



INTERIM REPORT  
SIX MONTHS ENDED 30 JUNE

2014

# Chairman's Statement

## Results

I have pleasure in reporting our results for the six months ended 30th June 2014 which show a profit before tax of £3,235,000 (excluding discontinuing operations relating to M.R.G. Systems Limited) ("MRG").

You may note the format of the accounts has changed slightly with the results of MRG being shown separately as we have put this business up for sale.

Our rents receivable during this accounting period amounted to £6,124,000 compared to £6,151,000 for the comparable period last year.

During this period we renegotiated the terms of our bank loan so that a scheduled loan repayment of £3,000,000 was due in late July has been reduced to £1,000,000, leaving us with additional resources to invest. However, the final documentation was not completed until after 30 June thus these accounts show the full repayment due as a current liability.

Part of the arrangements for this reduced loan repayment involved an independent revaluation of a number of the larger investments charged to the bank. This has been incorporated into a directors' revaluation showing a surplus of £2,992,000, with a substantial element relating to Wimbledon Studios, taken to our balance sheet and credited to our income statement.

Set against this property revaluation gain is an increase of £706,000 in our swaps liability.

## Acquisitions during the year

**Park Road, Peterborough** – We completed the contract for this department store on 21 March 2014 at a purchase price of £2,000,000. The freehold property has 150,000 sq ft spread over three floors in the town centre and adjoins the successful Queensgate Shopping Centre in this growing, prosperous town.

**Queen Street, Mansfield** – In return for completing Peterborough early, we received an extension of time to complete this property purchase and also increased our deposit by a further 5% of the purchase price.

This property, which is mainly freehold but also part long-leasehold, is effectively two properties totalling 180,000 sq ft. The freehold directly fronts onto the main pedestrianised shopping street and the long leasehold part is in the town's principal shopping centre, with an entrance facing our store. The buildings are connected by two covered shopping bridges at the first floor levels. Part of the freehold is occupied by the Co-op Bank at a rental of £30,000 pa which will accrue to us after completion.

Both these properties are let to Beales PLC on leases where the rent is a profit share, both containing rolling landlord's break clauses.

# Chairman's Statement

continued

There was £300,000 of deferred consideration due on our earlier purchases of Lowestoft, Wisbech and Beccles from the Anglia Regional Co-operative Society, completed last year. We negotiated a discounted price of £167,500 by paying approximately 12 months early.

All these properties are occupied by Beales Department Stores.

Last but not least, although at the smallest price of £20,000, we purchased the freehold of our investment parade at High Street, Erdington on which we already hold the leasehold (at a peppercorn) for 90 years fixed. This has the benefit of improving the quality and marketability of this investment considerably.

## Development Progress

### Holloway Head, Birmingham

Our proposals are moving slowly but surely, the main delay of course being the bureaucracy involved dealing with Birmingham Council who have so many different departments having to be involved.

### Victoria Street, Wolverhampton

After much discussion with Wolverhampton City Council, we received unexpected but helpful co-operation from them and in March this year we were granted planning consent for an 8,000 sq ft ground floor retail unit in addition to three upper floors of student accommodation totalling 44 individual self-contained units. This scheme occupies about half of the total site we own in Victoria Street, in the heart of Wolverhampton.

This surprising and sudden co-operative positive attitude from the council will now enable us to improve and bring back into viable use the other five shops in this parade as well as progress the permitted development.

The demolition of the redundant buildings is now taking place and shortly the retail units and student accommodation will be fully offered on the market to try and obtain a pre-letting before commencement of this development.

We have, however, already started to refurbish some of the other units in this parade, one of which is already under offer.

### Beale PLC

Our holding in Beale PLC is 19.9% of the ordinary share capital but we also own eleven (one under contract) of the freehold department stores from which it trades. On 22 July 2014, the Beales Board decided to remove Simon Peters who was our representative on their board, as a director of Beale PLC. Their Beale announcement and Panther's subsequent announcement are also enclosed with this statement.

## **Tenant Activity**

During this accounting period we let 59 units (including residential units) totalling £645,000 pa and lost 25 tenants totalling £326,000 pa. Also, one tenant renewed for a short term at half rent being £125,000 pa less, resulting in a net gain of approximately £194,000 pa.

## **Equity in issue and scrip dividends**

The final dividend for the year ended 31 December 2013 of 9p per share had a scrip dividend alternative. Shareholders holding 11,305,326 Ordinary Shares, representing 65.8% of the issued share capital of company, elected to take the scrip dividend.

On 31 July 2014 Panther issued 301,008 Ordinary Shares in satisfaction of these dividend payments.

In respect of the year ending 31 December 2014 the Directors are declaring an interim dividend of 3p per share to be paid on 27 November 2014. Once again a decision on a final dividend will be taken when we have greater certainty of the full year's figures and future prospects but we are expecting to maintain our total dividend at 12p per share.

It is anticipated that for the foreseeable future we will only offer the scrip alternative for the final dividend with the interim paid in cash.

