PANTHER
SECURITIES PLC

ANNUAL REPORT & FINANCIAL STATEMENTS 2017

COMPANY NUMBER 00293147

The Year in Brief

	2017 £'000	2016 Restated*** £'000
Revenue – rents receivable	**12,946**	12,965
Profit/(loss) before tax	**24,791**	(2,015)
Total comprehensive income/(loss) for the year	**21,257**	(898)
Net assets of the Group	**91,212**	72,279
Earnings/(loss) per 25p ordinary share		
Basic and diluted – continuing operations	**120.2p**	(5.5)p
Basic and diluted – discontinued operations	**(0.3)p**	0.3p
Dividend per ordinary share		
(based on those proposed in relation to the financial year)	**22p***	12p**
Net assets attributable to ordinary shareholders per 25p ordinary share	**516p**	407p

* 5p was paid in 2017, 10p special to be paid in 2018 and 7p is proposed (will be paid in 2018).

** 3p was paid in 2016 and 9p is proposed (was paid in 2017).

*** 2016 balances have been restated for the disposal of MRG Systems Ltd, now disclosed as a discontinued operation.

Contents

The Year in Brief	1
Directors, Secretary and Advisors	2
Chairman's Statement	3
Chairman's Ramblings	9
Group Strategic Report	13
Directors' Report	19
Corporate Governance	22
Independent Auditors' Report on the Consolidated Financial Statements	24
Consolidated Income Statement	29
Consolidated Statement of Comprehensive Income	30
Consolidated Statement of Financial Position	31
Consolidated Statement of Changes in Equity	32
Consolidated Statement of Cash Flows	33
Notes to the Consolidated Accounts	34
Independent Auditors' Report on the Parent Company Financial Statements	60
Parent Company Statement of Financial Position	63
Parent Company Statement of Changes in Equity	64
Notes to the Parent Company Accounts	65
Notice of Annual General Meeting	70

Directors, Secretary and Advisors

Directors	* Andrew Stewart Perloff (Chairman and Chief Executive) ** Bryan Richard Galan (Non-executive) ** Peter Michael Kellner (Non-executive) John Terence Doyle (Executive) (Resigned on 15 June 2017) John Henry Perloff (Executive) Simon Jeffrey Peters (Finance)
Company Secretary	Simon Jeffrey Peters
Registered Office	Unicorn House, Station Close, Potters Bar, Herts, EN6 1TL
Company number	00293147
Website	www.pantherplc.com
Auditor	Nexia Smith & Williamson 25 Moorgate, London, EC2R 6AY
Bankers	HSBC Bank PLC 31 Holborn, London, EC1N 4HR Santander Corporate Banking 2 Triton Square, Regents Place, London, NW1 3AN Natwest Bank PLC Unit 40, 56 Churchill Square, Brighton, East Sussex, BN1 2ES
Nomad, Financial Advisors and Joint Brokers	Allenby Capital Limited 5 St Helen's Place, London, EC3A 6AB
Joint Brokers	Raymond James Investment Services 77 Cornhill, London, EC3V 3QQ
Registrars	Link Asset Services 34 Beckenham Road, Beckenham, Kent, BR3 4TU
Solicitors	Howard Kennedy LLP 1 London Bridge, London, SE1 9BG DMH Stallard LLP 6 New Street Square, New Fetter Lane, London, EC4A 3BF Brodies LLP 110 Queen Street, Glasgow, G1 3BX Fox Williams LLP Ten Dominion Street, London, EC2M 2EE Blake Morgan LLP New Kings Court, Tollgate, Chandler's Ford, Eastleigh, Hampshire, SO53 3LG

* Member of Audit Committee
** Member of the Audit Committee and Remuneration Committee

Chairman's Statement

Although I am always pleased to report our year end accounts I am particularly delighted with the result for the year ended 31 December 2017 which shows our profit before tax of £24,791,000 which is truly a record to be proud of.

I have previously bemoaned that the property or financial derivatives valuation movements should be left out of our income statement, as they are non-cash items, so even when they swing our way favourably then it is incumbent of me to point them out.

For our year end accounts our entire property portfolio was independently valued by GL Hearn and assessed to be worth an additional £16,776,000 which is of course pleasing to note. Our derivative liability (SWAPS) reduced by £1,850,000 at that date and is certainly a step in the right direction.

If we disregarded these items from our annual profits, it still leaves £6,165,000 profit from our bread and butter business of collecting rents, buying and selling properties at strategically opportune times and subsequently reinvesting surplus funds for the longer term.

Our rental income receivable for this accounting year amounted to £12,946,000 compared to a similar figure of £12,965,000 last year.

Development Progress

Maldon – Surrender Premium

This freehold factory contains approximately 200,000 sq. ft. of high bay, brick built warehouse on a site of about 9.5 acres. During March 2017 we received £1,995,000 for the surrender of the tenant's lease. This payment was in lieu of the remaining four years rental payments of £500,000 p.a. and dilapidations. The refurbishment of the building should make the property more attractive for letting to potential tenants at hopefully a higher rent.

Holloway Head, Birmingham

In June 2017 our wholly owned subsidiary, Panther Developments Limited, exchanged contracts for the sale of the entire freehold and long leasehold interests in this major development opportunity. We had built up this site over thirty years and had twice received planning permission for redevelopment. We could not unfortunately take advantage of this at those times.

Panther Developments Limited exchanged contracts to sell its entire interests for £11,000,000 and agreed a delayed completion of six months to enable a lease extension to be progressed between the purchaser and Birmingham Council. Technically this became unconditional in July 2017. At the year end £9,980,000 was outstanding.

The seller has extended the completion date for three times and we are contracted to a special purpose vehicle company that was set up only to pursue this transaction with no financial status. Given its uncertain nature, we have not brought the profit from this potential transaction into our accounts. We have already received a non-returnable deposit and extra consideration for the delays. We are very hopeful that completion will take place at the end of July 2018.

In the 2017 income statement we recognise £750,000 in profit on disposal relating to the non-refundable deposit. We also recognise £400,000 in other income relating to a fee paid to extend the contract in December 2017 (separate to the sales proceeds).

High Street, Croydon

In March 2017 we announced that we had exchanged contracts for the sale of our 105 year-long leasehold interest at High Street, Croydon for £800,000 for the vacant upper parts alone, which had permission for 8 flats.

As part of the deal we leased back, for the full term at a nominal ground rent, the ground floor retail element which is fully let to Sainsbury's and Princess Alice Hospice at a total rent of £100,000 p.a.

A delayed completion to enable certain conditions to be completed was agreed, and although delayed further than anticipated, this was completed after the year end.

Swindon Market Site

A revised planning application on this site has been submitted for ground floor restaurants, leisure uses and a fifteen storey upper part which could contain one hundred residential apartments. There has been an extensive consultation throughout the planning process and to date we have had favourable comments on the proposed scheme from all parties concerned. Shareholders will remember we had previously won planning permission for a two storey restaurant scheme following a successful appeal.

Unfortunately, although the planners and Council like our proposals, due to the much, much higher building costs for a high rise scheme, the development is not viable and certainly unable to provide all of the community benefits that the Council negotiators believe are required i.e., Section 106 payments, Community Infrastructure Levy (CIL) payments, excessively high ground rents (payable to the Council) for the residential units, etc., etc.

The proposed development is beneficial to the improvement of the town centre, and we are continuing our dialogue with the Council to see if we can mitigate the add-ons that currently make it a 'no go scheme'.

Bruce Grove, Wickford

The application for approval of some outstanding conditions has been submitted and if successful we have a builder/buyer in hand who is keen to purchase the currently vacant site and ready to start building the first phase of the development of 28 houses. We have just received permission for this scheme's reserved matters and now have one final hurdle left.

Property Disposals

In April 2017 we sold **25 Victoria Street, Wolverhampton** for £90,000 at a small profit. This was a vacant semi derelict freehold previously held for development.

In July 2017 we sold a commercial freehold ground rent in **Palm Street, Nottingham**, to the tenant for £350,000. This was slightly above book value and although we lost £20,000 p.a. rent, it showed a good profit on the original cost.

In August 2017 we sold the freehold shop and commercial upper part in the centre of **Glasgow, 27-35 Union Street**, for £925,000. Our book cost was £710,000 and after expenses this showed a £196,000 profit for the loss of £75,000 p.a. rent.

In September 2017 we sold **50 The Kingsway, Swansea** for £95,000. A leasehold ground rent shop lease with 38 years remaining. Again, this property was in poor condition after a tenant absconded a few years ago, but despite this we received nearly double its book value.

Also in September 2017, we sold 29 and **30 Victoria Street, Wolverhampton** for £200,000 which was at book value. This property was in poor condition and had, like our other holdings in Victoria Street, been held for redevelopment.

SHARE DISPOSALS

MRG Systems Ltd was sold to its employees and management in December 2017. (We held 75% of the shares and now hold 15%). We received a £35,000 management fee during the year, and received £115,000 for our shares which were mainly sold to the employees and management, with some bought in for cancellation by MRG. We remained the freehold landlords of the premises but sold this property after our current year end for £900,000.

In April 2017 we sold 826,000 **William Nash PLC** unlisted ordinary shares for £1,486,000. Our book cost was £627,000. The bulk of our holding was purchased in 2004. During our holding period we received two large special dividends and regular smaller dividends.

Elektron PLC – We sold 3.3m shares in September 2017 for £559,000. Original cost was about £291,000 showing a £268,000 profit. We bought the bulk of our shares in 2003 and sold a major part of our holding at a much higher price for a proportionately larger profit in 2010/2011 and this final balance was a satisfactory conclusion.

Property Acquisitions

Springburn Shopping Centre, Glasgow

In October 2017 we acquired the Springburn Shopping Centre in Scotland which is a northern suburb of Glasgow. It is a 78,110 sq. ft. covered shopping centre, including a 24,500 sq. ft. anchor store let to B&M Bargains and some 270 car parking spaces. The site is approximately five acres and is occupied by a combination of national and local businesses. There is significant additional housing proposed for the area which should assist the future prosperity of both the area and the shopping centre.

The centre is let to 26 good quality tenants, with a diversified income profile, including a mixture of national and local covenants such as Scotmid Co-operative, Betfred, Card Factory, Brighthouse, Greggs, Santander, B&M, William Hill and Farmfoods.

The net income, after deduction of the ground lease rent of £60,000 p.a. and void costs is currently £300,000 p.a. The property is held on an 88 year unexpired long leasehold from Glasgow City Council. The price paid for our long leasehold interest was £2.3 million.

Britannia Shopping Centre, Hinckley

We acquired the Britannia Shopping Centre (the "Centre"), a freehold shopping centre in a prime position in Hinckley, Leicestershire.

Hinckley is a busy, vibrant market town located approximately 13 miles south west of Leicester. The Centre comprises 16 retail units arranged over ground and first floors totalling circa 82,000 sq. ft. on a site of two acres.

The Centre is the town's only covered shopping mall together with the town's principal shoppers' car park, boasting 272 parking spaces which is leased to National Car Parks (NCP) on a long lease. The majority of occupiers are national brands including Wilko, Peacocks, Boots, Greggs, Card Factory, and Poundworld amongst others. Annual footfall in the centre in 2016 was over 2,800,000.

The freehold was purchased for £5,333,000, plus an enormous £256,000 stamp duty, and it has a gross rental income of £908,000 p.a. and net rental income of £737,000 p.a., representing a net initial annual yield of 13.83%. Nearly 37% of income is secured from Wilko and NCP.

The Board believes that there are several opportunities to further improve the Centre.

Former McEwen's of Perth

In early September 2017 we completed the purchase of the freehold former department store, McEwen's of Perth. This attractive listed property is located in the centre of Perth. Purchased mainly vacant, it contains one national tenant on the corner of the building who pays an inclusive rent of circa £50,000 p.a. We have pre-let the balance of 35,000 sq. ft. to JE Beale PLC who have been promised financial assistance by the local council to establish their first store in Scotland.

We own other properties in High Street, Perth and have previously worked with the council who provided substantial grants to bring long-vacant upper parts back into use as flats, which are now let and rent producing. We expect to receive grants to redecorate the listed façade of this older building. In due course, this property is expected to produce double figure returns for our Group on our initial cost of approximately £700,000 but we will initially have to spend money on the property for outside refurbishments towards which the council has indicated they will contribute.

Post Balance Sheet Transactions

In January 2018 we sold **34 Marine Terrace, Margate** for £450,000, which had only just been revalued at £250,000, thus we received a generous price from a special purchaser for a loss of only £16,000 p.a. rent.

In February 2018, we sold Stonehouse, Gloucester, 19 Queen Street, Ramsgate and High Street, Dudley at auction.

Stonehouse – Gloucester

MRG (which I mentioned earlier) has a freehold office at **The Mill at Stonehouse, Gloucester**. This former mill of 15,000 sq ft had been let to MRG Systems at £93,000 p.a. The letting assisted them in being independent before the employee and management buyout. We received £900,000 which shows a very good profit on original cost.

