cent of the company allowing us to take full control.

For three years we were absentee owners in Mayfair, leaving the existing management in place. In 1974/5 the property market collapsed precipitously with the secondary banks all failing. Our Magnificent Mayfair mansion (see photo IBC*) was forced onto the market and we had to move into two rooms in Leveroptic House (see photo IBC*). Times were tough in both property and optics. We took effective management control and reorganised the optical company, moving production into about 10,000 square feet on the top two floors. We then decided to try to let the remaining 27,000 square feet. Any sensible property surveyor or investor will know that you must let entire clear space floors on full repairing and insuring leases. This proved impossible because of the age of the building and its unusual layout etc. Even the floors we had speculatively refurbished found no tenants.

One day in 1977, a young American who was travelling round the world walked in to ask if we had a small room he could rent. He explained that he earned enough to pay for his travels by making small leather goods which he then sold from a makeshift stall on Oxford Street and the Kings Road. Fortuitously, he saw my brother, Harold, who had some years earlier been in a similar position as a world traveller, and was therefore more sympathetic than Malcolm or I would have been for such an inconsequential letting. Harold agreed to rent our young American an empty office at £50 per month plus a month's deposit. I was not particularly happy with this as it didn't seem worth the trouble for such a small amount. However, after a day or two, I realised that we had at least 10 existing rooms available to let without needing to spend any money. We consequently put an advert in Time Out magazine offering "small rooms to let" — and we were happily surprised by the response. All rooms were let within three weeks. We did not use a lawyer for such small lettings but created our own three paragraph all inclusive licence which lasted trouble free for nearly 30 years.

Our next move was to chalk out a corridor down the middle of each of our vacant floors and re-advertise.

* IBC — Inside back cover

The responses came pleasingly and surprisingly quickly. We decided that we would offer them a one window, two window or three window room. Prospective tenants would then pay one month's rent plus two months' deposit, whereupon we would chalk out their reserved unit, give their money to our workman who rushed out and used the money to buy the breeze blocks and materials needed to carry out the division. It should be remembered that, at this time, banks would not lend money for anything to do with property.

It took 18 months or so before the whole building was fully converted, and this became the first business centre. We were first in the field and for many, many, years it was a cash-flow goldmine. Eventually we had over 110 rooms, nearly always fully let. The occupants were all small businesses, and entrepreneurs of all ages, sizes, colours, abilities, trades and experience. Trades varied from jewellery workshops, art restoration, frame guilders, sewing repairs and alterations, tailors, dress-makers, dance studio, photographic studio/modelling agency/Page Three girls photo studio, phoney modelling agency, silk screen printers, cartoon comics production, film-maker, recording studio, office equipment supplier. Then there were the office uses — specialist oil analyst, journalists, employment agency, microfiche inventor, film/magazine importer (porno), travel agency, fashion designers, who invariably went bust, charity sales promotions, actors' co-operatives, writers and cartoonists, an office for planning a bank vault heist, an office planning the toppling of the Shah of Persia regime — both of these I believe were successful.

This was also the era of the GLC grant backed Group Organisation, which predominantly included homosexuals' rights organisations, women against rape, lesbian meeting house, anti-racial prejudice, anti-immigration unit, Saving the World charity, etc.

However, a building is merely bricks, mortar and, in our case, also breeze blocks. It is the people that gave the building its life interest and character. Many memories are amusing, some occasionally sad.

The saddest story was of a young "musician", who one night, having been on drugs, thought he could fly and jumped off the roof into the courtyard. The messy aftermath of this incident had thankfully all been dealt with by the time I arrived for work.

I remember the helpful travel agent. He had a small business, but a very large body, and when a tenant disappeared, owing rent — he offered to help us open the vacated locked room. "A little pressure on the door would force it open", he said, then took a short run and shouldered the door and it opened — the doorframe and three square metres of breeze-blocks were also opened and he reversed the IKEA process by flat-packing the desk inside.

On holiday in Thailand, I met a photographer taking topless shots of a young nubile model under a palm tree near our hotel pool. Of course, I enquired what magazine he was working for and where his studio was situated. He came from Liverpool, but said that he was keen to come to London. He became one of our best and favourite tenants for about 10 years photographing Page Three girls, until he became so successful that he was able to purchase his own freehold central London studio. His high profile studio attracted two or three other different photographic studios to our building.

One of these photographers wrote a book about photography and then presented a television series on the subject. This photographer also launched me into my rather short modelling career, which lasted one afternoon, when I was the cover boy for a book about magicians — I don't think it was a big seller! (see photo IBC*)

* IBC — Inside back cover

One of our offices was occupied by an old black jazz pianist called "Slim Gaillard" which, for some time, we assumed he used for writing music — but in reality was his very cheap living accommodation. He had played with many of the big black bands of New Orleans and Harlem, as well as Charlie Parker and other jazz legends. On occasion he even played to us on our office piano. He was famous for the "Flat Foot Floogie", the "Floy Floy" and "Dunkin the Beigel" songs. He was now destitute and occasionally paid a little rent when he could afford it. He was such an interesting and entertaining tenant that we gave him a lot of leeway. A TV company made a programme about his life which was aired posthumously, unfortunately a little too late for him to benefit.

Another office was occupied by Sydney Lipton, the post-war band leader who often used to chat about the "Old Days" of the "Big Band" and his two starlet daughters, one of whom married an American multi-millionaire and became the most philanthropic society hostess in southern Florida. Also on the music front, Elmer Bernstein's son occupied a room for his business of film animation.

One of the larger basement units had to be repossessed for arrears and, upon entering, we found the remnants of a "pot plant" factory — Panther House electricity bills were considerably reduced after they disappeared.

The Sunday Times supplement once had an article about the top ten most successful British fashion designers — out of the 10, three were based in Panther House and, although highly acclaimed and feted by the press were always short of money and eventually failed.

Kate Garner, now a highly respected photographer and Jeremy Healey, a successful DJ, originated from our basement recording studio. Unfortunately eventually the studio had to go as practically all "rock groups" felt the need to smash up everything around them to achieve their creative genius — which is not conducive to good tenant relationships.

A young female impoverished artist, who excelled in painting very detailed pictures of crumbling old buildings, occupied one of our garret studios. We were often able to help her with locations by allowing her the use of some of our other properties. I am pleased to say that nowadays she exhibits at the Royal Academy Summer Exhibitions where her works command prices of over £5,000!

And finally there was the jewellers' workshop where one of the apprentices left after deciding that there was more future in the property business and about 15 years later purchased Panther House and our adjoining property for £9 million, which has a rather pleasing symmetry.

With all these memories swilling around my head like autumn leaves, I must have finally fallen asleep sometime near dawn with a nostalgic tear or two drying on my cheek, knowing that when I am just dust and hopefully memories, my spirit will float around the corridors of Panther House, beaming like the Cheshire Cat in Alice in Wonderland, smiling on all the late-night workers, I will be the happiest ghost in all of London.

Pleased to still be with you.

Andrew S Perloff
Chairman

26 April 2010

Operating and Financial Review

Key features of the year
The year ended 31 December 2009 was a good year, especially when considering the market conditions for property investment and the trading conditions for our underlying tenants. However, as with the previous year, results have been affected by large swings in valuations which relate to the significant reversal in the mark to market valuation of the derivative financial assets, being a gain of £5,277,000 (2008: a loss of £12,018,000) and revaluation of the investment properties, being a write down of £6,216,000 (2008: a write down of £6,062,000). These movements have no cash effect. The group continues to see opportunities and is in a strong position to continue to take advantage of them.

Financing
The Group has drawn down its full facility with HSBC and this is up for renewal in November 2011. The company has had some discussions with banks including HSBC, regarding additional financing and refinancing of the main loan. The board did not require any new facilities in the year.

Prior year adjustment following correspondence with the Financial Reporting Review Panel ("FRRP")
The FRRP is a body authorised under the companies Act 2006 to review and investigate the annual accounts and directors' reports of pubic and large private companies. They first wrote to us in October 2009 with a list of queries and suggestions for the accounts. The majority of these suggestions mainly related to certain accounting notes which they wanted us to expand and additional reconciliations or descriptions which they felt would add to a readers understanding of the accounts.

Following these discussions, they were satisfied with all issues except for the accounting treatment that had been undertaken on our available for sale investments, being the groups share portfolio.

At the 31 December 2008 the share portfolio (like the general market) had declined and from an original cost of £7.2 million (at 31 December 2007) to a fair value £3.8 million at the balance sheet date. Under IAS 39 you have to consider the impairment of the shares and whether this was a 'significant or prolonged' decline. At the date of signing the accounts, the board was aware of a significant recovery in the portfolio and at that time it had a fair value of £4.6 million being a 20% recovery (in under four months). As such it was felt that the appropriate treatment was to charge the write down to equity which is shown within the Consolidated Statement of Recognised Income and Expenses in the groups' 2008 accounts.

If it was believed that the impairment was 'significant or prolonged' then the required treatment was to charge the write down (and corresponding deferred tax adjustment) directly to the income statement.

After the accounts were signed (May 2009), there was an International Financial Reporting Interpretations Committee ("IFRIC") publication which attempted to clarify the intended meaning of a 'significant or prolonged' decline in the share price. This was provided by the FRRP in our discussions and they agree it was issued after the signing of the accounts.

In response we stated:

- Within a year the portfolio had almost fully recovered, so we were proved correct by the subsequent events.
- There were varying levels of interpretation in practice being the reason for the publication.
- Significant is a subjective word that requires interpretation.
- We were in a stronger position to judge any period of recovery as we invested mainly in property investment companies, being our market.
- The restatement would not improve any readers understanding of the accounts as the information was already shown two pages on from the income statement i.e. within the Consolidated Statement of Recognised Income and Expense, and also shown within several of the notes to the accounts.

Unfortunately, FRRP took the view that a decline of 47% in the fair value of the investments was significant and that there was enough detail within IAS 39 prior to the guidance to have come to that conclusion. As such they requested that we adopt a prior year adjustment within this year's accounts. See note 37 for further details on the financial effect.

Key Ratios

	2009	2008
Gross Profit Margin (Gross profit/turnover)	**69%**	73%
Gearing (debt*/(debt* + equity))	**39%**	39%
Interest Cover†	**2.04 times**	4.80 times
Finance cost rate (finance costs/average borrowings for the year)	**4.9%**	5.4%
Yield (rents investment properties/average market value investment properties)	**6.8%**	6.3%

* Debt is long term loans, excluding any liability on financial derivatives

† Profit before taxation excluding interest, less movement on investment properties, available for sale investments and financial instruments, divided by interest

Financial risk management

The review of financial risk management is contained within the Corporate Governance statement.

Other non financial risks

The Directors consider that there are no material non financial risks.

Report of the Directors

The Directors submit their report together with the audited financial statements of the Company and of the Group for the year ended 31 December 2009.

Directors' Responsibility Statement

The Directors are responsible for preparing the annual report, the Directors' remuneration report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the Directors have prepared the group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period.

In preparing those 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.
- State that the financial statements comply with IFRSs as adopted by the European Union.
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the group will continue in business, in which case there should be supporting assumptions or qualifications as necessary. This statement should cover both the parent company and the group as a whole.

The Directors are also required by the Disclosure and Transparency Rules of the Financial Services Authority to include a management report containing a fair review of the business and a description of the principal risks and uncertainties facing the group and company.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Directors, whose names and functions are listed above (refer to section of annual report containing details of Directors) confirm that, to the best of each person's knowledge and belief.

- The financial statements, prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the group and company; and
- The Directors report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the company and group, together with a description of the principal risks and uncertainties that they face.