## **Commercial Rates**

I have previously expressed my opinion of the fiscal unfairness of the current rating values and the absolute stupidity of delaying the usual five yearly revaluation due 2015 until 2017.

The reason why politicians can get away with an unfair tax is because there are not many votes in rectifying the situation. The public do not understand. However, in companies such as Beales, the total rates paid are about £4.5 million pa, which on a revaluation basis to current values on my estimates would reduce by at least £1m /£1.5m pa.

The Beale PLC published accounts show it has approximately 1,400 employees earning an average £10,500 pa (nearly two thirds are part-time), this average being adjusted to exclude the two Executive Directors who earn £600,000 pa between them.

This means business rates account for £3,200 pa per employee even before allowing for National Insurance and tax for those above the average pay. The company employees also work as VAT tax collectors collecting nearly £20 million for central government.

Thus for any business having a tax bearing no relationship to profitability almost certainly will eventually cause the businesses to shrink or go bankrupt.

If rates were lower, employers could pay more, fewer people would need subsidies from the state and businesses could expand thus creating more jobs.

# Chairman's Statement

continued

## **Political Donations**

At our Annual General Meeting held on 18 June 2014, the resolution I submitted to donate £17,500 to the UK Independence Party was hotly debated. The voting went to a poll resulting in the resolution being passed.

## **Post Balance Sheet Events**

I mentioned in last year's accounts the possible extra funding required/sought by Wimbledon Studios. To a degree the situation has crystallised and although matters took place after this accounting period, to keep shareholders informed (as many do not see our Stock Exchange announcements), our announcement of 13 August is enclosed with this interim statement.

In summary, an agreement to lease Wimbledon Studios' former property has been exchanged providing for a rental of £1,050,000 pa. This is conditional on certain works and more details are contained in our announcement.

## **Prospects**

There continues to be an improvement in all areas of the property market, i.e., lettings, selling and finance availability. I am confident this will filter through to our Group in due course via increased profitability and improved asset values which has already grown from 380p as at 30 June 2013 to 403p at the balance sheet date (on a diluted basis).

## **Andrew S Perloff**

*Chairman*

25 September 2014

# Wimbledon Announcement

## WIMBLEDON ANNOUNCEMENT (13 AUGUST 2014)

“Further to the announcement dated 5 August 2014, Panther announces that it has exchanged agreements to lease on its freehold in Merton, which was previously occupied by Wimbledon Studios Ltd (currently in administration).

Wimbledon Studios Ltd, in which Panther has a 25 per cent. interest, was contracted to pay a concessionary rental of £490,000 per annum. The cost of changing from a fixed set filming location to a more modern multi-let television and film studio proved far more costly than anticipated and took longer to achieve viability than originally planned. Panther could no longer continue to support the business, as it felt the business would not reach profitability in the medium term and it was requiring significant funds, which the Panther Board could not justify for a business that was non-core. When the funding from Panther slowed, the directors of Wimbledon Studios Ltd took advice and then decided to appoint administrators. Panther has continued to support the Wimbledon Studios situation providing the administrators with additional funds, which has given them more flexibility on the close down, allowing for a slower more controlled process, which should be less harmful and assist the small and medium size businesses in the media village to find alternative offices.

The agreement to lease is to a UK television broadcaster who Panther believes is expanding rapidly and has outgrown its current premises.

The property is to be let at a rental of £1,050,000 per annum under a 15 year lease, with tenant break options every 5 years. As part of the leasing agreement, the Group is contracted to replace the majority of the roof for £500,000 and is also contributing towards the upgrading of the electricity supply capacity, an amount up to £100,000. The tenant is paying two and half years rent in advance, which was a requirement due to the relative short term certain (i.e. 5 years to the break) and the substantial expenditure required to be undertaken to achieve the letting.

Completion of the lease is conditional on the completion of these works and other less costly conditions, which the Panther Board believes are manageable in the timeframe allotted to them. The Group envisages completion in early October 2014.

Immediately on completion of the roof works the tenant intends to implement internal building improvements to upgrade the facilities at the property. It is also planning to bring 150 jobs from its existing premises. This continues the presence within the building of a film and television related operation, which the building has been utilised for over the last 20 years, including housing originally The Bill television police drama series.

Since the Merton property was purchased by Panther in 2010 there has been strong growth in demand for London industrial property which has resulted in value increases.



# Wimbledon Announcement

continued

Panther previously announced that it had a number of different enquiries for the building and this letting was considered the most beneficial to the Group, as it can retain the investment which the Panther Board believes has strong potential growth. Other than an offer from a developer, the other offers were all conditional and did not look like they could be satisfied in the required time scale. This letting enables Panther to retain an attractive industrial investment in a desirable London location, with a growing media tenant, where the Panther Board believes there is an opportunity for further increase in value.

The Panther Board is delighted with this letting which will improve the Group's headline annual rental income by £560,000, but will also increase annual profitability by approximately £1,000,000, as previously the concessionary rental income had been fully provided against. The rent from this tenant will be approximately 8 per cent. of the Group's total rental income once the lease is completed."