Ramsgate

19 Queen Street, Ramsgate a small freehold shop investment producing £12,000 p.a. sold for £147,000 producing a small profit on book value.

Dudley

High Street Dudley a large freehold vacant shop in very poor condition held for development realised £276,000 which was considerably in excess of its recently revalued book value.

Stockport

In March 2018 we completed the sale of Grove House, Stockport, a vacant freehold shop and office building which we had held for many years during most of which time it had always produced a good rental return for us. Whilst the building was in good condition, a developer purchased it to convert to residential units. We received £900,000 which was well above the recently revalued book figure.

Holloway Head, Birmingham

As mentioned above, the completion of the sale of the Company's development site in Holloway Head, Birmingham has been deferred again until 31 July 2018.

As well as a payment of £1,020,000 received last year, the Company received £400,000 in part payment on 9 April 2018 and it is expecting to receive a further £470,000 of the purchase consideration at the end of May 2018, with the balance payable on completion.

As a result, most of the profit on this transaction will be brought into the 2018 accounts after the actual completion takes place. Because the purchasers have expended a considerable non-recoverable amount, we are very hopeful that this sale will complete.

Sale of St Nicholas House, St Nicholas Road, Sutton

In April 2018, we exchanged contracts to sell the joint freehold/leasehold interest in St Nicholas House. Surrey Motors Limited is a wholly owned subsidiary of Panther Securities PLC which was acquired in 1987. Its sole asset is the freehold of St Nicholas House, St Nicholas Road, Sutton, which is a building of approximately 140,000 sq ft gross accommodation. The basement and ground floor are used for retail/ancillary storage and parking. The nine upper floors are offices.

The building was originally constructed in the early 1960s with the offices purpose built for the Crown

Agents, a quasi-government organisation, which originally took a 99 year lease at a ground rent which had proportionate rental reviews every 21 years. This lease had an option to extend for 25 years (on the same terms), but ignoring the option, had approximately 44 years to run at a low ground rent and thus had a significant value.

Early last year, the Crown Agents approached the Company indicating that it wanted to dispose of its interest in the building and it was agreed that the Company and the Crown Agents should offer for sale their joint interests which would enable the freehold of the site to be offered with vacant possession at an early date, giving it development possibilities.

After a marketing campaign by the joint agents, Carter Jonas, a number of offers were received and the Company exchanged contracts to sell the joint freehold/leasehold interest to Saint Nicholas House Ltd, with a completion due in about three months' time. The Group's share of the gross sale price proceeds amounts to approximately £7,837,500, with a possible small overage that is to be confirmed, but is not currently anticipated to be material. This compares to a recent revalued book figure of £5,540,000 for the Company's interests alone. The total consideration receivable by both the Group and the Crown Agents for the total joint freehold/leasehold interest in St. Nicholas House is £12,750,000.

Following completion, the Company will no longer receive the £320,000 p.a. rental income on this investment property.

Following our usual policy on deferred completions, the Company insisted on receiving the deposit of approximately £783,000.

Finances

Our finances are in good shape and have been so for some time. They currently include a potential £10 million of additional loan facilities agreed in April 2016, being an option to extend the loan limit within the current loan agreement, subject to usual formalities. We have significant spare cash available and a steady flow of rental income.

Business Rates

I am not sure how long it will take for it to sink in to our government administrators that retail business rates are EXCESSIVE and are causing distress to many hundreds of multiple retail and restaurant traders and their tens of thousands of employees and causing degeneration of many town centres and other adverse side effects. Much of this is caused by poorly thought out government policy, failing to deal with the unfair competition from the internet retailers, who pay little business rates, employ less staff (thus less national insurance tax), and are able to divert some of their huge profits to less taxing climates. Even Donald Trump seems to be well aware of this situation and may seek to change US taxation policy to more direct taxation on the cyber economy.

My cure for the retail desolation that is coming due to government neglect would be to immediately remove the downward phasing of rates payable, so occupiers receive the current rates assessed under the recent revaluation and immediately give all retail units a two year 25% reduction on their bills and then observe the benefits. To make up for the revenue lost, tax all sales over the internet at an extra 10% which will probably retrieve most of the lost revenue. This may help to make a more level playing field for older established retailers who bear the brunt of this government's aggressive taxation of land based traders.

Political Donations

I have not submitted my resolution to provide a donation to UKIP this year. I feel they seem to have lost their way slightly having secured the support of over 50% of the British voters for exiting the European Union (their most important policy) and we are seeing progress albeit slowly with this decision. I will personally provide them with a smaller donation as I believe it is important we have another political party as the three other main parties are failing to offer what the country needs.

Dividends

The Board will recommend a final dividend of 7p per share for the year ended 31 December 2017 at our Annual General Meeting on 22 June 2018. The payment date will be 5 September 2018, to shareholders on the register at close of business on 3 August 2018 (ex-dividend 2 August 2018).

Additionally, we are paying a special interim dividend of 10p per share on 18 May 2018 to shareholders on the register at close of business on 27 April 2018 (ex-dividend 26 April 2018) to reflect the 2017 year's success and the continued progress in 2018.

Future Prospects

We had a very good trading year ended 31 December 2017 and the current year has started well. I therefore expect our prospects for the near future will be positive with a stable but growing rental income with the potential to add value to our portfolio.

My only concern is the damage that can be done comparatively quickly by our bureaucratic legislators who have so little business experience that they haven't the slightest idea how their taxes, laws and regulatory edicts impact on all businesses creating huge extra costs and problems which eventually the customer or the taxpayer has to pay for.

Finally I would like to thank our small but dedicated team of staff, growing team of financial advisers, legal advisers, agents and accountants for all their hard work during the past year, which has been extremely busy and even more demanding than usual and, of course, our tenants, most of whom pay their rents and excessive and high and often unfair business rates.

Andrew S Perloff
Chairman

24 April 2018

Chairman's Ramblings

This year was difficult for me to choose a suitable topic for my ramblings as there was such a plethora of subjects. Indeed I have been spoilt for choice.

Of course, high on its list would be the housing crisis. We all know the cause, but the cure? Various Ministers have made speeches about how they will deal with the problem. They have increased tax on buy to let, and massively increased stamp duty on high end value houses. They will punish builders who hold back sites that already have planning permission, but expect higher prices and profits. They will insist on larger Section 106 payments, larger Community Infrastructure Levy payments, a larger proportion of social housing, their demands ever growing in the direct opposite direction to the amount of new homes built.

Pension problems are also high on the list of Ministers' speeches of how they will punish directors who do not anticipate a downturn in trade with sufficient protection for company pension funds who cannot afford them due to numerous extra taxes levied and, often, when a company makes a profit or not.

Whenever I hear speeches like these it pleasantly reminds me of my favourite uncle who died twenty years ago who once, when I asked him about some then current topic in all the newspapers, would not give an opinion. I asked why? He said "If I do not open my mouth and say nothing, people <u>may think</u> I am stupid. However, if I do speak and give my opinion, they <u>will know</u> I am stupid!"

These are our ministers, very few of whom have the slightest idea or experience of the subject they are talking about and, unfortunately, are advised by similar unknowing, bureaucrats who often remain anonymous, highly paid, lucratively pensioned, and unaffected by the negative effects of the remedies proposed.

The private pensions' scandal is where one now celebrity MP is held up as a crusader for private company pensioners rights. He has, however, conveniently forgotten he was part of the Government that was instrumental in the major cause of the deficit problem, caused by the deprivation of the ability to reclaim tax levied on pension stock exchange investments from 1998 (Gordon Brown's Budget 1997).

The massive antagonism to the New President Trump whose policies have already probably halved the British companies' pension deficit and which I believe will almost certainly bring a boost to British jobs and business by showing the way with massive tax cuts in America. It appears he even believes in a special tax on internet sales to even up the tax burden for retailers who are huge employers.

Or the business rates scandal where the bureaucratic Baldricks who devised the process for payments find it sensible that provincial struggling department stores in essence have to subsidise stores like Harrods and Selfridges whom may be two of the most profitable department stores in the world AND are foreign owned.

These are all interesting subjects but when I think of business rates I am reminded of my wife who sometimes finds it difficult to get to sleep at night. When this happens I begin to explain to her about the unfairness of commercial rates, how ludicrous it is, the complicated systems of phasing in changes, the appeals system which has been gerrymandered by deceitful bureaucrats, how it destroys town centres and jobs – this usually does the trick and gets her off to sleep!

However, if this medicine is not enough, I start explaining to her the swap arrangement we have made with our Company's loans and how it does not change our business costs but somehow shows up in our Income Statement with large figures which can be positive or negative and can change substantially in a single day, but as the accounts are always produced a few months later than the accounting cut-off date, are usually no longer relevant to the printed accounts. This always works!

I finally set my sights on banks as they are so relevant to all businesses and also it is 10 years since I wrote my ramblings about Barclays Bank.

You may recall I wrote about why, after three generations of Perloffs as their customers totalling about 100 years, I felt obliged to close my personal account with them due to their incompetence.

Well, as fortune would have it, about two Christmases later I was invited to an intimate Conservative Christmas party for a "few selected supporters" but attended by most of its leading cabinet members (at that time I supported them). This sounded interesting so I decided to attend.

At a magnificent and huge listed home on the banks of the Thames, I arrived to find that of the two to three hundred people attending this 'intimate party', there were about a dozen people I knew, which was of course pleasing. After circulating for half an hour with my cranberry juice, I latched on to one of them, a very successful London property developer, who was talking to a tall, slim and smart fellow Conservative supporter.

"Hello, Andrew. How are you keeping, are you busy?". I replied in the affirmative. "Have you met --------- ----------? He used to be a Director/Chairman of Barclays Bank"

I said "Nice to meet you" and the conversation continued on banking problems of that time. I told the ex-Barclays gentleman that my family had banked with Barclays for nearly one hundred years, he smiled and asked "How did you find them?". "Oh, absolute rubbish", I replied. He smiled then laughed and said "Oh dear". My friend commented "Well that tells you".

For some inexplicable reason our conversation did not continue much longer so I had no time to tell him a little more about why, and despite the massive failings on Barclays' part, I still retained an account at Barclays in France, which I had then had for 10 years.

At that time, this branch had had the same manager for 27 years, most of its staff were long term, knew their customers and were always helpful. They could provide you with your own cash on a signature, because of course they knew your face, voice and signature.

However, two or three years ago they brought in new rules which meant you could only take out €2,000 (of your own money) without a week's notice. Well, this can cause difficulties if you are travelling to Italy for a family hotel break of 3 or 4 days as cards have insufficient limits, but we managed to survive this problem. Last year I was informed that Barclays was selling their French banks and in due course I would have to close my account unless I put most of my French funds into one of their investment funds. "Non, non, non" I replied bilingually, "Not on your Nellie", I said that I intended to move the account. When I arrived early this year to deal with the changeover, I was told I could only withdraw 10,000 Euros in cash in a month, even though I had considerably more than that in the current account, without expecting any interest.

I thus approached HSBC, with whom I have had a London personal account for 30 years and who have a branch 200 yards from the Barclays branch in Antibes. I consider I have an excellent relationship with HSBC and know they have all the information and details that could possibly be required of my family and me. I thought they merely had to pass on these details (with my permission) etc. and a new account would be opened. Oh No, No, No – they were different departments. Despite being in France, they had ‘Chinese walls’. I consequently had to go through the whole paraphernalia as though I was an unknown client, a possible money laundering drug dealer approaching the bank and, what’s more, it proved necessary to attend the bank in person, which luckily we were able to do without disrupting our holiday plans.

I found this particularly irritating as over the previous two years HSBC had felt it necessary to “update” their “K.Y.C.”* on me and unfortunately it was not the provision of beautiful pieces of fried chicken in breadcrumbs with eleven secret spices, but finding out practically all of my financial and personal life.

Their “chicken” moment started off innocuous enough asking about my income and assets and sources of wealth. I gave them an abbreviated version pointing out my income was mainly from my Panther dividends which had been regular, rising and substantial for over 30 years. I thought that would satisfy the “KYC” Forms, but no, they then asked where I had acquired the money to buy my Panther shareholding. As this was over 45 years earlier I was initially caught off-guard. However, one of the benefits of being a hoarder of nearly everything I had an auction catalogue of 1971 where we had sold 16 secondary freehold shop investments to enable us to move on to bigger and better properties. I explained how we had purchased these properties individually vacant over the previous five years and let them to produce high returns. This satisfied them for a while. Then two other banks we used started asking the same questions and luckily I was able to offer the same formulaic answer and that seemed to satisfy the other banks.

This was going on over a protracted period and one day whilst at the office I received an unknown caller on my private mobile phone, who asked for me. The caller said he was calling from HSBC, his accent and English were difficult to understand, but I ascertained he was calling from somewhere in India and he wanted to check some cheque payments Panther had made. Fair enough – so I asked him to give me the details of the payments – he said he could not until I had given him some security information. I surprisingly kept my cool and pointed out that he was someone I had never met or spoken to before, phoning from a country halfway round the world, where I was unlikely to visit, asking me secret information in an unintelligible accent before he would tell me what the so called problem was. I told him to get someone from their London office to phone me!