The Directors are responsible for the maintenance and integrity of the group website, www.panthersecurities.co.uk. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review sections to these accounts. The financial position of the Group, including key financial ratios is set out in the Operating and Financial Review. In addition, the notes to the Report of Directors includes the Group's objectives, policies and processes for managing its capital; the corporate governance section includes details financial risk management objectives; and the notes to the accounts provide details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk. The Group is strongly capitalised, has considerable liquidity together with a number of long term contracts with its customers many of which are householdnames. The Group also has strong diversity in terms of customer spread, investment location and property sector. As a consequence, the Directors believe the Group is very well placed to manage its business risks successfully and have a good expectation that both the Company and the Group have adequate resources to continue their operations. For these reasons they continue to adopt the going concern basis in preparing the financial statements.

Principal activities, review of business and future developments
The principal activity of the Group consists of investment and dealing in property and securities.

The review of activities during the year and future developments is contained in the Chairman's Statement and Operating and Financial Review.

Companies objectives and management of capital
Our primary objective is to maximise long-term return for our shareholders by stable growth in net asset value and dividend per share, from a consistent and sustainable rental income stream.

The company's principle capital base includes share capital and retained reserves, which is prudently invested to achieve the above objective and is supplemented with medium to long-term bank finance.

Results and dividends
The profit for the year after taxation, amounted to £2,526,000 (2008 — a restated loss of £9,659,000).

The first quarterly dividend of £506,070 (3.0p per share) on ordinary shares was paid on 16 October 2009, and a further quarterly interim dividend of £843,450 (5.0p per share) on ordinary shares was paid on 5 February 2010. The Directors recommend a final dividend of £674,760 (4.0p per share) payable on 25 June 2010 to shareholders on the register at the close of business on 21 May 2010. This total dividend for the year ending 31 December 2009 being anticipated at 12p.

Financial risk management
The review of financial risk management is contained within the Corporate Governance statement.

Donations
During the year the Group made a £24,000 political donation (2008 — £24,000) to the Conservative Party. The Group also makes donations to charities through advertisements at charity events and in the diaries of charities, the total of which in 2009 was £2,000 (2008 — £3,000).

Directors and their beneficial interests in shares of the company
The Directors who served during the year and their beneficial interests in the Company's issued share capital were:

	Ordinary shares of £0.25 each	
	2009	2008
A. S. Perloff (Chairman)	**4,176,213**	4,351,213
B. R. Galan (Non-executive)	**305,039**	300,039
P. M. Kellner (Non-executive)	**17,000**	12,000
J. T. Doyle	**58,000**	12,000
J. H. Perloff	**105,000**	70,000
S. J. Peters	**150,000**	72,000

A. S. Perloff and his family trusts have beneficial interests in shares owned by Portnard Limited, a Company under their control, amounting to 7,737,336 (2008 — 7,737,336).

On 1 May 2009, A. S. Perloff gifted 175,000 ordinary shares to various family members.

There have been no changes in Directors' shareholdings since 31 December 2009.

No beneficial interest is attached to any shares registered in the names of Directors in the Company's subsidiaries.

No right has been granted by the company to subscribe for shares in or debentures of the Company.

Health and safety
The Group's policy is to provide and maintain safe and healthy working conditions, equipment and systems of work for all its employees and to provide such information, training and supervision as they need for this purpose.

Employment
The Group recognises the contribution its employees make to its continued success and acknowledges the need to attract and retain employees of high calibre through the operation of an equal opportunity policy. It

believes in continuous development and the support of employees to benefit both the Group and the individual.

Environment and community issues
A small part of the Group's business involves the development of brown field sites and finding uses for redundant buildings which overall contributes to environmental improvement. The Group also invests in neighbourhood shopping parades which provide important local amenities to communities. The Group also participates in a recycling programme for some of the office waste it generates.

Contracts of significance
There are no contracts with controlling shareholders or key contractual arrangements.

Payment policy and practice
The Group agrees payment terms with each of its major suppliers and abides by these terms, subject to satisfactory performance by the supplier. Trade creditors of the Group at 31 December 2009 were equivalent to 59 days purchases (2008 — 58), based on the average daily amount invoiced by suppliers during the year.

Investment Properties
The Directors have revalued the property investment portfolio to market value at 31 December 2009. An independent valuation will be undertaken as at 31 December 2010.

Capital structure
Details of the authorised and issued share capital of the Company are shown in note 24. The Company has one class of ordinary shares which carries no right to fixed income. Each share carries the right to one vote at general meetings of the Company. The percentage of the issued nominal value of the ordinary shares is 56% of the total authorised nominal value of all share capital.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

With regard to the appointment and replacement of directors, the Company is governed by its Articles of Association, the Combined Code, the Companies Act and related legislation. The Articles themselves may be amended by special resolution of the shareholders.

Under its Articles of Association, and subject to prior approval of shareholders, the Company has authority to issue a further 13,131,000 ordinary shares.

There were no changes to the Company's share capital during the year. At the year end there were 16,869,000 ordinary shares in circulation.

Status
Panther Securities P.L.C. is a Company listed on the UK Stock Exchange and is incorporated in Great Britain.

Substantial Interests
At the date of this report the Company has been notified of the following interests of 3 per cent or more in the shares of the Company.

Ordinary Shares	*Holding*	*%*
H M Perloff	895,000	5.3

For details of A S Perloff (Chairman) interest in shares of the company, please see the 'Directors and their beneficial interests in the shares of the company' section above.

Auditors
In the case of each person who was a director at the time this report was approved:

- so far as that director was aware there was no relevant available information of which the company's auditors were unaware; and
- that director had taken all steps that the director ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors were aware of that information.

This information is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to re-appoint the auditors, Nexia Smith & Williamson, will be proposed at the next Annual General Meeting.

This report was approved and authorised for issue by the Board and signed on its behalf by:

S. J. Peters
Company Secretary

Dated: 26 April 2010

Deneway House
88-94 Darkes Lane
Potters Bar
Hertfordshire EN6 1AQ

Corporate Governance

Panther Securities P.L.C. supports a high standard of Corporate Governance and has, during 2009, complied with the Combined Code on Corporate Governance issued by the Financial Services Authority, subject to the points detailed below.

Combined Code
The Company has applied the principles and provisions set out in section 1 of the Combined Code, including both the main principles and the supporting principles throughout the accounting period except as detailed under Corporate Governance. Further explanation of how the principles and supporting principles have been applied is set out in the Directors' Remuneration Report.

The Board
The Board currently consists of six Directors, of whom two are non-executives. It meets regularly during each year to review appropriate strategic, operational and financial matters and otherwise as required. In the year the Board met three times with all members present. It supervises the executive management and a schedule of items reserved for the full Board's approval is in place. Panther Securities P.L.C. has an Executive Chairman who is also the Chief Executive.

The Combined Code requires that there should be sufficient division of duties between Board members and that the Company should have at least 3 non-executive Directors, however the Board has carefully considered the division of the duties of the Chairman and Chief Executive (this dual role is not compliant with the Combined Code), together with the number of non-executive Directors and has concluded, given the size of the Company and Group, that the present arrangements are appropriate.

Each Board member has responsibility to ensure that the Group's strategies lead to increased shareholder value.

The performance of the Board, its Committees and individual Directors are not subject to specific evaluation. The Directors consider that the small size of the Group and Board does not warrant a formal evaluation process. Based on the close working relationships of the Board and the Committees, the Directors are satisfied with both the performance of the Board and its Committees. In making decisions throughout the year, the Board is cogniscent of its responsibilities to the Company's Shareholders.

Biographical details of Non-executive Directors:-
Bryan Richard Galan (Non-executive)
Chairman of the Remuneration Committee. He is a Fellow of the Royal Institution of Chartered Surveyors. He was formerly joint Managing Director of Amalgamated Investment and Property Co. Limited and is currently a Non-executive Director of Rugby Estates Investment Trust Plc.

Peter Michael Kellner (Non-executive)
Chairman of Audit and Nomination Committees. He is an Associate of the Chartered Institute of Bankers and of the Institute of Taxation. He was formerly joint General Manager of the U.K. banking operations of Credit Lyonnais Bank Nederland NV.

The non-executive directors were appointed and reappointed on their experience in the property and related industries and their continuing advice and independence. Peter Kellner does not act as non-executive for any other company, but Bryan Galan is a non-executive for Rugby Estates Investment Trust Plc. The terms and conditions of the non-executive directors appointments are available at the company's registered office and can be seen by request.

Both non-executive Directors are of the highest calibre. Each is independently minded with a breadth of successful business and relevant experience. They are entitled to the same information as the Executive Directors and are an integral part of the team, making a most valuable contribution. The board consider both non-executive Directors to be independent, and to have sufficient expertise in accountancy and audit.

The combined code states that it is advisable that non-executive Directors should serve no more than nine years on the Board from the date of their first election. However the Group's Board believes that both non-executive Directors, who have served on the Board for longer than the recommended period, are independent in character and judgement and are not affected by any matters that would impact on these qualities.

Auditor Independence and Objectivity
Nexia Smith & Williamson conducts the annual statutory audit. In forming their opinion of the independence and objectivity of the external auditors, the Audit Committee takes into account the safeguards operating within Nexia Smith & Williamson and their Associates. Regard is given to the nature of remuneration received for other

services provided by Nexia Smith & Williamson and their Associates and confirmation is sought from them that the fee payable for the annual statutory audit is adequate to enable them to fulfil their obligation in accordance with the scope of the audit. There have been no non-audit services in the period, and therefore there does not appear to be an independence issue.

Internal Controls and Audit Committee

The Directors are responsible for the system of internal control which is designed to meet the needs and risks of the Group. The internal control system provides reasonable but not absolute assurance against material misstatement or loss. The key procedures cover maximising long term revenue and cash flow, organisational responsibilities and authority limits and regular executive monitoring and review.

This process was in place for the year under review and up to the date of approval of the report. It is regularly reviewed by the Board and accords with Turnbull guidance.

The Audit Committee has three members and includes both non-executive Directors and is chaired by P. M. Kellner, and also includes an executive Director, being the Chief Executive, (this does not comply with the requirement that all members of the audit committee are non-executive Directors). However having three members prevents stalemate on decisions and adds more experience in audit and accounting to the committee.

Its terms of reference, which are available from the company's registered office, are that it meets at least twice a year to review the Group's accounting policies, financial and other reporting procedures, with the external auditors in attendance when appropriate. In 2009 the committee met three times with all members present.

The review of internal controls is an ongoing process which ensures their effectiveness and any specific issues are dealt with when they arise. When the Board reviews internal controls they consider the effectiveness of controls, concentrating on all material controls, including operational and compliance controls, and risk management systems.

Details of the Remuneration Committee can be found in the Directors' Remuneration Report and the terms of reference are available from the registered office.

The Combined Code requires that there should be an internal audit function in place, however the Company does not have one as the Directors do not believe there is the need for one due to the small size of the Group.

Communication with shareholders

The Company provides extensive information about the Group's activities in the Annual Report and Financial Statements and the Interim Report, copies of which are sent to shareholders. Additional copies are available by application. The Group is active in communicating with both its institutional and private shareholders and welcomes queries on matters relating to shareholdings and the business of the Group. All shareholders are encouraged to attend the Annual General Meeting, at which Directors and senior management are introduced and are available for questions. The Company provides a web site with up to date information, including announcements and company accounts.

Nomination Committee

The Nomination Committee met three times in 2009 with all members present. Any changes that are required to be made are made in the best interests of the Group. In 2009 there were no changes in Directorships.

The terms of reference of the Committee are available from the company's registered office and detail that it will consist of three members, the majority of whom should be independent non-executive Directors. They shall meet at least twice a year to review the structure, size and composition of the Board and make recommendations with regard to any changes.

Financial Risk Management

The Company and Group operations expose it to a variety of financial risks the main two being the effects of changes in credit risk of tenants and interest rate movement exposure on borrowings. The Company and Group have in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company and Group by monitoring levels of debt finance and the related finance costs. The Company and Group also use interest rate swaps to protect against adverse interest rate movements and no hedge accounting is applied. In the current and prior years mark to market valuations on our financial instruments have been erratic, and these large swings are shown within the income statement adding to the year's financial accounting profit/ (loss). However, the actual cash outlay effect is nil when considered with the loan as the instruments are used to protect increases in cash outlays.