## **BEALE'S ANNOUNCEMENT (22 JULY 2014)**

"Having consulted with Panther Securities PLC ("Panther") and Mr Simon Peters, the board of Beale have decided that there is no longer a necessity for a Panther representative on the board of Beale and therefore announces that the directors of the Company other than Mr Peters have exercised their powers under the articles of association of the Company to remove Mr Peters (the representative of Panther which, together with Maland Pension Fund and Andrew Perloff, holds 29.72% of the issued share capital of the Company) as a Non Executive Director of Beale with immediate effect.

The board wish to thank Simon for his contribution and wish him all the best for the future."

## **OUR ANNOUNCED REPLY (22 JULY 2014)**

"Following the announcement by Beale PLC earlier this morning, the Board of Panther is disappointed that the Board of Beale PLC unilaterally decided to remove Simon Peters, our representative, from the Beale's Board.

Panther and related parties hold 29.72% of the ordinary shares in Beale PLC, of which Panther holds 19.85% directly.

Panther also owns 11 freehold properties totalling approximately 560,000 sq ft i.e., approximately 58% of the square footage that Beale PLC trades from, one being purchased on deferred terms. Of these properties, five of them are on fixed rents totalling £675,000 pa, with nine years remaining on the leases. These rents represent 5.4% of Panther's total rental income as reported in the year ended 31 December 2013.

The remaining six properties are on more flexible terms with rents based on a very tenant favourable profit share.

Related parties to Panther also own £7,000,000 preference shares in Beale PLC with an 8% coupon due to accrue from May 2016. They are also the providers of a loan of £1,000,000 to Beale PLC, repayable over four years at a rate of 4% over Libor per annum.

In the circumstances, Panther and its related parties will continue their support for Beales while it is conducive to do so.

Andrew Perloff, Chairman of Panther, commented:

“I have long held the view that:-

- 1) It is foolish to upset your landlord.
- 2) It is foolish to upset those that provide you with finance.
- 3) It is foolish for a quoted company to upset its largest shareholder.
- 4) It is foolish to sack a Director who is knowledgeable, well connected and who does not charge a salary or any expenses.

In one fell swoop Beales has managed all of these, which must be some type of record! It is hard to understand their logic.”



# Chairman's Ramblings

About a year ago my wife received one of those dreaded computer generated letters from the Camera Tickets & Collision Unit requesting the name of the driver of her Range Rover alleged to have committed a string of offences just five days earlier.

- Failing to stop and give name and address after an accident
- Driving without due care and attention
- Failing to report an accident

This serious incident allegedly occurred in the car park of our local retail park. Proceedings were threatened.

My wife confirmed she had been to the retail park and was only there for a short time and was adamant no accident had occurred. I instantly suggested this was an insurance scam.

However, a couple of days later I visited the retail park to see if there were any security cameras in operation and to see exactly where she had parked, opposite a mobile food van.

The food van was manned by the same 'chef'. I asked him if he was there on the Sunday less than two weeks previously. He said he was nearly always there and asked why I wanted to know.

I told him of the alleged accident and he recounted in detail as he remembered it well. He said a slim blonde woman got out of her Range Rover and walked straight to one of the shops. A passer-by told him that the driver of the Range Rover had bumped an adjoining car whilst parking. He said he had neither heard nor seen any bumping of cars, even though he was less than ten yards away. The woman nagged him to look, which he did, and indeed there was a small dent in the smaller car's front door. About 15/20 minutes later the Range Rover driver came back and drove off. At no time did it appear that she was aware of any bumping and neither did I or anyone tell her that she may have damaged the adjoining parked car.

I asked the hot food van entrepreneur if he would sign a typed statement confirming his account, which he duly did.

This statement, together with my wife's statement, was returned to the police department who had sent the notice of intended prosecution. Three weeks later a letter arrived confirming the case would be dropped.

I am sure many of you will have received one of these nasty intended prosecution letters as around the country at least 50,000 of them go out each week. I appreciate we were lucky that the food van with the same operative were there when I inspected the 'accident' site. Also that he remembered it well and was amenable to provide a witness statement. As the 'accident' was local this enabled us to deal with the matter quickly.

You will all know my views that the motorist is just another “milch cow” to extract money for government’s useless projects but you might say what relevance is it to a business.

I believe it is one of the systemic problems created by a thoughtless bureaucracy producing laws utilising technology which outpaces the improvement in “common sense”, i.e., a civil servant’s computer looking up a car owner from number plates and sending out a computer generated prosecution notice for as many offences as the computer could generate from the limited information available.

We have employment regulations which require careful box ticking to protect a company from false or exaggerated claims. Failure to comply with approved methods of dealing with incompetent or cheating employees often makes the corporate entity guilty even when logic and facts say otherwise.