A few days later I found out what the problem was, after the bank had bounced about a dozen cheques. A co-director’s signature was not as instantly recognisable in India as it should have been. All the cheques were comparatively small, and if I had been told who the recipients were I could have instantly approved them. This caused disproportionate embarrassment and panic as we are known for our reliability.

We recently sold some properties by auction. The auctioneer whom I have dealt with as buyer/seller over a period of nearly 50 years who knows me/my family and most of my personal and business life, etc., was forced to ask for my latest passport details/utility bills, etc. Likewise, the solicitors acting on our behalf needed personal information that should have already been known to them as they have also acted on and off for us for many years.

The world has gone mad on mistrust.

To carry out business in any normal way is becoming more and more tortuous.

It’s easy to blame the banks and their very expensive and slow lawyers, but the reality is that new and fearsome rules and regulations to prevent money laundering or tax fraud have been produced ostensibly to protect the public or public coffers and if accidentally breached, entail massively disproportionate fines on the banks.

But, of course, our bureaucratic legislators have little idea of the real business and crooked world and by focusing on all 30 million + bank customers the 10/20,000 villains allow many to slip through the net. If they allowed banks/solicitors/accountants to use their professional discretion and common sense on KYC they could concentrate on strange transactions more likely to be by the villains which would stand out like a sore thumb.

So, let's hope some common sense comes to our legislators – eventually – but I doubt it.

Yours

Andrew S Perloff
Chairman

24 April 2018

P.S. *KYC is not Kentucky Yummy Chicken but Know Your Client!

Group Strategic Report

About the Group

Panther Securities PLC ("the Company") is a property investment company listed on the AIM market (AIM). Prior to 31 December 2013 the Company was fully listed and included in the FTSE fledgling index. It was first fully listed as a public company in 1934. The Group owns and manages over 950 individual property units within approximately 135 separately designated buildings over the mainland United Kingdom. The Group specialises in property investing and managing of good secondary retail, industrial units and offices, and also owns and manages many residential flats in several town centre locations.

Strategic objective

The primary objective of the Group is to maximise long-term returns for our shareholders by stable growth in net asset value and dividend per share, from a consistent and sustainable rental income stream.

Progress indicators

Progress will be measured mainly through financial results, and the Board considers the business successful if it can increase shareholder return and asset value in the long-term, whilst keeping acceptable levels of risk by ensuring gearing covenants are well maintained.

Key Ratios and measures

	2017	2016 Restated	2015	2014
Gross Profit Margin (gross profit/turnover)	**71%**	77%	73%	66%
Gearing (debt*/(debt* + equity))	**45%**	49%	48%	50%
Interest Cover**	**2.37 times**	1.66 times	1.65 times	1.22 times
Finance cost rate (finance costs/average borrowings for the year)	**6.4%**	6.6%	6.6%	6.6%
Yield (rents investment properties/average market value investment properties)	**7.1%**	7.7%	7.5%	7.5%
Net assets value per share	**516p**	407p	428p	409p
Earnings/(loss) per share – continuing	**120.2p**	(5.5)p	38.7p	26.1p
Dividend per share	**12.0p**	12.0p	22p ***	12.0p
Investment property acquisitions	**£8.9m**	£5.0m	£2.2m	£3.2m
Investment property disposal proceeds	**£2.2m**	£5.8m	£4.0m	£1.2m

* Debt in short and long term loans, excluding any liability on financial derivatives

** Profit before taxation excluding interest, less movement on investment properties and on financial instruments and impairments, divided by interest

*** Includes 10p per share special dividend

Business Review

2017 has been an exceptionally good year financially. Group turnover is now rental income only and does not include trading turnover derived from MRG Systems Ltd ("MRG") which was sold in the year. The 2016 consolidated income statement has been restated to remove the results of MRG. Rental income has held up in a tough environment for retailers which is pleasing as a large proportion of our tenants are retailers, however we benefit from having more neighbourhood parades which are usually convenience, service or leisure led, which have been less affected by changes to consumer habits, as well as diversification from light industrial and office units.

Our cost of sales has increased, as we incurred one-off fees on Birmingham (Holloway Head) and a partly un-provided fine relating to Ramsgate (these combined total circa £300,000), as well as having higher service charges due to our shopping centres purchased which will be ongoing (an increase of circa £250,000).

The Income Statement also shows considerably higher 'other income', this includes the large surrender premium on Maldon (not spent on refurbishing the unit) of circa £1,400,000 and a large £400,000 fee to extend our Birmingham completion date.

The administration costs have reduced as there was a large one-off provision relating to Beale Ltd, a major tenant, last year which was not repeated in 2017.

The Group benefited significantly from improvements in the property market with the portfolio showing a very large £16.8 million uplift (2016 – £0.3 million uplift) following an independent valuation. The increases were mainly seen on our well let "wider" south east or city centre retail, industrial portfolio and our residential development schemes (either completed or sites with planning potential).

The year also saw disposal gains, including our entire share portfolio and good profits on investment properties. The interest rate swaps also recovered helping the overall profitability for the year, but not fully making up for last year's loss on this instrument.

MRG Systems Ltd ("MRG")
This was an associate company (at 45% ownership) since the 70's and latterly, in about 2005, it became a subsidiary when the founder exited the business, as such we had a very long-term investment in this trading business. MRG provide digital signage solutions with the majority of their supply still to the book maker market.

We tended to leave the business alone as it was not a familiar industry, assisting every now and then with either a small element of finance or property advice but the company was self-sufficient and didn't require much attention. We carried out an extensive marketing exercise in 2014/2015 when the economy improved but were unable to find a purchaser.

Since then we have formalised our property relationship with them i.e. we let them their property on an FRI standard commercial lease. This property has been sold after the year end at just above its independent valuation (based on the 10 year lease entered into), but at a very good profit on our original purchase cost in 2013.

We have now sold the business to the management and employees of MRG and all but a few of them took this offer up. Panther still holds 15% of the issued share capital, as an investment and we of course wish them well for the future under its new employee ownership.

We received circa £150,000 from MRG in the year, mainly for our shares (£115,000), and a small management fee received intergroup (£35,000). We received rent of £93,000 on the property, which as mentioned above, was just sold for £900,000. Whilst this may not be the most exciting deal in the financial year, it was good for all parties, and simplifies our Group going forward, as well as generating some profit for our long-term hold.

Going forward
We are looking to sell properties where we can achieve a high return or they are non-core to save up a "cash pile", as we expect uncertain times in the near to medium term and as an entrepreneurial company expect to fair well.

Even through there are uncertainties going forward which may affect property prices, we will be protected by our portfolio's diversity, experienced management team and ability to adapt.

Financing
The Group entered into a £75 million club loan facility (£60 million term and £15 million revolving), which was renewed on 19 April 2016 with a five year term. The loan had £0.5m available to draw at the year end, but

currently is fully drawn. We plan to pay back some of our revolver using proceeds from the sale of Holloway Head, Birmingham if/when it completes, which can be redrawn. The loan was also drafted with the option of increasing our facilities by a further £10 million (subject to banks approval).

At the statement of financial position date the Group had £5.9 million of cash funds.

The Group has not offered a scrip dividend option for its latest dividends and has no plans for the current proposed dividend to provide shareholders with this option.

Financial derivative

We have seen an improvement (of a non-cash nature) in our long term liability on derivative financial instruments of £1.85 million (2016: £5.34 million fair value loss). Following this gain the total derivative financial liability on our Consolidated Statement of Financial Position is £26.4 million (2016: £28.3 million).

These financial instruments (shown in note 29) are our interest rate swaps that were entered into to remove the cash flow risk of interest rates increasing, by fixing our interest costs. We have seen that in uncertain economic times there can be large swings in the accounting valuations. Small movements in the expectation of future interest rates can have a significant impact on their fair value; this is partly due to their long dated nature.

These contracts were entered into in 2008 when long term interest rates were significantly higher. In a hypothetical world if we could fix our interest at current rates and term we would have much lower interest costs. Of course we cannot undo these contracts that were entered into historically, without a significant financial cost, but for accounting purposes these financial instruments are compared to current market rates, with the additional liability compared to the market rates, as shown on our Statement of Financial Position.

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 and managing 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 with no hedge accounting applied. Mark-to-market valuations on our financial instruments have been erratic due to current low market interest rates and due to their long term nature. These large mark-to-market movements are shown within the Income Statement.

However, the actual cash outlay effect is nil when considered alongside the term loan, as the instruments have been used to fix the risk of further cash outlays due to interest rate rises or can be considered as a method of locking in returns (difference between rent yield and interest paid at a fixed rate).

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.

Credit risk

The Company and Group have implemented policies that require appropriate credit checks on potential tenants before lettings are agreed. In many 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 reduced significantly due to the Group having a large spread of tenants who operate in different industries.

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 exposure of the Company and Group to inflation is low due to the low cost base of the Group and natural hedge we have from owning "real" assets. Price risk on income is protected by the rent review clauses contained within our tenancy agreements and often secured by medium or long-term leases.

Liquidity risk
The Company and Group actively manage liquidity by maintaining a long-term finance facility, strong relationships with many banks and holding cash reserves. This ensures that the Company and Group have sufficient available funds for operations and planned expansion or the ability to arrange such.

Interest rate risk
The Company and Group have both interest bearing assets and interest bearing liabilities. Interest bearing assets consist of cash balances which earn interest at fixed rate when placed on deposit. 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 revisit the appropriateness of this policy annually.

Principal risks and uncertainties of the Group
The successful management of risk is something the Board takes very seriously as it is essential for the Group to achieve long-term growth in rental income, profitability and value. The Group invests in long term assets and seeks a suitable balance between minimising or avoiding risk and gaining from strategic opportunities.

The Group's principal risks and uncertainties are all very much connected as market strength will affect property values, as well as rental terms and the Group's finance, or term loan, whose security is derived primarily from the property assets of the business. The financial health of the Group is checked against covenants that measure the value of the property, as a proportion of the loan, as well as income tests. The two measures of the Group's finances are to check if the Group can support the interest costs (income tests) and also the ability to repay (valuation covenants).

The Group has a successful strategy to deal with these risks, primarily its long lasting business model and strong management. This meant the business had little or no issues during the 2008 financial crisis, which some commentators say was the worst financial crisis since the Great Depression of the 1930s.

Market risk
If we want to buy, sell or let properties there is a market that governs the prices or rents achieved. A property company can get caught out if it borrows too heavily on property at the wrong time in the market, affecting its loan covenants. If loan covenants are broken, the Company may have to sell properties at non-optimum times (or worse) which could decrease shareholder value. Property markets are very cyclical and we in effect have three strategies to deal with or mitigate the risk, but also take advantage of this opportunity, 1) strong, experienced management means when the market is strong we look to dispose of assets and when it is weak we try and source bargains i.e. an emergent strategy also called an entrepreneurial approach. 2) The Group has a diversified property portfolio, and maintains a spread of sectors over, retail, industrial, office and residential. The other diversification is having a spread regionally, of the different classes of property over the UK. Often in a cycle not all sectors or locations are affected evenly, meaning that one or more sectors could be performing stronger, maybe even booming, whilst others are struggling. The strong investment sectors provide the Group with opportunities that can be used to support slower sectors through sales or income. 3) We invest in good secondary property, which tends to be lower value, meaning we can be better

diversified than is possible with the equivalent funds invested in prime property. There are not many property companies of our size who have over 950 individual units over 135 buildings/locations. Secondary property also, very importantly, is much higher yielding which generally means the investment generates better interest cover and can cope with drops in rents or loss of tenants more easily.

Property risk
As mentioned above we invest in most sectors in the market to assist with diversification. Many people consider the retail sector to be currently in severe flux, considerably affected by changing consumer habits and of course the internet revolution. Of the Group's investment portfolio, retail makes up the largest sector being circa 60% by value at the last time that this was reviewed (please note our portfolio has changed a lot since this was last measured), therefore on the face of it we have a lot of exposure to this fast changing sector. However the retail sector is affected to lesser degrees in what we would describe as neighbourhood parades, as opposed to traditional shopping high streets. The large part of our retail portfolio in these neighbourhood parades, means we are less affected by consumer habits and even benefit from some of the changes. Neighbourhood parades provide more leisure, services and convenience retail.

For example we have undertaken a few lettings to local or smaller store formats, to big supermarket chains, which would not have taken place many years ago.

Block policy is another key mitigating force within our property risks. Block policy means we tend to buy a block rather than one off properties, giving us more scope to change or get substantial planning if our type of asset is no longer lettable. The obvious example is turning redundant regional offices into residential. Also by having a row of shops, we can increase or reduce the size of retail units to meet the current requirements of retailers.