Given the size of the Company and Group, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The policies set by the Board of Directors are implemented by the Company and Group's finance department.

Price risk
The Company and Group are exposed to price risk due to normal inflationary increases in the purchase price of the goods and services it purchases in the UK. The Company and Group also have price exposure on listed equities that are held as investments. The Group has a policy of holding only a small proportion of its assets as listed investments.

Credit risk
The Company and Group have implemented policies that require appropriate credit checks on potential tenants before lettings are agreed. In most cases a deposit is requested unless the tenant can provide a strong personal or other guarantee. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the Board. Exposure is also reduced significantly as the Group has a large spread of tenants who operate in different industries.

Liquidity risk
The Company and Group actively ensure liquidity by maintaining a long-term finance facility and also hold significant cash deposits, which are both to ensure that the Company and Group have sufficient available funds for operations and planned expansions.

Interest rate risk
The Company and Group have both interest bearing assets and interest bearing liabilities. Interest bearing assets include only cash balances which earn interest at fixed rate. The Company and Group have a policy of only borrowing debt to finance the purchase of cash generating assets (or assets with the potential to generate cash). The Directors will revisit the appropriateness of this policy should the Company and Group operations change in size or nature.

Directors' Remuneration Report

Remuneration Committee
The Remuneration Committee consists solely of the two non-executive Directors, B. R. Galan (Chairman) and P. M. Kellner. It reviews the terms and conditions of service of the Chairman and Executive Director, ensuring that salaries and benefits satisfy performance and other criteria. When setting remuneration the Committee consults with the Chairman of the Board. In 2009 the Committee met three times with all members present.

The Company has given full consideration to the best practice provisions relating to remuneration committees as set out in the Combined Code.

The Directors do not have a Share Option Scheme.

Remuneration policy
Company policy is to reward fairly the Executive Directors sufficiently to retain and motivate these key individuals. The Remuneration Committee considers that currently the Executive Directors' remuneration is below market comparables.

Service contracts
No Director has a service contract or any other written agreement between the company and the Director.

Non-executive Directors
The remuneration of non-executive Directors is determined by the Board and based upon fees paid to non-executive Directors of companies both similar in sector and size. Subject to Board approval, non-executive Directors may be paid other fees for professional services provided to the Group.

Pension and other benefits
A. S. Perloff is the sole member and beneficiary of a non-contributory Director's pension scheme. The Group ceased contributions in 1997 and accordingly made no contributions to the pension fund in 2009 and does not anticipate making further contributions.

S. J. Peters had pension contributions paid in the year by the Company of £6,500 (2008 — £6,000) into his personal stake holders' contribution pension scheme.

No other payments were paid in respect of any other Director during the year (2008 — £Nil).

Directors' emoluments
Directors' emoluments of £221,000, (2008 — £210,000) are made up as follows:

Director	Salary/Fees £'000	Bonus £'000	Taxable Benefit £'000	Pension Contribution £'000	**Total 2009 £'000**	Total 2008 £'000
Executive						
A. S. Perloff	—	—	5	—	**5**	4
J. T. Doyle	57	12	3	—	**72**	69
J. H. Perloff	36	6	4	—	**46**	44
S. J. Peters	60	12	—	6	**78**	73
Non-executive						
B. R. Galan	10	—	—	—	**10**	10
P. M. Kellner	10	—	—	—	**10**	10
	173	30	12	6	**221**	210

The Directors' emoluments note as listed above is audited information. All other information in the Directors' Remuneration Report is unaudited.

Total shareholder return
The following graphs show:

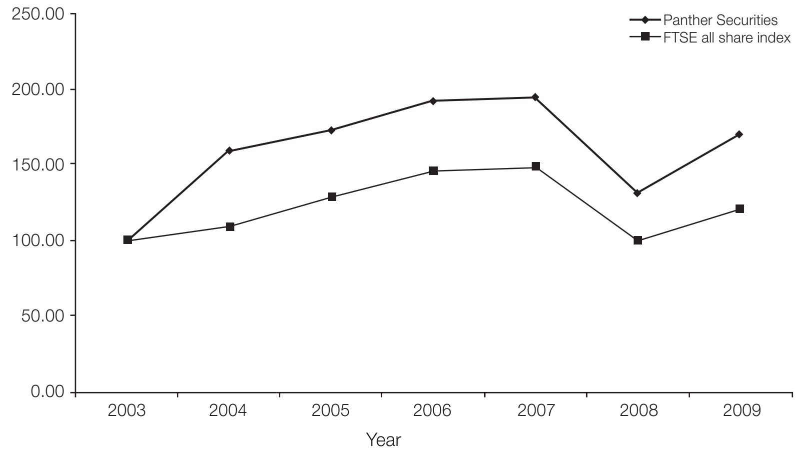
(1) The value by the end of 2009 of £100 invested in Panther Securities P.L.C. on 31 December 2003 compared with the value of £100 invested in the FTSE all share index.

(2) The dividend yield compared with the FTSE all share index for the same period as in (1) above.

Panther Securities P.L.C. has been a constituent of this index for the whole period and this index is deemed to be the most appropriate for comparison.

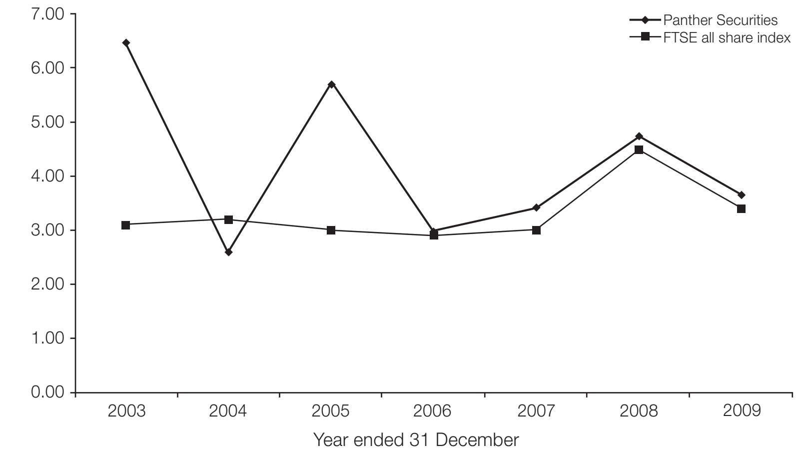
Total shareholder return

Value (£)



Dividend yield

Yield (%)



The Directors Remuneration report was approved and authorised for issue by the board and signed on its behalf by:

B. R. Galan
Chairman of Remuneration Committee

Dated: 26 April 2010

Independent Auditors' Report

Independent Auditor's Report to the Members of Panther Securities Plc

We have audited the Group and Parent Company accounts (the 'accounts') of Panther Securities PLC for the year ended 31 December 2009 which comprise the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Parent Company Balance Sheet, the Consolidated Statement of Cash Flows and Parent Company Cash Flow Statement, the Consolidated Statement of Changes in Equity and the related notes 1 to 52. The financial reporting framework that has been applied in the preparation of the Annual Report and the Group accounts is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company accounts is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion:

- the accounts give a true and fair view of the state of the Group's and Parent Company's affairs as at 31 December 2009 and of the Group's profit for the year then ended;
- the Group accounts have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company accounts have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the accounts have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group accounts, Article 4 of the IAS Regulations.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Report of the Directors for the financial year for which the accounts are prepared is consistent with the accounts. The information given in the Report of the Directors includes the specific information presented in the Chairman's Statement, Operating and Financial Review and Corporate Governance Statement that is cross referred from the Financial Risk Management section of the Directors' Report; and
- the information given in the Corporate Governance Statement with respect to internal control and risk management systems in relation to financial reporting processes is consistent with the accounts.

Matters on which we are required to report by exception
We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company accounts and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a Corporate Governance Statement has not been prepared by the Company.

Under the Listing Rules we are required to review:

- the directors' statement in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the 2006 Combined Code specified for our review.

Michael Bishop	25 Moorgate
Senior Statutory Auditor, for and on behalf of	London
Nexia Smith & Williamson	EC2R 6AY
Statutory Auditor	
Chartered Accountants	26 April 2010

Notes:

The maintenance and integrity of the Panther Securities PLC web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the accounts since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Consolidated Income Statement

For the year ended 31 December 2009

	Notes	31 December 2009 £'000	31 December 2008 (restated) £'000
Revenue	4	**9,251**	9,296
Cost of sales	4	**(2,828)**	(2,551)
Gross profit		**6,423**	6,745
Other income		**77**	311
Administrative expenses		**(1,838)**	(2,328)
		4,662	4,728
Profit on the disposal of investment properties		**574**	1,400
Movement in fair value of investment properties	15	**(6,216)**	(6,062)
		(980)	66
Finance costs	9	**(2,111)**	(1,897)
Investment income	8	**117**	683
Profit/(loss) on disposal of available for sale investments (shares)		**650**	(64)
Impairment in available for sale investments (shares)		**–**	(3,461)
Fair value gain/(loss) on derivative financial liabilities	30	**5,277**	(12,018)
Premium received on disposal of derivative financial asset	18	**–**	2,360
Profit or loss before income tax		**2,953**	(14,331)
Income tax (expense)/credit	10	**(427)**	4,672
Profit or loss for the year	5	**2,526**	(9,659)
Attributable to:			
Equity holders of the parent		**2,488**	(9,687)
Minority interest		**38**	28
Profit or loss for the year		**2,526**	(9,659)
Earnings or loss per share			
Basic and diluted	13	**14.7p**	(57.3)p

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2009

	Notes	31 December 2009 £'000	31 December 2008 (restated) £'000
Profit and loss for the year		**2,526**	(9,659)
Other comprehensive income			
Movement in fair value of available for sale investments (shares) taken to equity	19	**1,657**	(1,220)
Deferred tax relating to movement in fair value of available for sale investments (shares) taken to equity	28	**(463)**	342
Other comprehensive income for the year, net of tax		**1,194**	(878)
Total comprehensive income for the year		**3,720**	(10,537)
Attributable to:			
Equity holders of the parent		**3,682**	(10,565)
Minority interest		**38**	28
		3,720	(10,537)

Consolidated Statement of Financial Position

Company number 293147

As at 31 December 2009

	Notes	31 December 2009 £'000	31 December 2008 £'000
Assets			
Non-current assets			
Property, plant and equipment	14	**95**	21
Investment property	15	**96,658**	97,092
Goodwill		**8**	—
Available for sale investments (shares)	19	**4,651**	3,794
		101,412	100,907
Current assets			
Inventories	20	**214**	159
Stock properties	20	**8,098**	8,863
Trade and other receivables	22	**2,376**	3,278
Cash and cash equivalents		**14,847**	13,922
		25,535	26,222
Total assets		**126,947**	127,129
Equity and liabilities			
Equity attributable to equity holders of the parent			
Capital and reserves			
Share capital	24	**4,217**	4,217
Share premium account	25	**2,886**	2,886
Capital redemption reserve	25	**604**	604
Retained earnings	26	**60,303**	58,139
		68,010	65,846
Minority interest		**90**	58
Total equity		**68,100**	65,904
Non-current liabilities			
Long-term borrowings	27	**43,970**	42,500
Derivative financial liability	30	**6,744**	12,021
Deferred tax liabilities	28	**2,670**	2,290
Obligations under finance leases	33	**1,051**	—
		54,435	56,811
Current liabilities			
Trade and other payables	29	**4,412**	4,414
		4,412	4,414
Total liabilities		**58,847**	61,225
Total equity and liabilities		**126,947**	127,129

The accounts were approved by the Board of Directors and authorised for issue on 26 April 2010. They were signed on its behalf by:

A. S. Perloff
Chairman

Consolidated Statement of Changes in Equity

For the year ended 31 December 2009

	Share capital £'000	Share premium £'000	Capital Redemption £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2008	4,230	2,886	591	70,901	78,608
Total comprehensive income for the year	—	—	—	(10,565)	(10,565)
Shares purchased for cancellation	(13)	—	13	(173)	(173)
Dividends paid	—	—	—	(2,024)	(2,024)
Balance at 1 January 2009	4,217	2,886	604	58,139	65,846
Total comprehensive income for the year	—	—	—	3,682	3,682
Dividends paid	—	—	—	(1,518)	(1,518)
Balance at 31 December 2009	**4,217**	**2,886**	**604**	**60,303**	**68,010**

Within retained earnings are losses of £122,000 and deferred tax asset of £34,000 (2008 — losses of £3,461,000 and a deferred tax asset of £969,000) reserves relating to fair value of available for sale investments (shares).