Health & Safety rules now require one to have forms filled in with appropriate box ticking to show one has complied or one’s contractors are aware of their responsibilities. Utilising experienced and trusted operatives who may have many years’ experience of the works required in itself is insufficient to protect companies from all sorts of claims of the contingency lawyers who work on a ‘No Win No Fee’ basis as they also do for employment compensation claims.

We have just had the result of the Scottish Referendum which appears as a resounding ‘Yes’ to the union 55% in favour to 45% against.

I do not know why the result would have been in doubt.

Why would any faction of a social club resign when all the other members contribute £1600 per year per person to their particular faction and have been further browbeaten to offer further incentives to these malcontents.

Perhaps now the English can have a Referendum as to whether we wish to keep the Scots in and whilst we are at it, the Irish and Welsh as well! Why should the Scots have a one way bet?

**Andrew S Perloff**

*Chairman*

25 September 2014

# Condensed Consolidated Income Statement

for the six months ended 30 June 2014

		<b>Six months ended 30 June 2014 £'000</b>	Six months ended 30 June 2013 £'000	Year ended 31 December 2013 £'000
	Notes	<b>Unaudited</b>	Unaudited	Audited
<b>Revenue</b>	2	<b>6,124</b>	6,151	12,502
Cost of sales	2	<b>(1,451)</b>	(1,002)	(2,851)
<b>Gross profit</b>		<b>4,673</b>	5,149	9,651
Other income		<b>102</b>	47	96
Administrative expenses		<b>(1,104)</b>	(1,355)	(2,744)
		<b>3,671</b>	3,841	7,003
Profit on disposal of investment properties		–	292	385
Movement in fair value of investment properties		<b>2,992</b>	–	742
		<b>6,663</b>	4,133	8,130
Share of trading (loss) from associate undertaking		<b>(144)</b>	(199)	(208)
Finance costs		<b>(2,618)</b>	(2,571)	(5,226)
Investment income		<b>19</b>	21	24
Reversal of impairment/(impairment) of available for sale investments (shares)		<b>21</b>	(210)	(522)
Fair value (loss)/gain on derivative financial liabilities	10	<b>(706)</b>	3,851	6,043
<b>Profit before income tax</b>		<b>3,235</b>	5,025	8,241
<b>Income tax expense</b>	3	<b>(245)</b>	(1,008)	(1,082)
<b>Profit for the period from continuing operations</b>		<b>2,990</b>	4,017	7,159
<b>Profit/(loss) for the period from discontinuing operations</b>	8	<b>100</b>	(161)	(86)
<b>Profit for the period</b>		<b>3,090</b>	3,856	7,073
<b>Continuing Operations attributable to:</b>				
Equity holders of the parent		<b>2,990</b>	4,017	7,159
Non-controlling interest		–	–	–
<b>Profit for the period</b>		<b>2,990</b>	4,017	7,159
<b>Discontinuing Operations attributable to:</b>				
Equity holders of the parent		<b>75</b>	(121)	(65)
Non-controlling interest		<b>25</b>	(40)	(21)
<b>Profit for the period</b>		<b>100</b>	(161)	(86)
<b>Earnings/(loss) per share</b>				
Basic – continuing business	5	<b>17.4p</b>	23.8p	42.1p
Basic – discontinuing business	5	<b>0.4p</b>	(0.7p)	(0.4p)
Diluted – continuing business	5	<b>17.4p</b>	23.7p	42.1p
Diluted – discontinuing business	5	<b>0.4p</b>	(0.7p)	(0.4p)

# Condensed Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2014

	<b>Six months ended 30 June 2014 £'000 Unaudited</b>	Six months ended 30 June 2013 £'000 Unaudited	Year ended 31 December 2013 £'000 Audited
<b>Profit for the period continuing operations</b>	<b>2,990</b>	4,017	7,159
<b>Profit/(loss) for the period discontinuing operations</b>	<b>100</b>	(161)	(86)
	<b>3,090</b>	3,856	7,073
<b>Other comprehensive income/(loss)</b>			
Items that may be reclassified subsequently to profit or loss			
Movement in fair value of available for sale investments (shares) taken to equity	–	(86)	(156)
Deferred tax relating to movement in fair value of available for sale investments (shares) taken to equity	–	14	36
Total items that may be reclassified subsequently to profit or loss	–	(72)	(120)
Other comprehensive (loss) for the period, net of tax	–	(72)	(120)
<b>Total comprehensive income/(loss) for the period</b>	<b>3,090</b>	3,784	(6,953)
Attributable to:			
Equity holders of the parent	<b>3,065</b>	3,824	(6,974)
Non-controlling interest	<b>25</b>	(40)	(21)
	<b>3,090</b>	3,784	(6,953)