Finance risk
The final principal risk, which ties together the other principal risks and uncertainties, is that if there are severe adverse market or property risks then these will ultimately affect our financing, making our lender either force the Group to sell assets at non-optimal times, or take possession of the Group's assets. We describe the above factors in terms of management, business model and diversification to help mitigate against property and market risks which as a consequence mitigate our finance risk. The main mitigating factor is to maintain conservative levels of borrowing, or headroom to absorb downward movements in either valuation or income cover. The other key mitigating factor, is to maintain strong, honest and open relationships with our lenders, and good relationships with their key competitors. This means if issues arise, there will be enough goodwill for the Group to stay in control and for the issues to resolve themselves, and hopefully save the situation. As a Group we also hold uncharged properties and cash resources, which can be used to rectify any breaches of covenants.

Other non-financial risks

The Directors consider that the following are potentially material non-financial risks.

Risk	Impact	Action taken to mitigate
Reputation	Ability to raise capital/deal flow reduced	Act honourably, invest well and be prudent.
Regulatory changes	Transactional and holding costs increase	Seek high returns to cover additional costs. Lobby Government – “Ramblings”. Use advisers when necessary.
People related issues	Loss of key employees/low morale/inadequate skills	Maintain market level remuneration packages, flexible working and training. Strong succession planning and recruitment. Suitable working environment.
Computer failure	Loss of data, debtor history	External IT consultants, backups, offsite copies. Latest virus and internet software.
Asset management	Wrong asset mix, asset illiquidity	Draw on wealth of experience to ensure balance between income producing and development opportunities. Continued spread of tenancies and geographical location. Prepare business for the economic cycles.

The Group Strategic Report set out on the above pages also includes the Chairman’s Statement shown earlier in these accounts and was approved and authorised for issue by the Board and signed on its behalf by:

S. J. Peters
Company Secretary

Unicorn House
Station Close
Potters Bar
Hertfordshire EN6 1TL

Dated: 24 April 2018

Directors' Report

Company number 00293147

The Directors submit their report together with the audited financial statements of the Company and of the Group for the year ended 31 December 2017.

Directors' Responsibilities Statement

The directors are responsible for preparing the Strategic Report, the Directors' 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 elected to prepare the Group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP) including FRS101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed subject to any material departures disclosed and explained in the Group financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom 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 Chairman's Statement and Group Strategic Report. The financial position of the Group, including key financial ratios is set out in the Group Strategic Report. In addition, the Directors' Report includes the Group's objectives, policies and processes for managing its capital; the Group Strategic Report includes details of its 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 reasonable liquidity together with a number of long term contracts with its customers many of which are household names. The Group has a diverse spread of tenants across most industries and investment properties based in many locations across the country.

The Group has a long term loan in place which was renewed on 19 April 2016. The Group always maintains excellent relations with its lenders.

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 Group Strategic Report.

Company's 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 principal 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 £21,242,000 (2016: a loss of £953,000).

The interim dividend of £884,000 (5.0p per share) on ordinary shares was paid on 29 November 2017.

The Directors recommend a final dividend of £1,238,000 (7.0p per share) payable on 5 September 2018 to shareholders on the register at the close of business on 3 August 2018 (Ex dividend on 2 August 2018). The total dividend for the year ended 31 December 2017 being anticipated at 12p.

There will be no option of a scrip dividend offered for the 2017 final dividend of 7p per share (to be paid in July 2018). There was no scrip option for the interim dividend in November 2017.

As announced in mid-April 2018, we are also paying a special interim dividend of 10p per share payable on 18 May 2018 to shareholders on the register at the close of business on 27 April 2018 (Ex dividend on 26 April 2018). This is in relation to year ending 31 December 2018 and we would anticipate paying the Company's usual 12p dividend per share for the year.

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	
	2017	2016
A. S. Perloff (Chairman)	**4,244,360**	4,244,360
B. R. Galan (Non – executive)	**338,669**	338,669
P. M. Kellner (Non – executive)	**22,000**	22,000
J. T. Doyle (Resigned on 15 June 2017)	**—**	63,460
J. H. Perloff	**107,500**	107,500
S. J. Peters	**187,929**	187,929

A. S. Perloff and his family trusts have beneficial interests in shares owned by Portnard Limited, a Company under their control, amounting to 8,405,175 (2016 – 8,405,175).

There have been no changes in Directors' shareholdings since 31 December 2017.

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.

Directors' emoluments
Directors' emoluments of £277,000 (2016 – £283,000) are made up as follows:

Director	Salary/ Fees £'000	Bonus £'000	Taxable Benefit £'000	Pension Contribution £'000	**Total 2017 £'000**	Total 2016 £'000
Executive						
A. S. Perloff	—	—	5	—	**5**	4
J. T. Doyle	80 *	—	5	1	**86**	102
J. H. Perloff	54	4	1	1	**60**	52
S. J. Peters	70	10	1	25	**106**	103
Non-executive						
B. R. Galan	10	—	—	—	**10**	11
P. M. Kellner	10	—	—	—	**10**	11
	224	14	12	27	**277**	283

* £40,000 included within the salary relates to compensation for loss of office.

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 2017 and does not anticipate making further contributions.

S. J. Peters had pension contributions paid in the year by the Company of £24,000 (2016 – £25,000) into his personal stakeholders' contribution pension scheme. S. J. Peters, J.T. Doyle and J.H. Perloff also received a contribution into a stakeholder's pension fund following auto-enrolment at the statutory rate of a 1% contribution of their gross salary by the Company.

No other payments were paid in respect of any other Director during the year (2016 – £nil).

Third party indemnity provision for Directors

Qualifying third party indemnity provision for the benefit of six directors was in force during the financial year and as at the date this report was approved.

Capital structure

Details of the 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 details of the Group's treasury policy are shown in note 29.

Financial risk management

Information regarding the use of financial instruments and the approach to financial risk management is detailed in the Strategic Report.

Donations

During the year the Group made a £nil political donation (2016 – £25,000 to the UK Independence Party). The Group makes donations to charities through advertisements at charity events and in the diaries of charities, the total of which in 2017 was £5,000 (2016 – £3,000). The Group is a Foundation Partner of the preferred charity of the property industry, Land Aid, donating £10,000 (2016 – £10,000).

Status

Panther Securities P.L.C. is a Company listed on the Alternative Investment Market ("AIM") and is incorporated in England and Wales.

Events after the reporting date

Details of events after the report date are given in the Chairman's Statement and note 33 to the consolidated accounts.

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

Unicorn House
Station Close
Potters Bar
Hertfordshire EN6 1TL

Dated: 24 April 2018

Corporate Governance

Panther Securities P.L.C. Board recognise the importance of sound Corporate Governance. However during 2017, it did not fully comply with the UK Corporate Governance Code, issued by the Financial Reporting Council, as in the Board's view it would have been too onerous. Nevertheless, the Company has regard for the main provisions as far as is practicable and appropriate for a public company of its size.

The Board

The Board currently consists of five 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 Board considers the two non-executive Directors to be independent and to represent the interests of shareholders. 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. Both non-executive Directors have a sufficient level of expertise to challenge and hold the executive Directors to account.

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

Biographical details of Executive Directors:-

Andrew Perloff (Chairman)

He has over 50 years' experience in the property sector, including over 40 years' experience of being a Director of a Public Listed Company mainly as Panther's Chairman. He has significant experience of corporate activity including ten contested take-over bids and has also served on the Board of Directors of 6 other public listed companies. He is currently a non-executive director of Beale Ltd and Airsprung Furniture Ltd.

Simon Peters (Finance Director)

He is a member of the Chartered Institute of Taxation, a Fellow of the Chartered Certified Accountants and was formerly with KPMG LLP and the Lombard Bank Finance Department. He is currently a non-executive director of Beale Ltd and Airsprung Furniture Ltd. He joined Panther in 2004 and was appointed Finance Director in 2005.

John Perloff (Executive)

Previously with a commercial West End agent specialising in retail acquisitions and disposals, he joined Panther in 1994. His areas of responsibility include property lettings and acquisitions. He was appointed Executive Director in 2005.

John Doyle (Executive) (Resigned on 15 June 2017)

Biographical details of Non-executive Directors:-

Bryan 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 was previously a Non-executive Director of Rugby Estates Investment Trust Plc.

Peter Kellner (Non-executive)

Chairman of the 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.

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 website with up to date information, including announcements and company accounts.

Audit Committee

The Audit Committee has three members including both non-executive Directors and an executive Director (being Andrew Perloff) and it is chaired by Peter Kellner. 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 2017 the committee met three times with all members present.

The internal controls are reviewed annually ensuring their effectiveness and any specific issues are dealt with if and 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.

Remuneration Committee
The Remuneration Committee consists solely of the two non-executive Directors, Bryan Galan (Chairman) and Peter Kellner. It reviews the terms and conditions of service of the Chairman and Executive Directors, ensuring that salaries and benefits satisfy performance and other criteria. When setting remuneration the Committee consults with the Chairman of the Board and no external third parties are consulted. In 2017 the Committee met three times with all members present.

Remuneration policy
Company policy is to reward fairly the Executive Directors sufficiently to retain and motivate these key individuals. In determining remuneration, consideration is given to their role, their performance, reward levels throughout the organisation, as well as the external employment market. The Remuneration Committee considers that currently the Executive Directors' remuneration is below market comparables, however some directors are incentivised by their personal holdings in the Company. The only element of remuneration that reflects specific performance is the bonuses, however this is adjusted to reflect market conditions and company results.

Independent Auditors' Report

Independent Auditor's Report to the Members of Panther Securities P.L.C.

Opinion

We have audited the Group financial statements of Panther Securities PLC ('the Group') for the year ended 31 December 2017 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statements of Cash Flows and the Notes to the Consolidated Accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion, the Group financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Group financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the Group financial statements in the UK, including the FRC's Ethical Standard as applied to SME listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the Group financial statements is not appropriate; or
- the directors have not disclosed in the Group financial statements any identified material uncertainties that may cast significant doubt about the Group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the Group financial statements are authorised for issue.

Key audit matters

We identified the key audit matters described below as those that were of most significance in the audit of the financial statements of the current period. Key audit matters include the most significant assessed risks of material misstatement, including those risks that had the greatest effect on our overall audit strategy, the allocation of resources in the audit and the direction of the efforts of the audit team.

In addressing these matters, we have performed the procedures below which were designed to address the matters in the context of the financial statements as a whole and in forming our opinion thereon. Consequently, we do not provide a separate opinion on these individual matters.

Key audit	Description of risk	How the matter was addressed in the audit and key observations arising with respect to that risk matter
Valuation of investment properties (Group)	The valuation of the Group's investment property portfolio is inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future rentals for that particular property. The valuations were carried out by third party valuers, GL Hearn (the 'Valuers'). The Valuers were engaged by the Directors, and performed their work in accordance with the Royal Institute of Chartered Surveyors ('RICS') Valuation – Professional Standards. In determining a property's valuation the Valuers take into account property-specific information such as the current tenancy agreements and rental income. They apply assumptions for yields and estimated market rent, which are influenced by prevailing market yields and comparable market transactions, to arrive at the final valuation. For developments, the residual appraisal method is used, by estimating the fair value of the completed project using a capitalisation method less estimated costs to completion and a risk premium. The significance of the estimates and judgements involved, coupled with the fact that only a small percentage difference in individual property valuations, when aggregated, could result in a material misstatement, warrants specific audit focus in this area. The Group's accounting policy for investment properties is included within note 4. Details of the Groups valuation methodology and resulting valuation can be found in note 16.	We read the valuation reports for all the properties and confirmed that the valuation approach for each was in accordance with RICS standards and suitable for use in determining the carrying value for the purpose of the financial statements. We assessed the Valuers' qualifications and expertise and read their terms of engagement with the Group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work. We also considered fee arrangements between the Valuers and the Group and found no evidence to suggest that the objectivity of the Valuers in their performance of the valuations was compromised. We tested a sample of current rents receivable per the valuation for consistency with the Group's tenant ledger. The tenant ledger data was subject to separate sample testing to ensure that the records within the system is consistent with the underlying lease documentation. Our work focused on the highest value properties in the portfolio and those where the assumptions used suggested a possible outlier versus market data for the relevant sector. We concluded that the assumptions used in the valuations were supportable in light of available and comparable market evidence.

Key audit	Description of risk	How the matter was addressed in the audit and key observations arising with respect to that risk matter
Valuation of derivative financial instruments (Group and Company)	The Group has entered into two interest rate swaps ('swaps') which are carried at fair value through profit and loss. Assessing the fair value of the swaps is inherently subjective as the Group uses its judgement to select suitable valuation techniques and make assumptions which are mainly based on market conditions existing at the statement of financial position date. The Group benchmarks its valuations against those provided by the counterparty bank and a third party bank. The Group's accounting policy for derivative financial instruments is included within note 4. Details of the Groups derivative financial instruments can be found in note 29.	We gained an understanding of the Group's methodology in respect of determining the fair value as at the statement of financial position date and assessed compliance with the requirements of relevant accounting standards. We used internal experts to compute an independent estimate of fair value as at the statement of financial position date. Additionally we have considered the disclosures in the financial statements in respect of swaps outstanding as at the balance sheet date. We are satisfied that the fair value of swaps and presentation in the Annual Report is appropriate and is in line with the requirements of relevant accounting standards.
Revenue recognition (Group)	Revenue growth is a key performance indicator of the Group. Revenue expectations may place pressure on management to distort revenue recognition. This may result in overstatement or deferral of revenues to assist in meeting current or future targets or expectations. Revenue for the Group consists primarily of rental income. These include spreading of occupier incentives and guaranteed rent increases as these balances require adjustments made to rental income to ensure revenue is recorded on a straight-line basis over the course of a lease. The Group's accounting policy for revenue recognition is included within note 4.	In testing revenue recognition we have: ● performed detailed testing of a sample of revenue transactions, including agreement to supporting documentation and recalculation of income deferral; ● agreed a sample of accrued income balances, arising as a result of occupier incentives or guaranteed rent increases, to supporting documentation and recalculated the income accrual; and ● performed analytical procedures on the annual rent role of the Group, agreeing any significant variations from our expectation to supporting documentation. The results of our testing were satisfactory.