Consolidated Statement of Cash Flows

For the year ended 31 December 2009

	Notes	31 December 2009 £'000	31 December 2008 £'000
Cash flows from operating activities			
Profit before interest, investment income and tax		**4,662**	4,728
Add: Depreciation charges for the year	14	**30**	13
Less: Profit on appropriation of stock to fixed assets		**—**	(12)
Profit before working capital change		**4,692**	4,729
(Increase)/decrease in inventory		**(55)**	217
Decrease in stock properties		**288**	302
Decrease in receivables		**902**	183
(Decrease) in payables		**(255)**	(409)
Cash generated from operations		**5,572**	5,022
Interest paid		**(2,037)**	(1,767)
Income tax paid		**(511)**	(6,358)
Net cash generated from/(used in) operating activities		**3,024**	(3,103)
Cash generated from/(used in) investing activities			
Purchase of plant and equipment	14	**(104)**	(10)
Purchase of investment properties	15	**(2,608)**	(4,442)
Purchase of available for sale investments (shares)			
— non current assets	19	**(909)**	(6,532)
Purchase of additional equity in group subsidiary		**(11)**	—
Purchase of equity and debt in corporate acquisition		**(1,811)**	—
Premium on cancellation of financial derivatives	18	**—**	2,360
Proceeds from sale of investment property		**2,446**	3,900
Proceeds from the disposal of available for sale investments (shares) — non current assets		**2,360**	3,202
Dividend income received		**21**	234
Interest income received		**96**	449
Net cash from investing activities		**(520)**	(839)
Financing activities			
Repayments of loans		**(61)**	—
Draw down on loans		**—**	7,489
Purchase of own shares for cancellation		**—**	(173)
Dividends paid		**(1,518)**	(2,024)
Net cash used in financing activities		**(1,579)**	5,292
Net increase in cash and cash equivalents		**925**	1,350
Cash and cash equivalents at the beginning of year		**13,922**	12,572
Cash and cash equivalents at the end of year		**14,847**	13,922

1. General information

Panther Securities P.L.C. (the Company) is a Public Limited Company incorporated in Great Britain. The addresses of its Registered Office and principal place of business are disclosed in the introduction to the Annual Report. The principal activities of the Company and its subsidiaries (the Group) are described in the Directors' Report.

2. New and revised International Financial Reporting Standards

Changes to accounting policies since the last period

The Group has considered or applied the following standards for the period commencing 1 January 2009. There has been no significant impact to the financial information as a result of applying these standards for the first time.

- IAS 1 (revised 2007) — Presentation of Financial Statements — has introduced a number of changes in the format and content of the financial statements.
- IFRS 8 — Operating segments — is a disclosure standard that has had no impact on the designation of the Group's reportable segments.
- IFRS 7 (amendments) — The amendments to IFRS 7 expands the disclosures required in respect of fair value measurements and liquidity risk.
- IAS 39 (amendments) — The amendments permit an entity to reclassify non- derivative financial assets of the 'fair value through profit or loss' and 'available for sale' categories in very limited circumstances. This was considered but not applied.
- IAS 40 (amendments) — This has been amended to include within its scope investment property in the course of construction. It did not have any material impact on the Group's financial statements.
- IAS 23 (revised 2007) — The principle change to the standard was to eliminate the option to expense all borrowing costs when incurred.

Certain new standards and interpretations have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2010 or later periods and which the entity has not yet adopted. Except where stated none of these standards are expected to have a significant impact on recognition or measurement of the Group's assets or liabilities.

- IFRS 1 (amended)/IAS 27 (amended) — Cost of an investment in a Subsidiary, Jointly Controlled Entity or Associate
- IFRS 3 (revised 2008) — Business combinations
- IAS 27 (revised 2008) — Consolidated and Separate Financial Statements
- IAS 28 (revised 2008) — Investments in Associates
- IFRIC 17 — Distribution of Non cash Assets to Owners
- Improvements to IFRSs (April 2009)

The Parent Company and subsidiaries have not adopted IFRS in their individual accounts.

3. Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the entity's accounting policies, which are described below, there were no critical accounting judgements made by management which would have a material effect on the accounts. However, there were sources of estimation and uncertainty as noted under the accounting policy for Investment Properties and fair value of Derivative Assets and Liabilities.

Significant accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards adopted for use in the European Union and therefore comply with Article 4 of the EU IAS Regulation. The financial statements have been prepared on the historical cost basis, except for the revaluation of Investment Properties, Derivative Assets and Liabilities and Available for Sale Investments which are carried at fair value.

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. If in the future such estimates and assumptions which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change. Where necessary, the comparatives have been reclassified or extended from the previously reported results to take into account presentational changes. The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries disposed of are included in the consolidated income statement to the effective date of disposal, and those acquired from the date on which control is transferred to the Group.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Profits applicable to the minority's interest in the subsidiary's equity are allocated against the interests of the Group.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS3 are recognised at their fair values at the acquisition date.

The interest of minority shareholders in the acquiree is initially measured as the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Where the fair value of the assets and liabilities acquired in a business combination exceeds the purchase consideration, the excess is taken directly to income. Under IFRS 3 any new amounts arising are shown in the income statement as surplus of assets acquired over consideration given.

Investment Properties

Investment properties, which are properties held to earn rentals and/or capital appreciation, are revalued annually by the Directors and by independent professional valuers at intervals of not more than three years using the fair value model of accounting for Investment Property at the balance sheet date. When the Directors revalue the properties they make judgements based on the covenant strength of tenants, remainder of lease term of tenancy, location, and other developments which have taken place in the form of open market lettings, rent reviews, lease renewals and planning consents. Gains or losses arising from changes in the fair value of investment property are included in the income statement in the period in which they arise.

In accordance with IAS 17 ('Leases') and IAS 40 ('Investment Property'), a property interest held under an operating lease, which meets the definition of an investment property, is classified as an investment property. The property interest is initially accounted for as if it were a finance lease, recognising as an asset and a liability the present value of the minimum lease payments due by the group to the freeholder. Subsequently, and as described above, the fair value model of accounting for investment property is applied to these interests.

Taxation
Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit or loss for the period. Taxable profit or loss differs from profit or loss as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current assets and liabilities on a net basis.

Corporation tax for the period is charged at 28.0% (2008 — 28.5%), representing the best estimate of the weighted average annual corporation tax rate expected for the full financial year.

Segment reporting
An operating segment is a component of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. M.R.G. Systems Limited is classified as a separate operating segment to the activities of the rest of the Group, its principal activity is that of electronic designers, engineers and consultants. Its impact on the income statement is shown in note 4. Its impact on the balance sheet and cash flow statement is not material to the accounts.

Retirement benefit costs
The Company operates a defined contribution pension scheme and any pension charge represents the amounts payable by the Company to the fund in respect of the year.

Revenue recognition
All revenue arises in the United Kingdom.

Revenue comprises:

(1) Rental income from tenancy occupied properties net of Value Added Tax where appropriate: The income is recognised on an accruals basis.
(2) Sale of stock properties: This is recognised on the date that exchange of contracts becomes unconditional.

(3) Trading income from M.R.G. Systems Ltd, representing amounts invoiced for work undertaken during the year, exclusive of Value Added Tax.
(4) Sale of current asset investments: This is recognised on the sale becoming unconditional.
(5) Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated cash receipts through the expected life of the financial assets to that asset's net carrying amount.
(6) Dividend income from investments is recognised when the company's rights to receive payment have been established.

Plant and equipment
Fixtures, fittings and motor vehicles are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided at rates calculated to write off the cost of plant and equipment less their residual value, over their expected useful lives. The rates used across the Group are as follows;

Fixtures and equipment	10% — 33%	Straight line.
Motor vehicles	20%	Straight line

The gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment of property, plant and equipment
At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Leasing
All leases are operating leases.

The Group as lessor
Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

The Group as lessee
Rentals payable under operating leases are charged to profit or loss on a straight line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

The accounting policy for investment properties describes the Group's accounting for investment properties held under an operating lease.

Financial instruments
Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables
Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits.

Financial liabilities and equity
Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Trade payables
Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Bank borrowings
Interest bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds and the settlement or redemption of borrowings is recognised over the term of the borrowings.

Derivative financial instruments
Certain financial instruments are entered into by the Directors on behalf of the group to hedge against interest rate fluctuations. These include interest rate swaps, options, collar and caps. The Group does not hold or issue derivatives for trading purposes. Such derivatives financial instruments are initially recognised at fair value on the date at which a derivative contract is entered into and are subsequently remeasured at fair value at each reporting date.

The Directors estimate the fair value annually for these financial instruments using the year end yield curve to extract the markets estimate of future pricing for interest rates, this valuation is then considered alongside two valuations obtained from banks (one being HSBC bank — the counterparty to these agreements) in deciding the most appropriate value. This is an estimation and as such there is uncertainty to the fair value shown within the accounts.

For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to the income statement for the year. None of the Group's derivative financial instruments qualify for hedge accounting.

Available for sale investments
Under IAS 39, these investments are carried at fair value and classified in the balance sheet as available for sale investments (shares). Fair values of these investments are based on quoted market prices where available. The fair value of available for sale investments in unquoted equity securities cannot be obtained and they have therefore been measured at the lower of cost and net realisable value.

Movements in fair value are taken directly to equity and recycled through the income statement when the investments are realised. When these investments are considered impaired in accordance with the requirements of IAS 39, the impairment losses are recognised in the income statement. On realisation of the available for sale investments, the cumulative gain or loss previously recognised through equity is reclassified from reserves to the income statement.

The Group has not designated any financial assets that are not classified as held for trading as financial assets at fair value through the profit and loss. The available for sale investments represent investments in listed and unquoted equity securities that offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. Those shares that are expected to be held for the long term are shown as non-current assets and those that are held for short term are shown as current assets.

Provisions
Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Stock properties
Properties that are purchased for future sale are classified as stock properties. Stock properties are valued at the lower of cost and net realisable value. Cost comprises the cost of the property, and those overheads that have been incurred in bringing the stock properties to their present condition. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution.

Inventories
Stock and work in progress has been valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

4. Revenue and cost of sales

The Groups main operating segment is investment and dealing in property and securities. The majority of the revenue, cost of sales and profit or loss before taxation being generated in the United Kingdom. The Group is not reliant on any key customers.

M.R.G. Systems Ltd is an operating business segment whose principal activity is that of electronic designers, engineers and consultants. 70% of its revenues arose in the United Kingdom and 100% of its cost of sales. Its net contribution to profit or loss before interest and tax in the year was a profit of £150,000 (2008 – £98,000).

The split of assets, tax effect and cash flow of each segment is not shown as these are not material in relation to M.R.G. Systems Limited.