# Condensed Consolidated Statement of Financial Position

As at 30 June 2014

Company number 293147

	Notes	30 June 2014 £'000 Unaudited	30 June 2013 £'000 Unaudited	31 December 2013 £'000 Audited
<b>ASSETS</b>				
<b>Non-current assets</b>				
Plant and equipment		203	347	386
Investment property	6	163,141	155,003	158,184
Goodwill		–	8	–
Deferred tax asset		731	866	720
Available for sale investments (shares)		1,154	1,465	1,083
		<b>165,229</b>	<b>157,689</b>	<b>160,373</b>
<b>Current assets</b>				
Inventories (MRG)		–	221	145
Stock properties		1,450	2,714	1,450
Assets classified as held for sale (MRG)		700	–	–
Trade and other receivables		4,932	4,891	5,271
Cash and cash equivalents*		4,034	4,978	3,858
		<b>11,116</b>	<b>12,804</b>	<b>10,724</b>
<b>Total assets</b>		<b>176,345</b>	<b>170,493</b>	<b>171,097</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to equity holders of the parent</b>				
<b>Capital and reserves</b>				
Share capital		4,297	4,217	4,297
Share premium account		3,750	2,886	3,750
Equity shares to be issued		1,017	944	–
Capital redemption reserve		604	604	604
Retained earnings		60,743	56,591	59,225
		<b>70,411</b>	<b>65,242</b>	<b>67,876</b>
Non-controlling interest		65	21	40
<b>Total equity</b>		<b>70,476</b>	<b>65,263</b>	<b>67,916</b>
<b>Non-current liabilities</b>				
Long-term borrowings		70,008	71,746	68,760
Derivative financial liability	10	15,368	16,854	14,662
Obligations under finance leases		7,042	7,023	7,021
		<b>92,418</b>	<b>95,623</b>	<b>90,443</b>
<b>Current liabilities</b>				
Trade and other payables		8,956	8,580	9,326
Accrued dividend payable		530	574	–
Short-term borrowings		3,140	140	3,170
Liabilities classified as held for sale (MRG)		440	–	–
Current tax payable		385	313	242
		<b>13,451</b>	<b>9,607</b>	<b>12,738</b>
<b>Total liabilities</b>		<b>105,869</b>	<b>105,230</b>	<b>103,181</b>
<b>Total equity and liabilities</b>		<b>176,345</b>	<b>170,493</b>	<b>171,097</b>

\* Of this balance £nil (30 June 2013: £nil, 31 December 2013: £444,000) is restricted by the Group's lenders i.e. it can only be used for purchase of investment property.

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2014

	Share Capital £'000	Share Premium £'000	Equity Shares to be issued £'000	Capital Redemption £'000	Retained Earnings £'000	Total £'000
<b>Balance at 1 January 2013 (audited)</b>	4,217	2,886	–	604	54,285	61,992
Total comprehensive income for the period	–	–	–	–	3,824	3,824
Dividends due	–	–	944	–	(1,518)	(574)
<b>Balance at 30 June 2013 (unaudited)</b>	4,217	2,886	944	604	56,591	65,242
<b>Balance at 1 January 2013 (audited)</b>	4,217	2,886	–	604	54,285	61,992
Total comprehensive income for the period	–	–	–	–	6,974	6,974
Dividends	80	864	–	–	(2,034)	(1,090)
<b>Balance at 1 January 2014 (audited)</b>	4,297	3,750	–	604	59,225	67,876
Total comprehensive income for the period	–	–	–	–	3,065	3,065
Dividends due	–	–	1,017	–	(1,547)	(530)
<b>Balance at 30 June 2014 (unaudited)</b>	4,297	3,750	1,017	604	60,743	70,411

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2014

	<b>30 June 2014</b>	30 June 2013	31 December 2013
	<b>£'000</b>	£'000	£'000
Notes	<b>Unaudited</b>	Unaudited	Audited
<b>Cash flows generated from operating activities</b>			
Profit from operating activities	<b>3,671</b>	3,841	7,003
Add: Depreciation charges for the period	<b>54</b>	54	106
Add: Loss on write down of stock properties	–	–	259
Add: Write off of goodwill	–	–	8
Less: Rent paid treated as interest	<b>(272)</b>	(261)	(544)
Profit before working capital change	<b>3,453</b>	3,634	6,832
(Increase) in receivables	<b>(60)</b>	(526)	(924)
(Decrease)/increase in payables	<b>(15)</b>	474	1,168
<b>Cash generated from operations</b>	<b>3,378</b>	3,582	7,076
Interest paid	<b>(2,230)</b>	(2,191)	(4,417)
Income tax paid	<b>(242)</b>	(144)	(121)
<b>Net cash generated from operating activities</b>	<b>906</b>	1,247	2,538
<b>Net cash generated from/(used in) discontinuing operating activities</b>	<b>110</b>	(49)	153
	<b>1,016</b>	1,198	2,691
<b>Cash generated used in investing activities</b>			
Purchase of plant and equipment	<b>(8)</b>	–	–
Purchase of investment properties	<b>(1,965)</b>	(3,750)	(5,326)
Proceeds from sale of investment property	–	1,942	2,175
Dividend income received	<b>11</b>	15	15
Interest income received	<b>8</b>	6	9
<b>Net cash used in investing activities from continuing operations</b>	<b>(1,954)</b>	(1,787)	(3,127)
<b>Net cash used in investing activities from discontinuing operations</b>	<b>(10)</b>	(10)	(112)
	<b>(1,964)</b>	(1,797)	(3,239)
<b>Financing activities</b>			
Repayments of loans	<b>(73)</b>	(73)	(147)
New loans received	<b>1,197</b>	2,800	2,800
Dividends paid	–	–	(1,090)
<b>Net cash generated from financing activities from continuing operations</b>	<b>1,124</b>	2,727	1,563
<b>Net cash generated from financing activities from discontinuing operations</b>	–	37	30
	<b>1,124</b>	2,764	1,593
<b>Net increase in cash and cash equivalents</b>	<b>176</b>	2,165	1,045
<b>Cash and cash equivalents at the beginning of period</b>	<b>3,858</b>	2,813	2,813
<b>Cash and cash equivalents at the end of period*</b>	<b>4,034</b>	4,978	3,858