Materiality
The materiality for the Group financial statements as a whole was set at £6,358,000. This has been determined with reference to the benchmark of the Group's total assets, which we consider to be one of the principal considerations for members of the Parent Company in assessing the performance of the Group. Materiality represents 3% of the total assets as presented on the face of the Consolidated Statement of Financial Position.

The materiality for the Parent Company financial statements as a whole was set at £4,060,000. This has been determined with reference to the benchmark of the Parent Company's total assets as the Parent Company exists only as a holding company for the Group and carries on no trade in its own right. Materiality represents 3% of total assets as presented on the face of the Parent Company's Statement of Financial Position.

A number of key performance indicators of the Group are driven by Income Statement items and we therefore applied a lower specific materiality of £296,000, based on 2% of Group revenue. This lower specific materiality was applied to the components of the Group and Parent Company's Income Statements, excluding investment property valuation movements and fair value movements on derivative financial instruments.

An overview of the scope of our audit
Of the Group's 27 reporting components, we subjected 26 to audits for Group reporting purposes.

The components within the scope of our work covered 100% of Group revenue, Group profit before tax and Group net assets. The Group audit team visited one location in the UK covering the 26 components that we subjected to audit.

For the remaining component the Group audit team sent detailed instructions to the component audit team and reviewed their responses to these instructions.

Other information
The other information comprises the information included in the Annual Report and Financial Statements, other than the Group and Parent Company financial statements and our auditor's reports thereon. The directors are responsible for the other information. Our opinion on the Group financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Group financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Group financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Group financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the Group financial statements are prepared is consistent with the Group financial statements; and

- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 19, the directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of Group financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Group financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Group financial statements
Our objectives are to obtain reasonable assurance about whether the Group financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Group financial statements.

A further description of our responsibilities for the audit of the Group financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matter
We have reported separately on the Parent Company's financial statements of Panther Securities PLC for the year ended 31 December 2017.

Jacqueline Oakes	25 Moorgate
Senior Statutory Auditor, for and on behalf of	London
Nexia Smith & Williamson	EC2R 6AY
Statutory Auditor	
Chartered Accountants	24 April 2018

Consolidated Income Statement

For the year ended 31 December 2017

	Notes	31 December 2017 £'000	31 December 2016 Restated £'000
Revenue	5	**12,946**	12,965
Cost of sales	5	**(3,779)**	(3,012)
Gross profit		**9,167**	9,953
Other income	5	**1,905**	466
Administrative expenses		**(2,105)**	(2,884)
Operating profit	6	**8,967**	7,535
Profit on disposal of investment properties		**1,071**	458
Movement in fair value of investment properties	16	**16,776**	318
		26,814	**8,311**
Finance costs – bank loan interest	10	**(2,302)**	(2,472)
Finance costs – swap interest	10	**(2,726)**	(2,625)
Investment income	9	**27**	109
Profit (realised) on the disposal of available for sale investments (shares)		**1,128**	—
Fair value gain/(loss) on derivative financial liabilities	29	**1,850**	(5,338)
Profit/(loss) before income tax		**24,791**	(2,015)
Income tax (expense)/credit	11	**(3,490)**	995
Profit/(loss) for the year		**21,301**	(1,020)
(Loss)/profit for the period from discontinued operations	18	**(59)**	67
Profit/(loss) for the year		**21,242**	(953)
Discontinued operations attributable to:			
Equity holders of the parent		**(52)**	50
Non-controlling interest		**(7)**	17
(Loss)/profit for the year		**(59)**	67
Continuing operations attributable to:			
Equity holders of the parent		**21,301**	(1,020)
Non-controlling interest		**—**	—
Profit/(loss) for the year		**21,301**	(1,020)
Earnings/(loss) per share			
Basic and diluted – continuing operations	14	**120.2p**	(5.5p)
Basic and diluted – discontinued operations	14	**(0.3p)**	0.3p

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2017

	Notes	**31 December 2017 £'000**	31 December 2016 Restated £'000
Profit/(loss) for the year		**21,242**	(953)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Movement in fair value of available for sale investments (shares) taken to equity	19	**279**	87
Realised fair value on disposal of available for sale investments (shares) previously taken to equity		**(269)**	—
Deferred tax relating to movement in fair value of available for sale investments (shares) taken to equity	27	**(53)**	(15)
Realised tax relating to disposal of available for sale investments (shares) previously taken to equity		**51**	—
Other comprehensive income for the year, net of tax		**8**	72
Total comprehensive income/(loss) for the year		**21,250**	(881)
Attributable to:			
Equity holders of the parent		**21,257**	(898)
Non-controlling interest		**(7)**	17
		21,250	(881)

Consolidated Statement of Financial Position

Company number 00293147

As at 31 December 2017

	Notes	**31 December 2017 £'000**	31 December 2016 Restated £'000
ASSETS			
Non-current assets			
Plant and equipment	15	**54**	63
Investment properties	16	**201,825**	176,489
Deferred tax asset	27	**—**	1,140
Available for sale investments (shares)	19	**17**	908
		201,896	178,600
Current assets			
Inventories		**—**	57
Stock properties	20	**448**	736
Trade and other receivables	22	**3,677**	4,020
Cash and cash equivalents (restricted)		**—**	1,017
Cash and cash equivalents		**5,941**	3,870
		10,066	9,700
Total assets		**211,962**	188,300
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	24	**4,437**	4,437
Share premium account	25	**5,491**	5,491
Treasury shares	25	**(213)**	—
Capital redemption reserve	25	**604**	604
Retained earnings		**80,893**	61,747
Attributable to equity holders of the parent		**91,212**	72,279
Non-controlling interest		**—**	96
Total equity		**91,212**	72,375
Non-current liabilities			
Long-term borrowings	26	**74,270**	69,769
Derivative financial liability	29	**26,400**	28,250
Deferred tax liabilities	27	**1,183**	—
Obligations under finance leases	31	**7,552**	6,769
		109,405	104,788
Current liabilities			
Trade and other payables	28	**10,945**	10,721
Short-term borrowings	26	**159**	150
Current tax payable		**241**	266
		11,345	11,137
Total liabilities		**120,750**	115,925
Total equity and liabilities		**211,962**	188,300

The accounts were approved by the Board of Directors and authorised for issue on 24 April 2018. They were signed on its behalf by:

A.S. Perloff

Chairman

Consolidated Statement of Changes in Equity

For the year ended 31 December 2017

	Share capital £'000	Share premium £'000	Treasury shares £'000	Capital redemption £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2016	4,437	5,491	—	604	65,485	76,017
Total comprehensive income	—	—	—	—	(898)	(898)
Dividends	—	—	—	—	(2,840)	(2,840)
Balance at 1 January 2017	4,437	5,491	—	604	61,747	72,279
Total comprehensive income	—	—	—	—	21,257	21,257
Treasury shares purchased	—	—	(213)	—	—	(213)
Dividends	—	—	—	—	(2,111)	(2,111)
Balance at 31 December 2017	**4,437**	**5,491**	**(213)**	**604**	**80,893**	**91,212**

Consolidated Statement of Cash Flows

For the year ended 31 December 2017

	31 December 2017 £'000	31 December 2016 Restated £'000
Cash flows from operating activities		
Operating profit	**8,967**	7,536
Depreciation charges for the year	**9**	90
Decrease in stock properties	**124**	—
Rent paid treated as interest	**(528)**	(514)
Profit before working capital change	**8,572**	7,112
Decrease in receivables	**302**	478
Increase/(decrease) in payables	**293**	(383)
Cash generated from operations	**9,167**	7,207
Interest paid	**(4,324)**	(4,342)
Income tax paid	**(1,194)**	(360)
Net cash generated from continuing operating activities	**3,649**	2,505
Net cash (used in)/generated from discontinued operating activities	**(35)**	159
Cash flows from investing activities		
Purchase of plant and equipment	**(10)**	(8)
Purchase of investment properties	**(8,870)**	(539)
Purchase of available for sale investments**	**—**	(85)
Corporate acquisition (net of cash received)	**—**	(4,497)
Corporate disposal (net of cash sold)	**(12)**	—
Proceeds from sale of investment property	**2,239**	5,793
Proceeds from sale of available for sale investments**	**2,046**	—
Dividend income received	**21**	103
Interest income received	**6**	6
Net cash (used in)/generated from investing activities	**(4,580)**	773
Cash flows from financing activities		
Repayments of loans	**(159)**	(1,655)
Loan arrangement fees and associated costs	**—**	(442)
Purchase of own shares	**(213)**	—
Draw down of loan	**4,503**	2,000
Dividends paid	**(2,111)**	(2,840)
Net cash generated from/(used in) financing activities	**2,020**	(2,937)
Net increase in cash and cash equivalents	**1,054**	500
Cash and cash equivalents at the beginning of year*	**4,887**	4,387
Cash and cash equivalents at the end of year*	**5,941**	4,887

* Of this balance £nil (2016: £1,017,000) is restricted by the Group's lenders i.e. it can only be used for purchase of investment property.

** Shares in listed and unlisted companies.

1. **General information**
Panther Securities P.L.C. (the Company) is a Public Limited Company limited by shares and incorporated in England and Wales. 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 Director's Report.

2. **New and revised International Financial Reporting Standards**
New and amended Standards which became effective in the year

The Group has adopted the following new and amended standards:

- Amendments to IAS 7: Statement of Cash Flows Disclosure Initiative The disclosures required as a result of this amendment are given in note 32.

Standards, interpretations and amendments to published standards that are not yet effective
Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2018 or later periods and have not been early adopted. It is anticipated that these new standards, interpretations and amendments currently in issue at the time of preparing the financial statements (April 2018) are not expected to have a material effect on the consolidated financial statements of the Group, however the extent of this has not yet been fully assessed.

- IFRS 9 Financial Instruments – the standard applies to classification and measurement of financial assets and their impairment provisioning. On adoption of the new standard, these changes are not expected to have a material impact on the consolidated financial statements of the Group but are expected to result in amendment to the balances presented.

- IFRS 15 Revenue for Contracts with Customers – the standard will be applicable to service charge income, other property related income, trading property sales proceeds and proceeds from the sale of investment properties, but does not apply to gross rental income arising from Group's leases with tenants. The Group does not expect the adoption of IFRS 15 to have a material impact on the Group's reported results.

- IFRS 16 Leases – the adoption of this standard for lessees, will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases will be removed. This is not expected to significantly impact the financial statements of the Group as the Group already treats investment properties held under operating leases as finance leases in accordance with IAS 40 Investment Property. The Group has operating leases for its office and a few smaller assets which will be affected by this standard, however, these are not material to the financial statements.

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

3. **Critical accounting judgements and key sources of estimation uncertainty**
As per the Group's accounting policy in respect of investment property disposals Investment property disposals are recognised on the date that exchange of contracts become unconditional and there is a reasonable expectation that completion will occur. At this point the investment property is derecognised and any difference between consideration received and carrying value is recognised in the income statement. Judgement is required in assessing the likelihood of completion if this has not occurred at the date of the approval of the accounts. At the year end the Group's disposal of Holloway Head, Birmingham has unconditionally completed, however the purchaser continues to request extensions to the agreed completion date. As such the Directors' have assessed that there is reasonable doubt that the transaction will complete and therefore it is not recognised in these financial statements.

Sources of judgement and estimation uncertainty in respect of the valuation of Derivative Financial Instruments and Investment Properties are noted in their accounting policies and respective notes.

4. Significant accounting policies

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards adopted for use in the European Union. The financial statements have been prepared on the historical cost basis, except for the revaluation of Investment Properties, Derivative Financial Instruments 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 within the Income Statement, as Profit/(loss) from discontinued operations, to the effective date of disposal. Prior year balances have been restated to present the performance of these discontinued operations with this single line.

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.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling share of changes in equity since the date of the combination. Profits applicable to the non-controlling 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, consideration payable including 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 are recognised at their fair values at the acquisition date.

Investment Properties

Investment properties, which are properties held to earn rentals and/or capital appreciation, are revalued annually using the fair value model of accounting for Investment Property at the Statement of Financial Position date. When revaluing properties judgements are made 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.