Turnover arose as follows:	**2009 £'000**	2008 £'000
Rental income from investment properties	**6,619**	6,236
Rental income from stock properties	**761**	828
Income from sale of stock properties	**—**	390
Income from trading (M.R.G. Systems Limited)	**1,871**	1,842
	9,251	9,296

Cost of sales arose as follows:	**2009 £'000**	2008 £'000
Cost of sales — from rental income	**1,671**	1,310
Stock properties recognised as an expense	**288**	378
Cost of sales — trading (M.R.G. Systems Limited)	**869**	863
	2,828	2,551

Profit/(loss) — before income tax:	**2009 £'000**	2008 £'000
Gross profit — investment and dealing in properties	**2,804**	(14,429)
Gross profit — trading (M.R.G. Systems Limited)	**149**	98
	2,953	(14,331)

5. Profit or loss for the year

The profit or loss for the year is stated after charging:	**2009 £'000**	2008 £'000
Depreciation of tangible fixed assets — owned by the Group	**30**	13
Fees payable to the Group's auditor for the audit of both the parent company and the Group's annual report and accounts	**14**	12
Fees paid to the Group's auditor and its associates for other services:		
— The audit of the parent's subsidiaries, pursuant to legislation	**53**	55

6. Staff costs

	2009 £'000	2008 £'000
Staff costs, including Directors' remuneration, were as follows:		
Wages and salaries	**1,291**	1,246
Social security costs	**138**	135
Pension contributions	**23**	6
	1,452	1,387

The average monthly number of employees, including Directors, during the year was as follows:		
Directors	**6**	6
Other employees	**32**	31
	38	37

Included in the above, are two employees whose costs are recoverable through service charges.

7. Directors remuneration

	2009 £'000	2008 £'000
Emoluments for services as Directors	**221**	210

There are no Directors with retirement benefits accruing under money purchase pension schemes in respect of qualifying services. Please refer to the Directors' Remuneration Report for information on the highest paid Director.

8. Investment income

	2009 £'000	2008 £'000
Interest on bank deposits	**96**	449
Dividends from equity investments	**21**	234
	117	683

9. Finance costs

	2009 £'000	2008 £'000
Interest payable on bank overdrafts and loans	**2,070**	1,887
Other interest payable	**41**	10
	2,111	1,897

10. Income tax expense

The charge for taxation comprises the following:

	2009 £'000	2008 (restated) £'000
Current year UK corporation tax	**693**	2,316
Prior year UK corporation tax	**(183)**	(299)
	510	2,017
Current year deferred tax credit	**(83)**	(6,689)
Income tax expense/(credit) for the year	**427**	(4,672)

Domestic income tax is calculated at 28.0% (2008 — 28.5%) of the estimated assessable profit or loss for the year. The future provision for deferred tax has been calculated on the basis of 28% (2008 — 28%).

The total charge for the year can be reconciled to the accounting profit or loss as follows;

	2009	**2009**	2008 (restated)	2008
	£'000	**%**	£'000	%
Profit or loss before taxation	**2,953**		(14,331)	
Profit or loss on ordinary activities before tax multiplied by the average of the standard rate of UK corporation tax of 28.0% (2008 — 28.5%)	**827**	**28**	(4,084)	29
Tax effect of expenses that are not deductible in determining taxable profit	**26**	**1**	34	—
Dividend income not allowable for tax purposes	**(6)**	**—**	(66)	—
Capital allowances for the year in excess of depreciation	**(35)**	**(1)**	(46)	—
Non taxable movement in fair value of investment properties	**1,741**	**59**	1,728	(12)
Non taxable/(non deductible) movement in fair value of available for sale investments (shares)	**(471)**	**(16)**	986	(7)
Non taxable/(non deductible) movement in fair value of financial instruments	**(1,478)**	**(50)**	3,425	(23)
Tax losses utilised	**—**	**—**	(29)	—
Unutilised losses carried forward	**310**	**10**	—	—
Disposal of properties or shares	**(221)**	**(7)**	368	(3)
Current year UK corporation tax	**693**	**24**	2,316	(16)
Prior year UK corporation tax	**(183)**	**(6)**	(299)	2
Tax expense and effective tax rate for the year	**510**	**18**	2,017	(14)
Current year deferred tax	**(83)**	**(3)**	(6,689)	47
Income tax expense/(credit) for the year	**427**	**15**	(4,672)	33

11. Profit or loss attributable to members of the parent undertaking

	2009	2008 (restated)
	£'000	£'000
Dealt with in the accounts of:		
— the parent undertaking	**2,320**	(14,830)
— subsidiary undertakings	**206**	5,171
	2,526	(9,659)

12. Dividends

Amounts recognised as distributions to equity holders in the period:

	2009 £'000	2008 £'000
Final dividend for the year ended 31 December 2007 of 6p per share	**–**	1,012
Interim dividend for the year ended 31 December 2008 of 6p per share	**–**	1,012
Interim dividend (quarterly) for the year ended 31 December 2008 of 3p per share	**506**	—
Final dividend (quarterly) for the year ended 31 December 2008 of 3p per share	**506**	—
Interim dividend (quarterly) for the year ended 31 December 2009 of 3p per share	**506**	—
	1,518	2,024

The Directors recommend a payment of a third and final dividend of 4p per share (2008 — 3p), following the quarterly interim dividends paid on 16 October 2009 of 3p per share and 5 February 2009 of 5p per share (2008 — 3p also interim of 6p). The final dividend of 4p will be payable on 25 June 2010 to shareholders on the register at the close of business on 21 May 2010. The full dividend for the year ended 31 December 2009 is anticipated to be 12p. An interim dividend for the year ended 31 December 2010 of 10p per share was also paid on 5 February 2010.

13. Earnings per ordinary share (basic and diluted)

The calculation of earnings per ordinary share is based on earnings, after excluding minority interests, being a profit of £2,488,000 (2008 — restated loss of £9,687,000) and on 16,869,000 ordinary shares being the weighted average number of ordinary shares in issue during the year (2008 — 16,893,826). There are no potential ordinary shares in existence.

14. Plant and equipment

	Fixtures and Equipment £'000	Motor Vehicles £'000	Total £'000
Cost			
At 1 January 2008	168	11	179
Additions	2	8	10
At 1 January 2009	170	19	189
Additions	96	8	104
At 31 December 2009	**266**	**27**	**293**
Accumulated depreciation			
At 1 January 2008	144	11	155
Depreciation charge for the year	11	2	13
At 1 January 2009	155	13	168
Depreciation charge for the year	28	2	30
At 31 December 2009	**183**	**15**	**198**
Carrying amount			
At 31 December 2009	**83**	**12**	**95**
At 31 December 2008	15	6	21

15. Investment property

	Investment Properties £'000
Fair value	
At 1 January 2008	101,200
Additions	4,454
Disposals	(2,500)
Revaluation decrease	(6,062)
At 1 January 2009	97,092
Additions	2,608
Transferred from stock	477
Additions on purchase of corporate acquisitions	3,550
Grossing up of investment property held under operating leases*	1,148
Disposals	(2,001)
Revaluation decrease	(6,216)
At 31 December 2009	**96,658**
Carrying amount	
At 31 December 2009	**96,658**
At 31 December 2008	97,092

* Investment property held under an operating lease is initially accounted for as if it were a finance lease, recognising as an asset and a liability the present value of the minimum lease payments due by the group to the freeholder. Subsequently and as described in accounting policies, the fair value model of accounting for investment property is applied to these interests.

At 31 December 2009, £77,634,000 (2008 — £74,977,000) and £19,024,000 (2008 — £22,115,000) included within investment properties relates to freehold and leasehold properties respectively.

On the historical cost basis, investment properties would have been included as follows:

	2009 £'000	2008 £'000
Cost	**66,262**	61,628
Cumulative depreciation	**—**	—
Net book amount	**66,262**	61,628

Costs relating to ongoing and potential developments are included in additions to investment properties and in the year ended 31 December 2009 amounted to £346,000 (2008 — £878,000).

The group did not have any contractual obligations at the balance sheet date to purchase, or develop investment property. Its only contractual obligations are shown in note 21 and relate to the completing of constructions.

At 31 December 2008 and 31 December 2009, the investment properties were revalued at their open market value as at that date by the Directors, in accordance with the Statement of Asset Valuation Practice and Guidance Notes published by the R.I.C.S. and in accordance with international valuation standards. For the year ended 31 December 2010, there will be an independently revaluation of the investment properties.

The property rental income earned by the Group from its investment property, all of which is leased out under operating leases, amounted to £6,619,000 (2008 — £6,236,000).

16. Subsidiaries

Details of the Company's subsidiaries at 31 December 2009 are as follows;

Name of subsidiary	*Country of incorporation and operation*	*Activity*	*Proportion of ownership interest %*	*Proportion of voting power held %*
Panther Trading Limited	Great Britain	Property	100	100
Panther (Dover) Limited (*)	Great Britain	Property	100	100
Panther Developments Limited	Great Britain	Dormant	100	100
Panther Shop Investments Limited	Great Britain	Dormant	100	100
Panther Shop Investments (Midlands) Limited	Great Britain	Property	100	100
Panther Investment Properties Limited	Great Britain	Property	100	100
Panther (Bromley) Limited (***)	Great Britain	Property	100	100
Snowbest Limited	Great Britain	Property	100	100
Surrey Motors Limited (****)	Great Britain	Property	100	100
Westmead Building Company Limited (*)	Great Britain	Property	100	100
Yardworth Limited	Great Britain	Dormant	100	100
Multitrust Property Investments Limited	Great Britain	Property	100	100
Etonbrook Properties PLC	Great Britain	Non-trading	100	100
Northstar Property Investment Limited	Great Britain	Property	100	100
Panther VAT Properties Limited	Great Britain	Property	100	100
Northstar Land Limited	Great Britain	Property	100	100
London Property Company PLC	Great Britain	Dormant	100	100
Eurocity Properties PLC	Great Britain	Holding	100	100
Eurocity Properties (Central) Limited (**)	Great Britain	Property	100	100
CJV Properties Limited (**)	Great Britain	Property	100	100
M.R.G. Systems Limited	Great Britain	Trading	75	75
Panther AL Limited	Great Britain	Property	100	100
Panther AL (VAT) Limited	Great Britain	Property	100	100
Melodybright Limited	Great Britain	Property	100	100
TRS Developments Limited	Great Britain	Property	100	100
TRS Developments (Stockton) Limited(#)	Great Britain	Property	100	100
TRS Developments (Cheadle) Limited(#)	Great Britain	Property	100	100
Richmond House (Stockton) Management Limited(##)	Great Britain	Dormant	100	100

* 100% subsidiaries of Panther Shop Investment (Midlands) Limited

** 100% subsidiaries of Eurocity Properties PLC

*** 100% subsidiary of Surrey Motors Limited

**** 95% owned by Panther Securities PLC/5% owned by Panther (Bromley) Limited

100% subsidiaries of TRS Developments Limited

100% subsidiary of TRS Developments (Stockton) Limited

All companies have a 31 December year end.

17. Acquisition of subsidiary undertakings

Effective from 1 May 2009 the group purchased 100% of Melodybright Limited an individual property investment company for cash of £470,000. On the 13 July 2009 the group purchased 100% of TRS Developments Limited being a small property investment group for cash of £1,400,000. These companies were both purchased by way of minimal value attributed to equity (£5 but rounded in the above figures) and by purchasing the debt owed to the owners of the company/group at a discount (Melodybright Limited £0.70 million of debt was purchased for £0.47 million, and for the TRS group debt of £3.7 million was purchased for £1.4 million). These transactions have been grouped below and accounted for by the purchase method of accounting.

Net assets acquired:

	Book value £'000	Fair value adjustments £'000	Fair value £'000
Investment properties	4,808	(1,258)	3,550
Plant and equipment	69	(69)	—
Debtors	67	(7)	60
Cash at bank	101	—	101
Trade and other payables	(170)	(3)	(173)
Bank loans	(1,671)	—	(1,671)
Total	3,204	(1,337)	1,867
Goodwill on acquisitions			3
Total cash consideration excluding legal fees			1,870

Legal fees on the above corporate acquisitions totalled £42,000 (and included due diligence on the properties).

The profit contributed by the acquired subsidiaries since acquisition date was £67,000.

If the acquisition had been completed on the first day of the financial year the additional contribution to group revenues would have been £131,000 and the additional contribution to profits would not be material to the group.