\* Of this balance £nil (30 June 2013: £nil, 31 December 2013: £444,000) is restricted by the Group's lenders i.e. it can only be used for purchase of investment property.



# Notes to the Interim Financial Report

For the six months ended 30 June 2014

## 1. Basis of preparation of accounts

The results for the year ended 31 December 2013 have been audited whilst the results for the six months ended 30 June 2013 and 30 June 2014 are unaudited.

The financial information set out in this interim financial report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory accounts for the year ended 31 December 2013 which were prepared under International Financial Reporting Standards ("IFRS") as adopted for use in the European Union, were filed with the Registrar of Companies. The auditors reported on these accounts, their report was unqualified and did not include reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain any statements under Section 498 (2) or Section 498 (3) of the Companies Act 2006.

These condensed consolidated interim financial statements are for the six month period ended 30 June 2014. They have been prepared using accounting policies consistent with IFRS as adopted for use in the European Union. IFRS is subject to amendment and interpretation by the International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee and there is an ongoing process of review and endorsement by the European Commission. The financial information has been prepared on the basis of IFRS that the Board of Directors expect to be applicable as at 31 December 2014.

The following new standards, interpretations and amendments, effective for the first time from 1 January 2014, have not had a material effect on the financial statements of the Group.

- IFRS 10 Consolidated Financial Statements
- IFRS 12 Disclosure of Interests in Other Entities
- IAS 27 Separate Financial Statements
- IAS 28 Investments in Associates and Joint Ventures

# Notes to the Interim Financial Report

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## 2. Revenue and cost of sales

The Group's only continuing operating segment is investment and dealing in property and securities. All 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.

Turnover arose as follows:	<b>30 June</b>	30 June	31 December
	<b>2014</b>	2013	2013
	<b>£'000</b>	£'000	£'000
	<b>Unaudited</b>	Unaudited	Audited
Rental income	<b>6,124</b>	6,151	12,502

Cost of sales arose as follows:	<b>30 June</b>	30 June	31 December
	<b>2014</b>	2013	2013
	<b>£'000</b>	£'000	£'000
	<b>Unaudited</b>	Unaudited	Audited
Cost of sales from rental income	<b>1,451</b>	1,002	2,592
Cost of sales from impairment of stock property	<b>–</b>	–	259
	<b>1,451</b>	1,002	2,851

## 3. Income tax expense

The charge for taxation comprises the following:

	<b>30 June</b>	30 June	31 December
	<b>2014</b>	2013	2013
	<b>£'000</b>	£'000	£'000
	<b>Unaudited</b>	Unaudited	Audited
Current period UK corporation tax	<b>256</b>	285	319
Prior period UK corporation tax	<b>–</b>	(100)	(227)
	<b>256</b>	185	92
Current period deferred tax	<b>(11)</b>	823	990
Income tax expense for the period	<b>245</b>	1,008	1,082

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

#### 4. Dividends

Amounts recognised as distributions to equity holders in the period:

	<b>30 June 2014 £'000 Unaudited</b>	30 June 2013 £'000 Unaudited	31 December 2013 £'000 Audited
Final dividend for the year ended			
31 December 2012 of 9p	–	1,518	1,518
Interim dividend for the year ending			
31 December 2013 of 3p per share	–	–	516
Final dividend for the year ended			
31 December 2013 of 9p (see below)	<b>1,547</b>	–	–
	<b>1,547</b>	1,518	2,034

On 31 July 2014 the final dividend for the year ended 31 December 2014 of 9p per share, (approved by shareholders on 18 June 2014), was paid to shareholders on the register at the close of business on 20 June 2014 (Ex dividend on 18 June 2014). This dividend had a scrip alternative (see note 11). Pursuant to the scrip dividend 301,008 new ordinary shares were issued.

The Directors have proposed an interim dividend of 3p per share to be paid on 27 November 2014 to shareholders on the register at 14 November 2014 (ex-dividend 13 November 2014) for the year ending 31 December 2014.