4. Significant accounting policies *continued*

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. A corresponding interest charge is applied to the finance lease liabilities based on the effective interest rate. Fair value measurement of investment property is classified as Level 3 in the fair value hierarchy. Using the fair value model in IAS 40 is a recurring measurement.

Investment property disposals are recognised on the date that exchange of contracts become unconditional and there is a reasonable expectation that completion will occur. At this point the investment property is derecognised and any difference between consideration received and carrying value is recognised in the income statement.

Transfers between investment property and stock properties

Transfers from stock properties to investment property are made at fair value; any difference between the fair value of the property at the date of transfer and its carrying amount is recognised in profit or loss. For a transfer from investment property carried at fair value to inventories, the property's deemed cost for subsequent accounting in accordance with IAS 2 ('Inventories') is its fair value at the date of change in use.

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 Statement of Financial Position 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 statement of financial position 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 Statement of Financial Position 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 have been substantively enacted on or before the statement of financial position date. Deferred tax is charged or credited to the Income Statement, 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 19.25% (2016 – 20.00%), 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. MRG Systems Limited was classified as a separate operating segment to the activities of the rest of the Group, where MRG Systems Limited's principal activity is that of electronic designers, engineers and consultants. MRG Systems was sold in 2017 and has been classified as discontinued.

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
Revenue comprises:

- Rental income from tenancy occupied properties net of Value Added Tax where appropriate: The income is recognised on an accruals basis.

- Sale of stock properties: This is recognised on the date that exchange of contracts becomes unconditional.

Other income comprises of:

- Property management fees on service charge managed properties net of Value Added Tax where appropriate. Income is recognised on an accruals basis.

- Surrender premiums received on the early termination of tenant leases. Income is recognised on the date of surrender of the lease.

- Dilapidation fees received but not expensed against repair costs. Income is recognised when the dilapidation fee has been agreed with the tenant.

The fair value of consideration received or receivable on the above services is recognised when the above revenue can be reliably measured. Revenue from services is recognised evenly over the period in which the services are provided.

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 the Income Statement.

Impairment of property, plant and equipment
At each Statement of Financial Position 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.

4. **Significant accounting policies** *continued*

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, it is reduced to its recoverable amount. An impairment loss is recognised immediately in the Income Statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss up to value of previous revaluation 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, 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 the Income Statement, 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 or provided 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 treatment of investment properties held under an operating lease.

Financial instruments

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

Trade receivables

Trade receivables are initially recognised 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 the Income Statement 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 less any transaction fees such as loan arrangement fees, 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.

Where new bank financing is obtained on substantially different terms to the existing financing the original financial liability is derecognised and a new financial liability recognised.

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 derivative 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 different 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 Statement of Financial Position as available for sale investments (shares). Fair values of these investments are based on quoted market prices where available. The fair value of the available for sale investments in unquoted equity securities cannot be measured reliably and they have therefore been measured at cost. Movements in fair value are taken directly to equity. 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 Income Statement. 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.

Impairment of available for sale investments
At each Statement of Financial Position date the Group reviews any decline in the fair value of available for sale investments to determine whether there is any objective evidence that those assets are impaired. If the asset is judged to be impaired the cumulative loss that had been recognised in other comprehensive income is reclassified from equity to the Income Statement being the difference between the acquisition cost and the current fair value, less any impairment loss for that financial asset previously recognised in the Income Statement.

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 Statement of Financial Position date, and are discounted to present value where the effect is material.

4. **Significant accounting policies** *continued*

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.

Share capital

Share capital represents the nominal value of shares issued by the Company.

Share premium

Share premium represents amounts received in excess of nominal value on the issue of share capital.

Treasury shares

Treasury shares represents the cumulative amounts paid to re-purchase shares in the company.

Capital redemption reserve

The capital redemption reserve arises on the purchase of the Company's own shares for cancellation.

Retained earnings

Retained earnings represent the accumulated comprehensive income and losses of the Group less dividends paid.

Dividends

Dividends are recognised based on the value per share declared. Where scrip dividends are issued, the value of such shares, measured as the amount of the cash dividend alternative, is credited to share capital and share premium. The net movement in equity represents the cash paid on the dividend.

5. **Revenue, cost of sales and other income**

The Group's only operating segment is investment and dealing in property and securities. All revenue, cost of sales and profit or loss before taxation is generated in the United Kingdom. The Group is not reliant on any key customers. MRG was sold in 2017 but was previously shown as a separate segment.

Other income	**2017** **£'000**	2016 £'000
Surrender premium (Maldon)	**1,365**	—
Contract extension fee (disposal of Birmingham)	**400**	—
Service charge management fees	**102**	120
Dilapidations and other fees	**38**	346
	1,905	466

6. **Operating profit**

	2017	2016
The operating profit for the year is stated after charging:	**£'000**	£'000
Depreciation of tangible fixed assets – owned by the Group	**9**	90
Fees payable to the Group's auditor for the audit of both the parent company and the Group's annual report and accounts	**3**	3
Fees paid to the Group's auditor for other services:		
The audit of the parent's subsidiaries	**83**	75
Other services provided	**10**	8

7. Staff costs

	2017 £'000	2016 £'000 *Restated*
Staff costs, including Directors' remuneration, were as follows:		
Wages and salaries	**777**	706
Social security costs	**79**	72
Pension contributions	**31**	25
	887	803

The average monthly number of employees, including Directors, during the year was as follows:

	2017 Number	2016 Number
Directors	**5**	6
Other employees	**16**	15
	21	21

Staff costs have been restated for the disposal of MRG Systems Limited, now shown as discontinued operations.

8. Directors remuneration

	2017 £'000	2016 £'000
Emoluments for services as Directors	**277**	283

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

Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. In the opinion of the Board, the Group's key management comprises the Executive and Non-Executive Directors of Panther Securities PLC. Information regarding their emoluments is set out above.

The following disclosures are in respect of employee benefits payable to the Directors of Panther Securities PLC across the Group and are thus stated in accordance with IFRS:

	2017 £'000	2016 £'000
Emoluments for services as directors	**237**	283
Employers NI	**21**	22
Compensation for loss of office	**40**	—
Short term employee benefits (salaries and benefits)	**298**	305

9. Investment income

	2017 £'000	2016 £'000
Interest on bank deposits	**6**	6
Dividends from equity investments	**21**	103
	27	109

10. Finance costs

	2017 £'000	2016 £'000
Interest payable on bank overdrafts and loans	**1,774**	1,958
Interest payable on financial derivatives	**2,726**	2,625
Interest payable on finance lease liabilities*	**528**	514
	5,028	5,097

* Investment properties held under operating leases have been treated as being held under finance leases in accordance with IAS 40.

11. Income tax charge

The charge for taxation comprises the following:

	2017 £'000	2016 £'000
Current year UK corporation tax	**1,115**	448
Prior year UK corporation tax	**54**	(188)
	1,169	260
Current year deferred tax expense/(credit) – note 27	**2,321**	(1,255)
Income tax expense/(credit) for the year	**3,490**	(995)

Domestic income tax is calculated at 19.25% (2016 – 20.00%) of the estimated assessable profit or loss for the year. The future provision for deferred tax has been calculated on the basis of 17.0% (2016 – 17.0%).

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

	2017 £'000	**2017 %**	2016 £'000	2016 %
Profit/(loss) before taxation	**24,791**		(2,015)	
Profit/(loss) before tax multiplied by the average of the standard rate of UK corporation tax of 19.25% (2016 – 20.00%)	**4,772**	**19.25**	(403)	20.0
Tax effect of expenses that are not deductible in determining taxable profit	**30**	**0.1**	25	(1.3)
Dividend income not allowable for tax purposes	**(6)**	**–**	(21)	1.1
Changes in tax rates	**–**	**–**	(292)	14.9
Losses brought forward	**(11)**	**–**	(340)	16.9
Indexation allowance on properties or shares	**(930)**	**(3.8)**	224	(11.5)
Difference in current and deferred tax rates	**(419)**	**(1.7)**	–	–
Prior year corporation tax over provision	**54**	**0.2**	(188)	9.7
Tax charge/(credit)	**3,490**		(995)	

12. Loss or profit attributable to members of the parent undertaking

	2017 £'000	2016 £'000
Dealt with in the accounts of:		
– the parent undertaking	**(3,249)**	(10,374)
– subsidiary undertakings	**24,491**	9,421
	21,242	(953)

Reconciliation of parent company profit and loss

	2017 £'000	2016 £'000
Profit/(loss) of parent company before intercompany adjustments	**7,149**	(2,670)
Intercompany dividends (removed on consolidation)	**(10,398)**	(7,704)
Loss attributable to members of the Parent undertaking	**(3,249)**	(10,374)

13. Dividends

Amounts recognised as distributions to equity holders in the period:

	2017 **£'000**	2016 £'000
Special dividend for the year ended 31 December 2015 of 10p per share	**–**	1,776
Final dividend for the year ended 31 December 2016 of 9p per share (2015: 3p per share)	**1,227**	532
Interim dividend for the year ended 31 December 2017 of 5p per share (2016: 3p per share)	**884**	532
	2,111	2,840

The Directors recommend a payment of a final dividend, for the year ended 31 December 2017 of 7p per share (2016 – 9p), following the interim dividend paid on 29 November 2017 of 5p per share. The final dividend of 7p per share will be payable on 5 September 2018 to shareholders on the register at the close of business on 3 August 2018 (Ex dividend on 2 August 2018).

Also announced in mid-April 2018, we are paying a special interim dividend of 10p per share payable on 18 May 2018 to shareholders on the register at the close of business on 27 April 2018 (Ex dividend on 26 April 2018). This special dividend is in relation to year ending 31 December 2017.

The full ordinary dividend for the year ended 31 December 2017 is anticipated to be 22p per share, being the 5p interim per share paid, the 10p special dividend per share and the recommended final dividend of 7p per share.

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

The calculation of profit per ordinary share is based on the profit, after excluding non-controlling interests, being a profit of £21,301,000 (2016 – a loss of £970,000) and on 17,715,199 ordinary shares being the weighted average number of ordinary shares in issue during the year (2016 – 17,746,929). There are no potential ordinary shares in existence. The Company holds 63,460 (2016: nil) ordinary shares in treasury.

15. Plant and equipment

	Fixtures and Equipment £'000	Motor Vehicles £'000	Total £'000
Cost			
At 1 January 2016	887	8	895
Additions	8	—	8
At 1 January 2017	895	8	903
Additions	10	—	10
Disposal of MRG	(215)	—	(215)
Disposals	(526)	—	(526)
At 31 December 2017	164	8	172
Accumulated depreciation			
At 1 January 2016	742	8	750
Depreciation charge for the year	90	—	90
At 1 January 2017	832	8	840
Depreciation charge for the year	9	—	9
Disposal of MRG	(205)	—	(205)
Disposals	(526)	—	(526)
At 31 December 2017	110	8	118
Carrying amount			
At 31 December 2017	54	—	54
At 31 December 2016	63	—	63
At 1 January 2016	145	—	145

16. Investment properties

	Investment Properties £'000
Fair value	
At 1 January 2016	176,133
Additions	539
Acquisition of subsidiary	4,462
Disposals	(5,335)
Transferred from stock properties	255
Fair value adjustment on property held on operating leases	117
Revaluation increase	318
At 1 January 2017	176,489
Additions	8,870
Disposals	(1,320)
Transferred from stock properties	164
Fair value adjustment on property held on operating leases	846
Revaluation increase	16,776
At 31 December 2017	201,825
Carrying amount	
At 31 December 2017	201,825
At 31 December 2016	176,489

At 31 December 2017, £154,747,000 (2016 – £136,433,000) and £47,078,000 (2016 – £40,056,000) included within investment properties relates to freehold and leasehold properties respectively.

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

	2017 £'000	2016 £'000
Cost of investment properties	**129,725**	121,908

The Group has pledged £180,460,000 (ignoring finance lease obligations) of investment property (2016 – £168,219,000) as security for the loan facilities granted to the Group at the Statement of Financial Position date.

Costs relating to ongoing and potential developments are included in additions to investment properties and in the year ended 31 December 2017 amounted to £nil (2016 – £nil).

The property rental income earned by the Group from its investment property, all of which is leased out under operating leases, amounted to £12,818,000 (2016 – £12,762,000).

Property valuations are complex, require a degree of judgement and are based on data some of which is publicly available and some that is not. Consistent with EPRA guidance, we have classified the valuations of our property portfolio as level 3 as defined by IFRS 13 Fair Value Measurement. Level 3 means that the valuation model cannot rely on inputs that are directly available from an active market; however there are related inputs from auction results that can be used as a basis. These inputs are analysed by segment in relation to the property portfolio. All other factors remaining constant, an increase in rental income would increase valuation, whilst an increase in equivalent nominal yield would result in a fall in value and vice versa.

In establishing fair value the most significant unobservable input is considered to be the appropriate yield to apply to the rental income. This is based on a number of factors including financial covenant strength of the tenant, location, marketability of the unit if it were to become vacant, quality of property and potential alternative uses.