Also within the year further shares were purchased in MRG Systems Limited bringing the holding from 72% to 75% for cash consideration of £11,000. This company is already a subsidiary so is not dealt with in the above note.

Reconciliation of goodwill:	£'000
Goodwill arising on acquisitions of subsidiary undertakings (above)	3
Goodwill arising on purchase of additional shares in MRG Systems Limited	5
Total goodwill	8

18. Disposal of derivative financial assets

	2009 £'000	2008 £'000
Premium on disposal of derivative financial asset	**–**	2,360

In 2008 two financial derivatives were cancelled for a premium (see note 30).

On 11 June 2008 a derivative financial instrument with HSBC Bank plc was cancelled for a premium of £1,120,000. This was an interest rate swap which fixed £25,000,000 of its loans at a rate of 4.63% (excluding margin) until 1 December 2011. On 3 July 2008 another derivative financial instrument with HSBC Bank plc was cancelled for a premium of £1,240,000. This was an interest rate swap which fixed £25,000,000 of its loans at a rate of 4.90% (excluding margin) until 1 March 2021.

19. Available for sale investments (shares)

	Non-current assets £'000
Cost or valuation	
At 1 January 2008	5,209
Additions	6,532
Disposals	(3,266)
Revaluation decrease	(1,220)
Impairment loss	(3,461)
At 1 January 2009	3,794
Additions	909
Disposals	(1,709)
Revaluation increase	1,657
At 31 December 2009	4,651
Comprising at 31 December 2009:	
At cost	529
At valuation/net realisable value	4,122
Carrying amount	
At 31 December 2009	4,651
At 31 December 2008	3,794

The available for sale investments represent investments in listed and unquoted equity securities that offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair values of the listed securities are based on quoted market prices. The available for sale securities carried at fair value are classified as level 1 in the fair value hierarchy specified in IFRS 7. The fair value of available for sale investments in unquoted equity securities, which are not publically traded, cannot be measured and have therefore been shown at cost. The valuation of the available for sale investments is sensitive to stock exchange conditions.

20. Inventories

	2009 £'000	2008 £'000
Stock properties	**8,098**	8,863

The market value of stock properties is £10,877,000 (2008 — £13,940,000).

At 31 December 2009 and 31 December 2008, the Stock properties were revalued at their open market value by the Directors in accordance with the Statement of Asset Valuation Practice and Guidance Notes published by the R.I.C.S. and in accordance with international valuation standards, but any uplift is not recognised in the accounts.

Inventories (MRG)

	2009 £'000	2008 £'000
Inventories	**214**	159

Inventories (MRG) relates to stock and work in progress for M.R.G Systems Limited's trade of electronic designers, engineers and consultants.

21. Capital commitments

	2009 £'000	2008 £'000
Capital expenditure that has been contracted for but has not been provided for in the accounts	**53**	725

22. Trade and other receivables

	2009 £'000	2008 £'000
Trade receivables	**2,364**	2,510
Bad debt provision	**(652)**	(647)
Other receivables	**286**	740
Corporation tax	**164**	469
Prepayments and accrued income	**214**	206
	2,376	3,278

The Directors consider that the carrying amount of trade and other receivables approximates their fair value. Net trade receivables are financial assets. The total of financial assets included within the financial statements at amortized cost is £16,845,000 (which relates to £1,998,000 included in the above and the Group's cash or cash equivalents).

Debts are specifically provided once recovery becomes doubtful. The bad debt provision includes all material doubtful debts that the directors are aware.

Movement in allowance for doubtful debts on trade receivables and cash and cash equivalents

	Trade receivables £'000	Cash and Cash Equivalents £'000	Total bad debt provisions £'000
Balance at 1 January 2008	757	—	757
Amount written off as uncollectable	(132)	—	(132)
Charge to income statement	22	343	365
Balance at 1 January 2009	647	343	990
Amount written off as uncollectable	(61)	—	(61)
Charge/(credit) to income statement	66	(226)	(160)
Balances at 31 December 2009	**652**	**117**	**769**

The cash and cash equivalents balances provided against related to balances on account with Kaupthing Singer and Friedlander before they went into administration. The Group at the balance sheet date had received 30p in the pound.

23. Other financial assets

Cash and cash equivalents

Cash and cash equivalents comprise of cash held by the Group and short-term bank deposits. The carrying amount of these assets approximates their fair value.

Credit risk

The Group's principal financial assets are bank balances and cash. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. Materially all of the credit risk is with three counterparties in the United Kingdom. Kaupthing Singer and Friedlander went into administration and some of its balances are provided against (see note 22).

Further information on the general Group's credit risk is detailed within the corporate governance section.

24. Share capital

	2009 £'000	2008 £'000
Authorised		
30,000,000 ordinary shares of £0.25 each	**7,500**	7,500
Allotted, called up and fully paid		
16,869,000 ordinary shares of £0.25 each	**4,217**	4,217

The Company has one class of ordinary shares which carry no right to fixed income.

During 2009 no ordinary shares of 25p were purchased by the company (2008 — 49,651 for £173,000).

25. Capital reserves

	2009 £'000	2008 £'000
Share premium account		
At 31 December	**2,886**	2,886
Capital redemption reserve		
At 31 December	**604**	604

There was no movement on the capital redemption reserve in the year (2008 — £13,000) in respect of the purchase of own shares for cancellation.

26. Retained earnings

	2009 £'000	2008 £'000
At 1 January	**58,139**	70,901
Retained profit or loss for the year	**2,488**	(9,687)
Purchase of own shares for cancellation	**—**	(173)
Movement in fair value of available for sale investments (shares)	**1,657**	(1,220)
Deferred tax relating to the movement in fair value of available for sale investments (shares)	**(463)**	342
Dividends paid	**(1,518)**	(2,024)
At 31 December	**60,303**	58,139

27. Bank loans

	2009 £'000	2008 £'000
Bank loans due within one year *(within current liabilities)*	**136**	—
Bank loans due within more than one year *(within non-current liabilities)*	**43,970**	42,500
Total bank loans	**44,106**	42,500

Analysis of debt maturity	2009 £'000	2008 £'000
Repayable:		
On demand or within one year	**136**	—
In the second year	***42,636**	—
In the third year to the fifth year	**272**	*42,500
After five years	**1,062**	—
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(136)**	—
Amount due for settlement after 12 months	**43,970**	42,500

At 31 December 2009 and at 31 December 2008 £Nil had not been drawn down from facilities available until November 2011. Bank loans are secured by fixed and floating charges over the assets of the Group.

* £42,500,000 of the debt liability is with HSBC Bank PLC (and is repayable on 30 November 2011) and £1,606,000 is with Natwest Bank PLC. The Natwest element was acquired with the corporate acquisitions during the year and is repayable over its life to September 2022 (12 years remaining on a 20 year term).

Interest that is contractually due on the HSBC bank loans due within one year is approximately £684,000 and within 2-5 years is £627,000 excluding any adjustments for the interest rate swaps (based on current 3 month libor floating rate — 1.61%, including margin of 1%). On the fixed element of the HSBC Bank loan of £35 million (see note 30 in relation to interest rate derivative financial instruments) there is an additional amount payable which is estimated to be £1,450,000 due within one year and £3,230,000 within 2-5 years. These estimates are based on the market expectation of future interest rates, and as such subject to change.

Interest that is contractually due on the Natwest bank loans due within one year is approximately £30,000 and within 2-5 years is £120,000 (based on current bank rate — 1.75% including margin 1.25%).

The Directors estimate the fair value of the Group's borrowings, by discounting their future cash flows at the market rate.

The fair value of bank loans is not considered to be materially different to the book value. Bank loans are financial liabilities.

28. Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the Group, and the movements thereon, during the current and prior reporting periods.

	Total £'000
At 1 January 2008	9,321
Credit to equity for the year	(342)
Credit to profit and loss for the year	(6,689)
At 1 January 2009	2,290
Debit to equity for the year	463
Credit to profit and loss for the year	(83)
At 31 December 2009	**2,670**

Deferred taxation arises in relation to potential capital gains on the Investment Properties totalling £4,718,000 and there are deferred tax assets of £125,000 on the tax allowances available on plant and machinery compared to their net book value, on the Available for Sale Investments (shares) — non current assets of £34,000, and also on the Derivative financial liability of £1,889,000.

Deferred tax

	2009 £'000	2008 £'000
Deferred tax liabilities:		
Investment properties	**4,718**	6,734
Deferred tax assets:		
Tax allowances in excess of book value	**(125)**	(110)
Available for sale investments (shares)	**(34)**	(969)
Derivative financial liability	**(1,889)**	(3,365)
	2,670	2,290

29. Trade and other payables

	2009 £'000	2008 £'000
Trade creditors	**1,412**	1,269
Social security and other taxes	**167**	165
Other creditors	**705**	737
Obligations under finance leases (see note 33)	**96**	—
Bank loans (see note 27)	**136**	—
Accruals and deferred income	**1,896**	2,243
	4,412	4,414

Trade creditors and accruals comprise amounts outstanding for trade purchases and ongoing costs.

The Directors consider that the carrying amount of trade payables approximates their fair value.

All trade and other payables are due within one year. Trade creditors and accruals are financial liabilities.

Liabilities included within the financial statements at amortised cost total £46,319,000 (includes payables above and the long term borrowings).

30. Derivative financial instruments

The main risks arising from the Group's financial instruments are those related to interest rate movements. Whilst there are no formal procedures for managing exposure to interest rate fluctuations, the Board continually reviews the situation and makes decisions accordingly. Hence, the Company will, as far as possible, enter into fixed interest rate swap arrangements. The purpose of such transactions is to manage the interest rate risks arising from the Group's operations and its sources of finance.

Bank loans	2009 £'000	2009 Rate	2008 £'000	2008 Rate
Interest is charged as to:				
Fixed/Hedged				
HSBC Bank plc*	**35,000**	**6.05%**	35,000	6.05%
Floating element				
HSBC Bank plc	**7,500**		7,500	
Natwest Bank plc	**1,606**		—	
	44,106		42,500	

* Fixed rate came into effect on 1 September 2008. Rate includes 1% margin. The contract includes mutual breaks, the first one being on 23 November 2014 (and every 5 years thereafter).

Bank loans totalling £35,000,000 (2008 — £35,000,000) are fixed using interest rate swaps reducing the Group exposure to fair value interest rate risk. Other borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

Financial instruments for Group and Company

The derivative financial assets and liabilities are designated as held for trading.

	Hedged amount £'000	Average rate	Duration of contract remaining 'years'	**2009 Fair value £'000**	2008 Fair value £'000
Derivative Financial Liability					
Interest rate swap	35,000	5.06%	29.75	**(5,840)**	(9,970)
Interest base rate swap	30,000	3m to 1m	0.25	**—**	(121)
Interest rate swaption**	25,000	4.63%	N/a	**(904)**	(1,930)
				(6,744)	(12,021)
Net fair value gain/(loss) on derivative financial assets				**5,277**	(12,018)

** HSBC has the option to enter the Group into a further interest swap arrangement which is exercisable on 1/12/2011. This arrangement would be at the rate and hedged amount as shown above and the duration would be until 1 March 2021.

Interest rate derivatives are shown at fair value in the income statement, and are classified as level 2 in the fair value hierarchy specified in IFRS 7.

The vast majority of the derivative financial liabilities are due in over one year and therefore they have been disclosed as all due in over one year.

The above fair values are based on quotations from the Group's banks and directors valuation.

Interest rate risk

For the year ended 31 December 2009, if on average the 3 month LIBOR over the year had been 100 basis points (1%) higher with all other variables held constant, under the financing structure in place at the year end, post-tax profit for the year would have been approximately £91,000 higher (2008 — the loss would have been lower by £75,000). This analysis excludes any affect this rate adjustment might have on expectations of future interest rates movements which is likely to effect the estimation of the fair value of the derivative financial assets/liabilities (as this movement would also be shown within the income statement affecting post-tax profit or loss), but indicates the likely cash saving/(cost) a 100 basis points (1%) movement would have had for the Group.