#### 5. Earnings/(loss) per ordinary share (basic and diluted)

The calculation of basic and diluted earnings per ordinary share is based on earnings, after excluding non-controlling interests on continuing and discounting operations. Being a profit from continuing operations of £2,990,000 (30 June 2013 – £4,017,000 and 31 December 2013 –£7,159,000), profit from discontinuing operations of £75,000 (30 June 2013 – loss of £121,000 and 31 December 2013 – loss of £65,000).

The basic earnings per share is based on 17,186,287 (30 June 2013 and 31 December 2013 – 17,186,287) ordinary shares. The diluted earnings assume that the 301,008 ordinary shares to be issued were in existence at 30 June 2014, making a total of 17,487,295 ordinary shares at this time.

Both calculations use the weighted average number of ordinary shares in issue throughout the six months ended 30 June 2014, with the diluted calculation assuming that the additional shares are in existence when the obligation arises. The Company had the obligation for 12 days during the accounting period as they were issued on 18 June 2014.

# Notes to the Interim Financial Report

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## 6. Investment Properties

	<b>30 June 2014 £'000 Unaudited</b>	30 June 2013 £'000 Unaudited	31 December 2013 £'000 Audited
<b>Fair value of investment properties</b>			
At 1 January	<b>158,184</b>	153,156	153,156
Additions	<b>1,965</b>	3,750	5,326
Fair value adjustment on property			
held on operating leases	–	–	(2)
Properties transferred to Stock properties	–	(253)	(253)
Properties transferred from Stock properties	–	–	1,005
Disposals	–	(1,650)	(1,790)
Revaluation increase	<b>2,992</b>	–	742
	<b>163,141</b>	155,003	158,184

## 7. Related party transactions

Wimbledon Studios Ltd, an independent film studios business, is an associate undertaking of Panther Securities PLC as the Group owns 25% of its share capital.

In accordance with IAS 28 (revised 2008) Investment in Associates, where the Group's share of losses in the associate exceeds its equity investment, the carrying value of that equity investment is reduced to £nil and the remaining loss is taken against any further long term interest that in substance forms part of the investors net investment in the associate.

Accordingly, the Group's share of net liabilities as at 30 June 2014 of £548,000 has been allocated against the carrying value of the £622,000 overdraft provided by the Group to the associate as noted below. The balance of the overdraft has also been provided against in the usual way.

## 7. Related party transactions continued

### **Group transactions with associate:**

	<b>30 June</b>	30 June	31 December
	<b>2014</b>	2013	2013
	<b>£'000</b>	£'000	£'000
	<b>Unaudited</b>	Unaudited	Audited
Rent receivable from associate recognised in year	<b>245</b>	223	501
Trade receivables and accrued income	<b>1,642</b>	1,038	1,330
Trade receivables and accrued income – overdue	<b>1,520</b>	999	1,208
Provision	<b>(1,418)</b>	(916)	(1,208)
Other receivables – overdraft facility drawn	<b>622</b>	547	622
Provision on overdraft	<b>(622)</b>	(395)	(404)

Included in Group trade and other receivables is a loan to one independent director of Wimbledon Studios Limited of £62,500 (2013: £62,500), in order that he could purchase his shareholdings in that company. The loan is unsecured for a maximum term of 3 years and attracts interest of 4% per annum. Fair value of this loan is assessed to be the same as its carrying value.

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

The Directors of Wimbledon Studios Ltd placed the company into administration on 5 August 2014. It is very unlikely that the Group will receive any creditor distributions resulting from the administration and have provided a guarantee up to £150,000 towards the cost of administration, and also purchased plant and equipment owned directly by Wimbledon Studios Limited for £75,000.

# Notes to the Interim Financial Report

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## 8. Discontinuing operations

M.R.G. Systems Limited, an information display system developers business, is a subsidiary of Panther Securities PLC as the Group owns 75% of its share capital. M.R.G. Systems Limited was an operating segment whose principal activity is that of electronic designers, engineers and consultants. 71% of its revenues arose in the United Kingdom and 100% of its cost of sales.

The Group is currently marketing M.R.G. Systems Limited and as such its results have been separated out and it has been shown as discontinuing operations. The Group instructed business brokers before the period end.

***The financial information of MRG Systems Limited for the period ended 30 June 2014 is set out below:***

	<b>30 June 2014 £'000 Unaudited</b>	30 June 2013 £'000 Unaudited	31 December 2013 £'000 Audited
<b>Profit and loss account</b>			
Revenue and other income	<b>1,380</b>	908	1,827
Cost of sales	<b>(685)</b>	(487)	(834)
Administrative expenses	<b>(592)</b>	(582)	(1,076)
Finance costs	<b>(3)</b>	–	(3)
Profit/(loss) for the period	<b>100</b>	(161)	(86)
<b>Balance sheet</b>			
Non-current assets	<b>71</b>	46	137
Current assets	<b>629</b>	471	399
	<b>700</b>	517	536
Non-current liabilities	<b>(67)</b>	–	(86)
Current liabilities	<b>(373)</b>	(433)	(290)
Net assets	<b>260</b>	84	160

## **8. Discontinuing operations** continued

Within M.R.G. Systems Limited's creditors, there are two intercompany loans with Panther Securities PLC, one considered long-term of £67,000 which accrues interest at 8% per annum, and the other considered short term (non-interest bearing) totalling £90,000 at the period end. These loans are removed on consolidation and are currently unsecured. Fair value of these loans are assessed to be the same as its carrying value.