Yields applied across the majority of the portfolio are in the range of 6.5% – 11.0% with the average yield being 8.0%. Assuming all else stayed the same; a decrease of 1.0% in the average yield would result in an increase in fair value of £23,118,000 (2016: £22,789,000). An increase of 1.0% in the average yield would result in a corresponding decrease in fair value.

The property valuations were carried out independently by GL Hearn at 31 December 2017 (by the directors at 31 December 2016). The valuation methodology applied by GL Hearn is in accordance with The RICS Valuation Global Standards (effective from July 2017), which is consistent with the required IFRS 13 methodology. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For some properties, valuation was based on an end development rather than investment income in order to achieve highest and best use value. To get the valuation in this instance the end development is discounted by profit for a developer and cost to build to get to the base estimated market value of investment.

The amount of unrealised gains or losses on investment properties is charged to the Income Statement as the movement in fair value of investment properties, for 2017 this was a fair value gain of £16,776,000 (2016 – fair value gain of £318,000). The amount of realised gains or losses is shown as the profit/(loss) on disposal of investment properties within the income statement, for 2017 there was a realised gain of £1,071,000 (2016 – £458,000).

17. Subsidiaries

Details of the Company's subsidiaries at 31 December 2017 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	Property	100	100
Panther Shop Investments Limited	Great Britain	Property	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
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	Dormant	100	100
London Property Company PLC	Great Britain	Dormant	100	100
Eurocity Properties PLC	Great Britain	Property	100	100
Eurocity Properties (Central) Limited (**)	Great Britain	Property	100	100
CJV Properties Limited (**)	Great Britain	Property	100	100
Panther AL Limited	Great Britain	Property	100	100
Panther AL (VAT) Limited	Great Britain	Property	100	100
Melodybright Limited	Great Britain	Property	100	100
Panther Hinckley (VAT) Limited	Great Britain	Property	100	100
Abbey Mills Properties Limited	Great Britain	Property	100	100
Lord Street Properties (Southport) Limited	Great Britain	Property	99.99	99.99

* – 100% subsidiary of Surrey Motors Limited
** – 100% subsidiaries of Eurocity Properties PLC

All companies have a 31 December year end and have been included in the consolidated financial statements.

The registered office of all the above companies is Unicorn House, Station Close, Potters Bar, Herts., EN6 1TL.

18. Disposal of a subsidiary

In the year the Group entered into a sale agreement to dispose of MRG, which carried out all of this group's trading operations. The disposal was effected in order to generate cash flow for the Group's other businesses. The disposal was completed on 21 December 2017, on which date, control of MRG passed to the acquirer.

The results of the discontinued operations which have been included in the consolidated statement, were as follows:

	Period ended 21 December 2017 £'000	Year ended 31 December 2016 £'000
Revenue	**1,407**	1,701
Expenses	**(1,434)**	(1,634)
(Loss)/profit before tax	**(27)**	67
(Loss) on disposal of discontinued operations	**(32)**	—
(Loss)/profit for the year on discontinued operations	**(59)**	67
Attributable to:		
Equity holders of the parent	**(52)**	50
Non-controlling interest	**(7)**	17
	(59)	67

A loss of £32,000 arose on disposal of MRG, being the difference between the proceeds of disposal and the carrying amount of the subsidiary's net assets.

The net assets of MRG at the date of disposal were as follows:

	21 December 2017 £'000
Property, plant and equipment	10
Inventories	121
Trade and other receivables	203
Cash and cash equivalents	127
Trade and other payables	(208)
Minority interest	(89)
Loss on disposal	(32)
Total consideration	132
Satisfied by:	
Cash and cash equivalents	115
Shares retained	17
	132
Net cash flow arising on disposal:	
Consideration received in cash and cash equivalents	115
Less: cash and cash equivalents disposed of	(127)
Net cash lost on disposal	(12)

19. Available for sale investments (shares)

	Non-current assets £'000
Cost or valuation	
At 1 January 2016	736
Reversal of impairment on revaluation through reserves	87
Additions	85
At 1 January 2017	908
Movement in fair value taken to equity	279
Disposals	(1,187)
Reclassifying balance of MRG as investment	17
At 31 December 2017	17
Comprising at 31 December 2017:	
At cost	17
At valuation/net realisable value	—
Carrying amount	
At 31 December 2017	17
At 31 December 2016	908

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 13. The fair value of available for sale investments in unquoted equity securities, which are not publically traded, cannot be reliably measured and have therefore been shown at cost. The valuation of the available for sale investments is sensitive to stock exchange conditions.

Price risk

For the year ended 31 December 2017 if the average share price of the portfolio was 10% lower, then the gain recognised in Other Comprehensive Income would have been £nil lower (2016: £28,000 lower). Corresponding gains would be seen for a 10% uplift.

20. Stock properties

	2017 £'000	2016 £'000
Stock properties	**448**	736

The cost of stock properties recognised as expense and included in cost of sales amounted to £124,000 (2016 – £nil). Impairments of £nil have been recognised against stock properties (2016 – £nil).

The market value of stock properties is £1,255,000 (2016 – £1,435,000).

£1,155,000 (2016: £1,335,000) of stock properties at market value have been provided as security for the bank loan from HSBC and Santander referred to in note 26.

The market value shown as at 31 December 2017 was valued independently by GL Hearn (31 December 2016 was undertaken by the Directors). The stock properties are held at the lower of cost and market value and as such any uplift is not recognised in the financial statements.

21. Capital commitments

	2017 **£'000**	2016 £'000
Capital expenditure that has been contracted for but has not been provided for in the accounts	**137**	100

The above relates to building works.

22. Trade and other receivables

	2017 **£'000**	2016 £'000
Trade receivables	**4,126**	4,456
Bad debt provision	**(1,569)**	(1,538)
	2,557	2,918
Other receivables	**161**	100
Prepayments	**409**	310
Accrued income	**550**	692
	3,677	4,020

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 amortised cost is £9,209,000 (2016 – £8,597,000) (which relates to £3,268,000 (2016 – £3,710,000) included in the above (less prepayments) 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 of. Other receivables and accrued income are shown net of provisions.

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

	Trade receivables £'000	Accrued income £'000	Other receivables £'000	Cash and cash equivalents £'000	Total bad debt provisions £'000
Balance at 1 January 2016	985	—	—	58	1,043
Amount written off as uncollectable	(264)	—	—	—	(264)
Charge/(credit) to income statement	817	571	—	(6)	1,382
Balance at 1 January 2017	1,538	571	—	52	2,161
Amounts written off as uncollectable	(260)	—	—	—	(260)
Charge/(credit) to income statement	291	—	250	(4)	537
Balances at 31 December 2017	**1,569**	**571**	**250**	**48**	**2,438**

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 Statement of Financial Position date had received 85.5p in the pound from an original balance of £332,000.

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 financial assets are cash and cash equivalents and trade and other receivables.

The credit risk on liquid funds is mitigated by the use of bank counterparties with high credit-ratings assigned by international credit-rating agencies. Kaupthing Singer and Friedlander went into administration and all of its balances are provided against (see note 22). Further information on the Group's credit risk is detailed within the Group Strategic Report.

24. Share capital

	2017 **£'000**	2016 £'000
Allotted, called up and fully paid		
17,746,929 (2016 – 17,746,929) ordinary shares of £0.25 each	**4,437**	4,437

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

During 2017 no ordinary shares were issued in the period (2016 – no ordinary shares were issued as a consequence of the scrip dividend). 63,460 (2016 – nil) ordinary shares are held in treasury.

25. Capital reserves

	2017 **£'000**	2016 £'000
Share premium account		
At 31 December	**5,491**	5,491
Treasury shares		
At 31 December	**(213)**	—
Capital redemption reserve		
At 31 December	**604**	604

26. Bank loans

	2017 **£'000**	2016 £'000
Bank loans due within one year	**159**	150
(within current liabilities)		
Bank loans due within more than one year	**74,270**	69,769
(within non-current liabilities)		
Total bank loans	**74,429**	69,919

Analysis of debt maturity	**2017** **£'000** **Interest***	**2017** **£'000** **Capital**	**2017** **£'000** **Total**	2016 £'000 Total
Trade and other payables**:	**—**	**6,702**	**6,702**	6,858
Bank loans repayable				
On demand or within one year	**1,892**	**160**	**2,052**	1,771
In the second year	**1,878**	**1,161**	**3,039**	1,771
In the third year to the fifth year	**2,323**	**73,596**	**75,919**	74,030
After five years	**—**	**—**	**—**	—
	6,093	**81,619**	**87,712**	84,430

* based on the year end 3 month LIBOR floating rate – 0.58%, and bank rate of 0.50%

** Trade creditors, other creditors and accruals

On 19 April 2016 the Group renewed its £75,000,000 loan facility by entering into a new 5 year term loan with HSBC and Santander. The Group has the option to draw down an additional £10,000,000 under the same agreement subject to the banks credit approval process.

A Natwest bank loan of £417,000 at the year end is repayable over its life to September 2022 (but is likely to be repaid sooner due to repayments not being adjusted to take account of lower than anticipated interest rates).

Bank loans are secured by fixed and floating charges over the assets of the Group.

The estimate of interest payable is based on current interest rates and as such, is subject to change.

The Directors estimate the fair value of the Group's borrowings, by discounting their future cash flows at the market rate (in relation to the prevailing market rate for a debt instrument with similar terms). The fair value of bank loans is not considered to be materially different to the book value. Bank loans are financial liabilities.

27. Deferred taxation

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

	Total £'000
Liability at 1 January 2016	(100)
Debit to equity for the year	(15)
Credit to profit and loss for the year	1,255
Asset at 1 January 2017	1,140
Debit to equity for the year	(2)
Debit to profit and loss for the year	(2,321)
Liability at 31 December 2017	**(1,183)**

27. Deferred taxation *continued*

Deferred taxation arises in relation to:

Deferred tax

	2017 £'000	2016 £'000
Deferred tax liabilities:		
Investment properties	**(5,963)**	(3,958)
Deferred tax assets:		
Tax allowances in excess of book value	**292**	293
Available for sale investments (shares)	**–**	2
Derivative financial liability	**4,488**	4,803
Net deferred tax asset/(liability)	**(1,183)**	1,140

As at 31 December 2017 the substantively enacted rate was 17% (2016: 17%) and this has been used for the deferred tax calculation.

28. Trade and other payables

	2017 £'000	2016 £'000
Trade creditors	**4,327**	4,641
Social security and other taxes	**887**	610
Other creditors	**969**	1,004
Obligations under finance leases (see note 31)	**577**	514
Accruals	**1,406**	1,212
Deferred income	**2,779**	2,740
	10,945	10,721

Trade creditors and accruals comprise amounts outstanding for trade purchases.

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 £90,149,000 (2016 – £84,670,000) (includes payables above and the long term and short term borrowings, excluding deferred income plus finance lease liabilities).

29. 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 Interest is charged as to:	**2017** **£'000**	**2017** **Rate**	2016 £'000	2016 Rate
Fixed/Hedged				
HSBC Bank plc*	**35,000**	**7.01%**	35,000	7.01%
HSBC Bank plc**	**25,000**	**6.58%**	25,000	6.58%
Unamortised loan				
arrangement fees	**(489)**		(654)	
Floating element				
HSBC Bank plc	**14,501**		9,997	
Natwest Bank plc	**417**		576	
	74,429		69,919	

Bank loans totalling £60,000,000 (2016 – £60,000,000) are fixed using interest rate swaps removing the Group's 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'	**2017 Fair value £'000**	2016 Fair value £'000
Derivative Financial Liability					
Interest rate swap	35,000	5.06%	20.69	**(22,831)**	(23,610)
Interest rate swap	25,000	4.63%	3.92	**(3,569)**	(4,640)
				(26,400)	(28,250)
Net fair value gain/(loss) on derivative financial assets				**1,850**	(5,338)

* Fixed rate came into effect on 1 September 2008. Rate includes 1.95% margin. The contract includes mutual breaks, the first potential one was 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 1.95% margin. This contract includes a mutual break on the fifth anniversary and its duration is until 1 December 2021.

29. Derivative financial instruments *continued*

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.

Analysis of debt maturity

Annual cash flows in respect of derivative financial instruments are approximately £2,726,000 per annum based on current LIBOR rates.

Interest rate risk

For the year ended 31 December 2017, 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, profit before tax for the year would have been approximately £127,000 lower (2016: £104,000 lower). This analysis excludes any affect this rate adjustment might have on expectations of future interest rates movements which is likely to affect the estimation of the fair value of the derivative financial 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 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. Please also see the Financial Risk management: Objectives, policies and processes for managing risk, of the Group Strategic Report.

30. Contingent liabilities

There were no contingent liabilities at the year end (2016; nil).

31. Operating lease arrangements and obligations under finance leases

The Group as lessee

The Group paid rent under non-cancellable operating leases in the year of £759,000 (2016 – £686,000).

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 153 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 payable in the year of £759,000 (2016: £686,000) and the minimum for the year of £574,000 (2016: £514,000) is related to the contingent element only payable out of rents receivable.