Treasury management

The long-term funding of the Group is maintained by three main methods, all with their own benefits. The Group has equity finance, has surplus profits which can be utilised, and also has loan facilities with financial institutions. The various available sources provide the Group with more flexibility in matching the suitable type of financing to the business activity and ensure long-term capital requirements are satisfied.

31. Parent Company Profit and Loss Account

As permitted under Section 408 of the Companies Act 2006, no income statement is presented for the parent company.

Reconciliation of parent company profit and loss

	2009 £'000	2008 £'000
Profit/(loss) of parent company before intercompany adjustments	**12,129**	(70)
Less: intercompany dividends (removed on consolidation)	**(8,318)**	(15,752)
Less: profit between subsidiaries (removed on consolidation)	**(672)**	—
Profit/(loss) of parent company after intercompany adjustments	**3,139**	(15,822)
Less: Movement in fair value of investment properties taken to income statement (required under IFRS but not under UK GAAP)	**(348)**	—
Less: Deferred tax charged to income statement (required under IFRS but not under UK GAAP)	**(471)**	992
Profit or loss attributable to members of the Parent undertaking as per note 11	**2,320**	(14,830)

32. Contingent liabilities

There were no contingent liabilities at the year end.

33. Operating lease arrangements and obligations under finance leases

The Group as lessor

The Group rents out its investment properties under operating leases. Rental income for the Group is disclosed in note 4. The group paid rent under non-cancellable operating leases in the year of £255,000 (2008 — £285,000).

The majority of these non-cancellable lease obligations are long leasehold investments in which the group receives a profit rent. These investments often have rents payable, often with a contingent element (for example paying a proportion of collected rents), and a minimum rent obligation that is due to the superior landlord.

The average lease length is 76 years. The minimum rental payment obligations due under these operating leases and anticipated rental income derived from these investments are shown below. The difference between the rents paid in the year of £255,000 and the minimum for the year of £96,000 is related to the contingent element only payable out of rents receivable.

Minimum future payments under non-cancellable operating leases

(Lessee)	2009 £'000	2008 £'000
Payable within one year	**96**	74
Payable between one year and five years	**386**	296
Payable in more than five years	**4,760**	4,883
	5,242	5,253

Anticipated rental income derived under non-cancellable operating leases

(Lessor)	**2009** **£'000**	2008 £'000
Payable within one year	**1,711**	1,711
Payable between one year and five years	**6,844**	6,844
Payable in more than five years	**129,815**	131,526
	138,370	140,081

Obligations under finance leases
As explained in note 15, investment property held under an operating lease is initially accounted for as if it were a finance lease, recognising as an asset and a liability the present value of the minimum lease payments due by the group to the freeholder. Subsequently and as described in accounting policies, the fair value model of accounting for investment property is applied to these interests.

	2009 **£'000**	2008 £'000
Obligations under finance leases due within one year		
(included within current liabilities)	**96**	—
Obligations under finance leases due within one to five years	**328**	—
Obligations under finance leases due in more than five years	**723**	—
(included within non-current liabilities)	**1,051**	—
Total obligations under finance leases	**1,147**	—

The prior year total obligations under finance leases were £1,094,000, (£74,000 relating to current liabilities and £1,020,000 relating to non-current liabilities). As at 31 December 2008, this obligation was netted against the carrying value of investment properties and not recognised separately.

34. Events after the balance sheet date
There were no material transactions after the balance sheet date.

35. 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. The compensation of the company's key management personnel is the same as directors' remuneration, as shown in note 7 and the Directors' Remuneration Report.

There were no further transactions with other related parties.

36. Net assets per share

	2009	2008
Total equity attributable to shareholders per 25p ordinary share	**403p**	390p

The calculation of net asset per ordinary share is based on the equity attributable to share holders of the equity in the parent company, and on 16,869,000 ordinary shares being number of ordinary shares in issue at 31 December 2009 and 31 December 2008.

37. Prior year adjustment

The movement in the fair value of available for sale investments (shares) was taken to equity in the prior year as the impairment was judged not to be significant or prolonged. Following advice received from the Financial Reporting Review Panel it has been decided to adjust the prior year's comparison so that the impairment of the available for sale investments (shares) is shown within the income statement as they felt this better reflected the requirements of IAS 39. This impairment was previously shown within the Consolidated Statement of Recognised Income and Expense as well as within the notes to the accounts. For further details please see the Operational and Financial Review section of these accounts.

In accordance with IAS 8 this correction has been accounted for retrospectively and the comparative statements for 2008 restated.

	Group 2008 £'000	Company 2008 £'000
Profit or loss for the year as previously reported (after tax)	(7,190)	3,391
Movement in fair value of available for sale investments (shares) — previously taken to equity	(3,461)	(3,461)
Deferred tax relating to movement in fair value of available for sale investments (shares) — previously taken to equity	992	—
Restated loss for the year (after tax)	(9,659)	(70)

	Group 2008 £'000
Income tax expense as previously reported	(3,680)
Deferred tax relating to movement in fair value of available for sale investments(shares) — previously taken to equity	(992)
	(4,672)

This change has reduced the basic and diluted earnings per share by 14.6p.

There is no effect on previously reported net assets as a result of this change, neither is there any impact on the opening balance sheet. Accordingly, we have not presented three balance sheets as required under IAS 1 as this would provide no additional useful information for the users of the accounts.

The net effect of this change does not have any impact on cash flows previously reported.

38. Approval of financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 26 April 2010.

Parent Company Balance Sheet

Company number 293147

As at 31 December 2009

	Notes	£'000	2009 £'000	£'000	2008 £'000
Fixed assets					
Tangible fixed assets	40		**2,572**		2,840
Investments	41		**19,976**		19,066
			22,548		21,906
Current assets					
Debtors	42	**68,008**		61,507	
Cash at bank and in hand		**11,895**		12,159	
		79,903		73,666	
Creditors: amounts falling due within one year	43	**(10,486)**		(10,250)	
Net current assets			**69,417**		63,416
Total assets less current liabilities			**91,965**		85,322
Creditors: amounts falling due after more than one year	44		**(42,500)**		(42,500)
Derivative financial liability	30		**(6,744)**		(12,021)
Net assets			**42,721**		30,801
Capital and reserves					
Called up Share Capital	46		**4,217**		4,217
Share Premium Account	47		**2,886**		2,886
Revaluation Reserve	47		**1,307**		1,655
Capital Redemption Reserve	47		**604**		604
Profit and Loss Account	47		**33,707**		21,439
Shareholders' funds	51		**42,721**		30,801

The accounts were approved by the Board of Directors and authorised for issue on 26 April 2010. They were signed on its behalf by:

A. S. Perloff
Chairman

Parent Company Cash Flow Statement

For the year ended 31 December 2009

	Notes	2009 £'000	2008 £'000
Net cash outflow from operating activities		**(7,119)**	(18,207)
Returns on investments and servicing of finance	48	**6,386**	14,497
Taxation		**(2)**	—
Capital expenditure and financial investment	48	**1,989**	(3,343)
Equity dividends paid		**(1,518)**	(2,024)
Cash outflow before use of liquid resources and financing		**(264)**	(9,077)
Financing			
Cash outflow from financing	48	**—**	9,676
Decrease in cash in the year		**(264)**	599

	2009 £'000	2008 £'000
Reconciliation of operating loss to net cash flow from operating activities		
Operating loss	**(855)**	(1,384)
Depreciation of tangible fixed assets	**1**	1
Increase in debtors	**(6,501)**	(15,287)
Increase/(Decrease) in creditors	**236**	(1,537)
Net cash outflow from operating activities	**(7,119)**	(18,207)
Reconciliation of net cash flow to movement in net debt		
Increase in cash in the year	**(264)**	599
Cash inflow from increase in debt	**—**	(7,489)
Change in net debt resulting from cash flows	**(264)**	(6,890)
Net debt at 1 January	**(30,341)**	(23,541)
Net debt at 31 December	**(30,605)**	(30,341)

39. Accounting policies for the Parent Company

The Parent Company financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom.

39.1 **Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties, derivatives, equity investments and include the results of the Company's operations which are described in the Director's Report and all of which are continuing.

39.2 **Revenue recognition**

Turnover comprises:

(1) Rental income from tenancy occupied properties net of Value Added Tax where appropriate: The income is recognised on an arising basis.
(2) Sale of stock properties: This is recognised on the date that exchange of contracts becomes unconditional.
(3) Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated cash receipts through the expected life of the financial assets to that asset's net carrying amount.
(4) Dividend income from investments is recognised when the company's rights to receive payment have been established.

39.3 **Deferred taxation**

Deferred tax is provided for on a full provision basis on all timing differences which have arisen but not reversed at the balance sheet date. A deferred tax asset is not recognised to the extent that the transfer of economic benefit in the future is uncertain. Any assets and liabilities recognised have not been discounted.

39.4 **Derivative financial instruments**

The Company uses derivative financial instruments, such as interest rate swaps, to hedge its risks associated with interest rate fluctuations. The Company does not hold or issue derivatives for trading purposes. Such derivatives financial instruments are initially recognised at fair value on the date at which a derivative contract is entered into and are subsequently remeasured at fair value at each reporting date. For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to the profit and loss account for the year. None of the Company's derivative financial instruments qualify for hedge accounting.

39.5 **Investments**

Investments in subsidiaries undertakings are stated at cost less any provisions for impairment.

Equity investments are carried at fair value, and movements in fair value are taken directly to the profit and loss reserves. Fair values of these investments are based on quoted market prices where available. The fair value of unquoted equity securities can not be obtained and have therefore been measured at the lower of cost and net realisable value.

39.6 **Tangible fixed assets, investment properties and depreciation**

Investment properties are accounted for in accordance with SSAP 19, as follows:

i) investment properties are revalued annually by the directors and by independent professional valuers at intervals of not more than three years. The surplus or deficit on revaluation is transferred to the revaluation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account in the year; and

Other tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures & fittings	10%	Straight line

40. Property, plant and equipment

	Investment Properties £'000	Fixtures and Equipment £'000	Total £'000
Cost or valuation			
At 1 January 2009	2,838	61	2,899
Additions	80	1	81
Revaluation decrease	(348)	—	(348)
At 31 December 2009	**2,570**	**62**	**2,632**
Depreciation			
At 1 January 2009	—	59	59
Depreciation charge for the year	—	1	1
At 31 December 2009	**—**	**60**	**60**
Net book value			
At 31 December 2009	2,570	2	2,572
At 31 December 2008	**2,838**	**2**	**2,840**

At 31 December 2009, £2,370,000 (2008 — £2,638,000) and £200,000 (2008 — £200,000) included within the net book value of land and buildings relates to freehold and leasehold land and buildings respectively. The £200,000 leasehold land and building element is entirely made up of a long lease.

On the historical cost basis, investment properties would have been included as follows:

	2009 £'000	2008 £'000
Cost	**1,263**	1,182
Cumulative depreciation	**—**	—
Net book amount	**1,263**	1,182

If the investment properties had been sold at their valuation at 31 December 2009, there would be a liability to tax of £123,000 (2008 — £222,000). Costs relating to potential developments are included in additions to investment properties and in the year ended 31 December 2009 amounted to £81,000 (2008 — £12,000).

The investment properties held at 31 December 2009 and 31 December 2008 were revalued by the Directors at their open market value. The property rental income earned by the Company from its investment property, all of which is leased out under operating leases, amounted to £28,000 (2008 — £28,000).

41. Fixed asset investments

	Shares in Group undertakings £'000	Other investments £'000	Total £'000
Cost or valuation			
At 1 January 2009	15,272	3,794	19,066
Additions	53	909	962
Disposals	—	(1,709)	(1,709)
Revaluations	—	1,657	1,657
At 31 December 2009	**15,325**	**4,651**	**19,976**
Investments:			
Listed	—	4,122	4,122
Unlisted	15,325	529	15,854
	15,325	**4,651**	**19,976**

The above investments are shown at market value where these are readily available.