The Group does not currently charge M.R.G. Systems Limited a rental for the freehold property owned by the Group, however M.R.G. Systems Limited do pay the rates for the entire building even though they occupy only part.

## **9. Financing**

In March 2014, the Group drew down £1,197,000 from its existing loan facilities. Of its agreed facilities it still had available for drawdown a further £2,503,000 at the period end.

At the balance sheet date £3,000,000 was due as loan amortisation in July 2014 and a further £3,000,000 in July 2015. Post 30 June 2014 the Group agreed a reduction in the amortisation to £1,000,000 in July 2014 and July 2015, in return for a £20,000 fee and tightening of certain financial loan covenant criteria, as well as higher interest rate on the additional amount not repaid as amortisation.

Note 26 of the statutory accounts for the year ended 31 December 2013 detailed the financial instruments entered into by the Group. The same financial instruments held at 31 December 2013 are still held at 30 June 2014.



# Notes to the Interim Financial Report

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## 10. 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.

	<b>30 June</b>		30 June		31 December	
	<b>2014</b>		2013		2013	
	<b>£'000</b>		£'000		£'000	
	<b>Unaudited</b>	<b>Rate</b>	Unaudited	Rate	Audited	Rate
Bank loans						
Interest is charged						
as to:						
Fixed/Hedged						
HSBC Bank plc*	<b>35,000</b>	<b>7.06%</b>	35,000	7.06%	35,000	7.06%
HSBC Bank plc**	<b>25,000</b>	<b>6.63%</b>	25,000	6.63%	25,000	6.63%
Unamortised loan						
arrangement fees	<b>(308)</b>		(558)		(433)	
Floating element						
HSBC Bank plc	<b>12,497</b>		11,300		11,300	
Natwest Bank plc	<b>959</b>		1,107		1,033	
	<b>73,148</b>		71,849		71,900	

Bank loans totalling £60,000,000 (2013 – £60,000,000) are fixed using interest rate swaps removing the Group's exposure to interest rate risk. Other borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

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

	Hedged amount £'000	Average rate	Duration of contract remaining 'years'	<b>30 June 2014 Fair value £'000 Unaudited</b>	30 June 31 December 2013 Fair value £'000 Unaudited	31 December 2013 Fair value £'000 Audited
<b>Derivative Financial Liability</b>						
Interest rate swap	35,000	5.06%	24.2	<b>(11,443)</b>	(11,919)	(10,599)
Interest rate swap	25,000	4.63%	7.4	<b>(3,925)</b>	(4,935)	(4,063)
				<b>(15,368)</b>	(16,854)	(14,662)
<b>Net fair value (loss)/gain on derivative financial assets</b>				<b>(706)</b>	3,851	6,043

\* Fixed rate came into effect on 1 September 2008. Rate includes 2% margin. The contract includes mutual breaks, the first one being on 23 November 2014 (and every 5 years thereafter).

\*\* This arrangement came into effect on 1 December 2011 when HSBC exercised an option to enter the Group into this interest swap arrangement. The rate shown includes a 2% margin. This contract includes a mutual break on the fifth anniversary and its duration is until 1 December 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 13.

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.

### 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 and cash flow 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.

# Notes to the Interim Financial Report

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## **11. Issue of equity/scrip dividend**

As stated in note 4 the final dividend of 9p per share for the year ended 31 December 2013 was paid on 31 July 2014.

This dividend had a scrip dividend alternative. The last day for electing to take the scrip alternative was 4 July 2014 and the reference price was 338p.

Shareholders holding 11,305,326 Ordinary Shares, representing 65.8% of the issued share capital of the Company, elected to take the scrip dividend.

Accordingly on 12 August 2014 the Company issued 301,008 new Ordinary Shares which rank pari passu with the existing issued ordinary shares of the Company.

As the obligation to issue these new ordinary shares was present as at 30 June 2014, they have been accounted for as equity shares to be issued as at that date.

- 12.** Copies of this report are to be sent to all shareholders and are available from the Company's registered office at Deneway House, 88-94 Darkes Lane, Potters Bar, EN6 1AQ and will also be available for download from our website [www.pantherplc.com](http://www.pantherplc.com).



Panther Securities P.L.C.  
Deneway House  
88-94 Darkes Lane  
Potters Bar  
Hertfordshire EN6 1AQ  
[www.pantherplc.com](http://www.pantherplc.com)