For details of the Company's subsidiaries at 31 December 2009, see note 16.

42. Debtors

	2009 £'000	2008 £'000
Due within one year		
Trade debtors	**5**	17
Amounts owed by Group undertakings	**67,776**	58,456
Corporation tax recoverable	**164**	2,958
Other debtors	**32**	32
Prepayments and accrued income	**31**	44
	68,008	61,507

For further details on the Company's policy for debtors see note 22.

The total financial assets included within the financial statements of the Company at amortized cost are £19,927,000 (which includes items with debtors above and the Company's cash).

43. Creditors: Amounts falling due within one year

	2009 £'000	2008 £'000
Trade creditors	**63**	28
Amounts owed to Group undertakings	**10,063**	9,857
Social security and other taxes	**64**	61
Other creditors	**93**	171
Accruals and deferred income	**203**	133
	10,486	10,250

For further details on the Company's policy for creditors see note 29.

Liabilities included within the financial statements of the Company at amortised cost total £52,719,000 (includes certain items within creditors shown above and the long term borrowings).

44. Creditors: Amounts falling due after more than one year

	2009 £'000	2008 £'000
Bank loans	**42,500**	42,500

The above loan is fully drawn down and is in respect of the loan facility available with HSBC Bank plc (this was previously decreased from £75,000,000 to reduce bank charges on unutilised loan facility). Under the current arrangement any drawn down element of the facility is due to be repaid on 30 November 2011. Prior to this date it is likely that the Company would look for alternative financing or renegotiate its facility with HSBC Bank plc.

Further information on this facility is available in the Group accounts Note 27.

45. Deferred taxation

The potential liability for deferred taxation not provided was as follows:

	2009 £'000	2008 £'000
Potential capital gains	**123**	222

46. Called up share capital

	2009 £'000	2008 £'000
Authorised		
30,000,000 ordinary shares of £0.25 each	**7,500**	7,500
Allotted, called up and fully paid		
16,869,000 ordinary shares of £0.25 each	**4,217**	4,217

The Company has one class of ordinary shares which carry no right to fixed income.

During the year ended 31 December 2008 49,651 ordinary shares of 25p were purchased by the company for cancellation for £173,000. There were no purchases in the year ending 31 December 2009.

47. Reserves

	Share premium	Capital Redemption	Revaluation Reserve	Retained earnings (Restated)
	£'000	£'000	£'000	£'000
Balance at 1 January 2008	2,886	591	1,655	24,926
Profit for the year	—	—	—	(70)
Shares bought in for cancellation	—	13	—	(173)
Devaluation of equity investments	—	—	—	(1,220)
Dividends paid	—	—	—	(2,024)
Balance at 1 January 2009	2,886	604	1,655	21,439
Profit for the year	—	—	—	12,129
Revaluation of investment properties	—	—	(348)	—
Revaluation of equity investments	—	—	—	1,657
Dividends paid	—	—	—	(1,518)
Balance at 31 December 2009	**2,886**	**604**	**1,307**	**33,707**

48. Reconciliation of operating profit to operating cash flows

	2009	2008
	£'000	£'000
Analysis of cash flows for headings netted in the cash flow statement		
Returns on investments and servicing of finance		
Interest received	**85**	405
Interest paid	**(2,038)**	(1,893)
Income from investments	**8,339**	15,985
Net cash inflow for returns on investments and servicing of finance	**6,386**	14,497
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(81)**	(13)
Debt purchased at a discount	**672**	—
Purchase of fixed asset investments	**(962)**	(6,532)
Sale of fixed asset investments	**2,360**	3,202
Net cash inflow for capital expenditure	**1,989**	(3,343)
Financing		
Purchase of own shares for cancellation	**—**	(173)
Premium received on surrender financial derivative	**—**	2,360
Increase in debt	**—**	7,489
Net cash outflow from financing	**—**	9,676

	At 1 January 2009 £'000	Cash flow £'000	**At 31 December 2009 £'000**
Net cash:			
Cash at bank and in hand	12,159	(264)	**11,895**
Debt:			
Due after more than one year	(42,500)	—	**(42,500)**
	(30,341)	(264)	**(30,605)**

49. Other commitments

At 31 December 2009 the Company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2009 £'000	2008 £'000
Expiry date:		
Between 1 and 5 years	**23**	4

50. Related party transactions

There were no related party transactions during the period other than dividends paid to directors who hold ordinary shares in the group.

51. Reconciliation of movements in shareholders' funds

	2009 £'000	2008 £'000 (Restated)
Profit for the year	**12,129**	(70)
Dividends	**(1,518)**	(2,024)
Shares bought in for cancellation	**—**	(173)
Other recognised gains and losses during year	**1,309**	(1,220)
Opening shareholders' funds	**30,801**	34,288
Closing shareholders' funds	**42,721**	30,801

52. Risk management

For information on the Company's risk management please refer to the Corporate Governance section of the Group accounts.

Notice of Annual General Meeting

Panther Securities P.L.C.

Notice is hereby given that the 76th Annual General Meeting of Panther Securities P.L.C. will be held at the offices of Nexia Smith & Williamson, 25 Moorgate, London EC2R 6AY on 18 June 2010 at 11.15am for the following purposes:–

As Ordinary Business

1. To receive and adopt the Directors' Report, Remuneration Report and Financial Statements for the year ended 31 December 2009.

2. To authorise the payment of a final dividend of 4.0p per ordinary share.

3. To re-elect:
   i. B. R. Galan who is retiring by rotation, as a Director.
   ii. P. M. Kellner who is retiring by rotation, as a Director.

4. To re-appoint the auditors Nexia Smith & Williamson and to authorise the Directors to determine their remuneration.

To consider and, if thought fit, pass the following resolution as an Ordinary Resolution of the Company:–

5. That for the purposes of section 551 Companies Act 2006 (and so that expressions used in this resolution shall bear the same meaning as in the said section 551):

   (i) the Directors be and are generally and unconditionally authorised to allot equity securities (as defined in section 560 of the Companies Act 2006) up to a maximum aggregate nominal amount of £2,400,000 to such persons and at such times and on such terms as they think proper during the period expiring at the conclusion of the Annual General Meeting of the Company to be held in 2011 (unless previously revoked or varied by the Company in general meeting); and

   (ii) This authority shall (unless previously revoked or renewed) expire two years after the date of the passing of this resolution.

   (iii) this resolution revokes and replaces all unexercised authorities previously granted to the directors pursuant to section 80 Companies Act 1985 but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to made pursuant to such authorities.

As Special Business

To consider, and, if thought fit, pass the following resolutions of which will be proposed as special resolutions:

6. That, subject to the passing of resolution 1 set out in the Notice convening this Meeting, the Directors are empowered in accordance with section 571 Companies Act 2006 to allot equity securities (as defined in section 560 Companies Act 2006) for cash, pursuant to the authority conferred on them to allot equity securities (as defined in section 560 of the Act) by that resolution, as if section 561 (1) Companies Act 2006 did not apply to any such allotment, provided that the power conferred by this resolution shall be limited to:

   (i) the allotment of equity securities in connection with an issue or offering in favour of holders of equity securities and any other persons entitled to participate in such issue or offering where the equity securities respectively attributable to the interests of such holders and persons are proportionate (as nearly as may be) to the respective number of equity securities held by or deemed to be held by them on the record date of such allotment, subject only to such exclusions or other arrangements as the

Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws or requirements of any recognised regulatory body or stock exchange in any territory;

(ii) the allotment (otherwise than pursuant to paragraph 2.1 above) of equity securities up to an aggregate nominal value not exceeding £211,838; and

(iii) the power granted by this resolution, unless renewed, shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2011 but shall extend to the making, before such expiry, of an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

7. That the Company is generally and unconditionally authorised for the purpose of section 701 Companies Act 2006 to make market purchases (as defined in section 693 (4) of the said Act) of ordinary shares of 25p each in the capital of the Company ("ordinary shares") provided that:That the Company be and is hereby authorised to purchase its own shares by way of market purchase upon and subject to the following conditions:

(i) The maximum number of shares which may be purchased is 2,500,000 ordinary shares;

(ii) The maximum price (exclusive of expense) at which any share may be purchased is the price equal to 5 per cent. above the average of the middle market quotations of an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days preceding the date of such purchase, and the minimum price at which any share may be purchased shall be the par value of such share; and

(iii) The authority to purchase conferred by this Resolution shall expire at the conclusion of the next Annual General Meeting of the Company provided that any contract for the purchase of any shares as aforesaid which was concluded before the expiry of the said authority may be executed wholly or partly after the said authority expires.

By order of the Board
S. J. Peters
Company Secretary

Deneway House
88-94 Darkes Lane
Potters Bar
Hertfordshire EN6 1AQ

Dated: 26 April 2010

Notes:

1. Any member of the Company entitled to attend and vote at this meeting is also entitled to appoint a proxy to attend and vote in his stead. Such a proxy need not also be a member of the Company.
2. A proxy form is enclosed. Completed forms must be deposited at the address shown on the form not later than 48 hours before the meeting.
3. A statement of all transactions of each Director and his family interests in the share capital of the Company will be available for inspection at the Company's registered office during normal business hours from the date of this notice up to the close of the Annual General Meeting and will be available for inspection at the place of the Annual General Meeting for at least 15 minutes prior to and during the meeting.
4. No Director is employed under a contract of service.

Shareholder Notes

Shareholder Notes

Shareholder Notes

Ten Year Review

	2009 £'000	2008 £'000 (restated)	2007 £'000	2006 £'000	2005 £'000	2004 £'000	2003 £'000	2002 £'000	2001 £'000	2000 £'000
Rental income	**7,380**	7,064	7,526	7,510	8,099	9,194	9,125	7,951	6,020	5,518
Revenue/ turnover	**9,251**	9,296	9,516	9,722	8,498	9,194	9,791	8,240	9,428	6,519
Profit or (loss) before tax	**2,953**	(14,331)	9,089	9,269	26,549	7,632	3,413	2,956	3,531	2,396
Earnings or (loss) per ordinary share	**14.7p**	(57.3)p	44.3p	43.5p	121.3p	35.8p	15.0p	11.8p	16.0p	10.1p
Dividend per ordinary share*	**12.0p**	12.0p	12.0p	12.0p	20.0p**	8.0p	12.5p**	7.0p	9.0p	6.5p
Employment of finance:										
Non current assets/ Fixed assets	**101,412**	100,907	107,005	106,593	103,301	91,500	93,426	79,166	62,232	53,619
Current assets less current liabilities	**21,123**	21,808	16,532	16,030	21,903	24,544	12,344	12,593	12,183	9,021
Total assets less current liabilities	**122,535**	122,715	123,542	122,530	125,204	115,950	105,680	91,493	74,343	62,543
Financed by:										
Shareholders' funds (net assets of the group)	**68,010**	65,846	78,608	73,269	67,632	49,871	50,104	38,240	37,186	32,285
Long-term borrowings	**43,970**	42,500	35,011	36,989	46,562	58,925	55,576	53,253	37,137	30,258
Derivative financial liability	**6,744**	12,021	575	–	–	–	–	–	–	–
Deferred tax	**2,670**	2,290	9,321	12,272	11,010	7,154	N/a	N/a	N/a	N/a
Net assets attributable to ordinary shares per 25p ordinary share	**403.0p**	390.0p	465.0p	431.0p	398.0p	293.0p	294.8p	226.2p	219.4p	190.5p

Note: 2009 to 2004 prepared under IFRS
2003 to 2000 prepared under UK GAAP

* Based on those declared in the financial yea

** Includes special dividend

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1. Our Mayfair mansion. 2+3. New offices at Panther House, prior to a lick of paint.
4+5. Panther House open for business. 6. Malcolm and myself assisting a tenant, 1986.
7. My modelling career. 8. Malcolm, Harold and myself, casual day, late 90's.

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