Minimum future payments under non-cancellable operating leases

(Lessee)	**2017 £'000**	2016 £'000
Payable within one year	**574**	514
Payable between one year and five years	**2,296**	2,056
Payable in more than five years	**44,483**	40,088
	47,353	42,658

Anticipated rental income derived under non-cancellable sub leases

(Lessor)	**2017**	2016
	£'000	£'000
Payable within one year	**3,618**	3,042
Payable between one year and five years	**14,471**	12,168
Payable in more than five years	**274,884**	228,406
	292,973	243,616

Obligations under finance leases

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.

	2017	2016
	£'000	£'000
Obligations under finance leases due within one year		
(included within current liabilities)	**577**	514
Obligations under finance leases due within one to five years	**2,308**	2,056
Obligations under finance leases due in more than five years	**5,244**	4,713
(included within non-current liabilities)	**7,552**	6,769
Total obligations under finance leases	**8,129**	7,283

The Group as a lessor

The Group rents out its investment properties under operating leases. Revenue represents the Groups rental income for the year.

Contracted rental income derived under non-cancellable operating leases on investment properties

	2017	2016
	£'000	£'000
Payable within one year	**11,692**	10,839
Payable between one year and five years	**37,041**	34,591
Payable in more than five years	**83,122**	47,494
	131,855	92,924

32. Reconciliation of liabilities from financing activities

	1 January 2017 £'000	Cash flow £'000	Non-cash movements New Leases £'000	Other non-cash movements £'000	31 December 2017 £'000
Derivative financial instruments	**(28,250)**	—	—	1,850	**(26,400)**
Finance leases (current)	**(514)**	528	(60)	(531)	**(577)**
Finance leases (non-current)	**(6,769)**	—	(743)	(40)	**(7,552)**
Borrowings (current)	**(150)**	158	—	(167)	**(159)**
Borrowings (non-current)	**(69,769)**	(4,503)	—	2	**(74,270)**
	(105,452)	**(3,817)**	**(803)**	**1,114**	**(108,958)**

33. Events after the reporting date

In January 2018 the Group sold Marine Terrace, Margate for £450,000, which had a recently independently valued book value of £250,000 at the year end.

The Group placed three properties in an auction in February 2018, 1) MRG's office, The Mill, Stonehouse, 2) 19 Queen Street, Ramsgate, and 3) High Street, Dudley, as separate lots for a combined value of £1,323,000, which have exchanged and completed in April 2018. These had a combined book value, following the recent valuation, at the year-end of £1,115,000.

In March 2018 the Group exchanged on a private treaty disposal of our vacant shop and office complex in Stockport for £900,000, which was independently valued at the year-end to £435,000.

In March 2018, the purchaser of our Holloway Head property, in Birmingham, approached us to further extend their completion date, by agreeing a further £40,000 per week, of which they paid £80,000 up front in March 2018 with the additional extra to be collected at exchange. This has been delayed again and we hope that it will now complete at the end of July 2018. Due to the uncertainty, and as the completion has been delayed three times, and our contract is with a company with no real financial strength, set up especially to buy the property, we have not included the disposal within our figures.

In April 2018 the Group exchanged on a private treaty disposal of our freehold of St Nicholas House, Sutton, jointly with our tenants who have a long-leasehold interest, for £12,750,000. Our share of the proceeds is £7,837,500 before costs. Our book cost, which was independently valued at the year-end to £5,540,000, but of course does not take account of the marriage value which is achieved by selling with our tenant's interest.

34. 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 Group's key management personnel is shown in note 8 to the financial statements and Directors' emoluments are shown in note 8 and the Directors' Report.

Included within the financial statements is £840,000 (2016: £761,000) of rental income in respect of JE Beale PLC, a company which has some common directors to the Group. Within the Consolidated Statement of Financial Position £573,000 (2016: £684,000) is outstanding and included within trade receivables. We have made a bad debt provision on this debtor and therefore the net balance showing as receivable at the year-end is £191,000 (2016: 233,000). These balances include a new lease entered into by the Group to JE Beale PLC, on Perth, following its acquisition in the year. The lease had a 5 year term and a rental of £80,000 per annum.

In July 2017, the Group purchased 63,460 shares which J. T. Doyle, who resigned as a director from the Group in June 2017, sold through the market. The purchase price paid was £213,000 or £3.35 per share, which will be slightly more than he would have received due to fees and market maker spread.

At 31 December 2017 included within creditors was, £29,000 (2016: £nil) payable to the estate of late F Perloff, £7,000 (2016: £101,000) payable to H Perloff, both close family members of a director.

At 31 December 2017 included within creditors was, £56,000 (2016: £76,000) owed to Maland Pension Fund a company sponsored pension scheme (for a director). This is a trading relationship as the balance owed was in relation to a jointly managed property were the interests were split and have been for many years. No contributions have been made by the company for over a decade and there are no plans to make any further contributions.

In December 2017, MRG Systems Ltd was disposed of by the Group. This disposal is a related party transaction under AIM Rules, as some of the shares were purchased by Directors in MRG which is part of the Group. Please see note 18 for further details.

During the year dividends of £304,000 (2016: £794,000) were paid to directors of the Group.

35. Approval of financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 24 April 2018.

Parent Company Independent Auditor's Report

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

Opinion

We have audited the financial statements of Panther Securities PLC (the 'Parent Company') for the year ended 31 December 2017 which comprise the Parent Company Statement of Financial Position, the Parent Company Statement of Changes in Equity and the Notes to the Parent Company Accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Parent 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 Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion, the Parent Company financial statements:

- give a true and fair view of the state of the Parent Company's affairs as at 31 December 2017;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Parent Company financial statements section of our report. We are independent of the Parent Company in accordance with the ethical requirements that are relevant to our audit of the Parent Company financial statements in the UK, including the FRC's Ethical Standard as applied to SME listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the Parent Company financial statements is not appropriate; or
- the directors have not disclosed in the Parent Company financial statements any identified material uncertainties that may cast significant doubt about the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the Parent Company financial statements are authorised for issue.

Other information

The other information comprises the information included in the Annual Report and Financial Statements, other than the Group and Parent Company financial statements and our auditor's reports thereon. The directors are responsible for the other information. Our opinion on the Parent Company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Parent Company financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Parent Company financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Parent Company financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the Parent Company financial statements are prepared is consistent with the Parent Company financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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 financial statements 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.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 19, the directors are responsible for the preparation of the Parent Company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of Parent Company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Parent Company financial statements, the directors are responsible for assessing the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Parent Company financial statements

Our objectives are to obtain reasonable assurance about whether the Parent Company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Parent Company financial statements.

A further description of our responsibilities for the audit of the parent company financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matter

We have reported separately on the Group financial statements of Panther Securities PLC for the year ended 31 December 2017. That report includes the key audit matters and other audit planning and scoping matters that relate to the Parent Company.

Jacqueline Oakes
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

25 Moorgate
London
EC2R 6AY

24 April 2018

Parent Company Statement of Financial Position

Company number 00293147

As at 31 December 2017

	Notes	£'000	2017 £'000	£'000	2016 £'000
Fixed assets					
Investments	38		**24,365**		25,342
Current assets					
Debtors	39	**105,707**		97,762	
Cash at bank and in hand		**5,427**		3,942	
		111,134		101,704	
Creditors: amounts falling due within one year	40	**(10,807)**		(10,005)	
Net current assets			**100,327**		91,699
Total assets less current liabilities			**124,692**		117,041
Creditors: amounts falling due after more than one year	41		**(74,011)**		(69,343)
Derivative financial liability	29		**(26,400)**		(28,250)
Net assets			**24,281**		19,448
Capital and reserves					
Called up share capital	43		**4,437**		4,437
Share premium account			**5,491**		5,491
Treasury shares			**(213)**		—
Capital redemption reserve			**604**		604
Profit and loss account			**13,962**		8,916
Shareholders' funds			**24,281**		19,448

As permitted under Section 408 of the Companies Act 2006, no Income Statement or Statement of Comprehensive Income is presented for the parent company.

The Parent Company made a profit of £7,149,000 (2016: loss of £2,670,000).

The accounts were approved by the Board of Directors and authorised for issue on 24 April 2018. They were signed on its behalf by:

A.S. Perloff
Chairman

Parent Company Statement of Changes in Equity

For the year ended 31 December 2017

	Share capital £'000	Share premium £'000	Treasury shares £'000	Capital redemption £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2016	4,437	5,491	—	604	14,354	24,886
Loss for the year	—	—	—	—	(2,670)	(2,670)
Movement in fair value of available for sale investments (shares) taken to equity	—	—	—	—	87	87
Deferred tax relating to movement in fair value of available for sale investments (shares) taken to equity	—	—	—	—	(15)	(15)
Dividends	—	—	—	—	(2,840)	(2,840)
Balance at 1 January 2017	4,437	5,491	—	604	8,916	19,448
Profit for the year	—	—	—	—	7,149	7,149
Treasury shares purchased	—	—	(213)	—	—	(213)
Movement in fair value of available for sale investments (shares) taken to equity	—	—	—	—	279	279
Realised fair value on disposal of available for sale investments (shares) previously taken to equity	—	—	—	—	(269)	(269)
Deferred tax relating to movement in fair value of available for sale investments (shares) taken to equity	—	—	—	—	(53)	(53)
Realised tax relating to disposal of available for sale investments (shares) previously taken to equity	—	—	—	—	51	51
Dividends	—	—	—	—	(2,111)	(2,111)
Balance at 31 December 2017	**4,437**	**5,491**	**(213)**	**604**	**13,962**	**24,281**

36. Accounting policies for the Parent Company

The Parent Company financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

Basis of preparation of financial statements

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the exemption from providing certain comparative information;
- the exemption from preparing a statement of cash flows;
- the exemption from declaring compliance with IFRS;
- the exemption from disclosing aspects of capital risk management;
- the exemption from providing a reconciliation on the number of shares outstanding;
- the exemption from disclosing information about IFRS in issue but not yet adopted;
- the exemption from disclosing key management personnel compensation; and
- the exemption from disclosing transactions between wholly owned group members.

In relation to the following exemptions equivalent disclosures have been given in the consolidated financial statements:

- the exemption from certain financial instrument disclosures; and
- the exemption from certain fair value disclosures.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Judgements and key sources of estimation uncertainty of the Group, applicable to the consolidated financial statements have been disclosed in note 3 to the consolidated financial statements. There are no additional judgements and key sources of estimation uncertainty that are applicable to the Parent Company only.

Significant accounting policies

The accounting policies of the Parent Company are identical to those adopted in the Consolidated Financial Statements of the Group, where applicable, with the exception of revenue recognition and the addition of investments.

Revenue recognition

Turnover comprises dividend income from investments recognised when the Company's rights to receive payment have been established.

Investments

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

37. Staff costs

	2017 £'000	2016 £'000
Staff costs, including Directors' remuneration, were as follows:		
Wages and salaries	**777**	705
Social security costs	**79**	72
Pension contributions	**31**	25
	887	802

The average monthly number of employees, including Directors, during the year was as follows:	2017 Number	2016 Number
Directors	**5**	6
Other employees	**16**	15
	21	21

38. Fixed asset investments

	Shares in Group undertakings £'000	Other investments £'000	Total £'000
Cost or valuation			
At 1 January 2017	24,434	908	25,342
Movement in fair value of available for sale investments (shares) taken to equity	—	279	279
Reclassifying balance of MRG	(17)	17	—
Disposal	(69)	(1,187)	(1,256)
At 31 December 2017	**24,348**	**17**	**24,365**
Investments:			
Unlisted	**24,348**	**17**	**24,365**

The above investments are shown at market value where there is an active market for these shares. The historic cost of listed investments is £nil (2016: £291,000).

For details of the Company's subsidiaries at 31 December 2017, see note 17.

39. Debtors

	2017 £'000	2016 £'000
Due less than one year:		
Trade debtors	**216**	106
Corporation tax	**862**	182
Amounts owed by Group undertakings	**100,108**	92,647
Other debtors	**9**	—
Prepayments and accrued income	**24**	22
Due more than one year:		
Deferred tax (note 42)	**4,488**	4,805
	105,707	97,762

40. Creditors: Amounts falling due within one year

	2017 £'000	2016 £'000
Trade creditors	**117**	197
Amounts owed to Group undertakings	**9,706**	8,816
Social security and other taxes	**49**	52
Other creditors	**157**	167
Accruals and deferred income	**778**	773
	10,807	10,005

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

	2017 £'000	2016 £'000
Bank loans	**74,011**	69,343

The bank loan is secured by first fixed charges on the properties held within the Group and floating charge over all the assets of the Company. The lenders have also taken fixed security over the shares held in the Group undertakings.

42. Deferred taxation

The following potential deferred taxation asset is recognised:

	2017 £'000	2016 £'000
Potential capital losses	**—**	2
Fair value of financial instruments	**4,488**	4,803
	4,488	4,805

43. Called up share capital

	2017 £'000	2016 £'000
Authorised		
30,000,000 ordinary shares of £0.25 each	**7,500**	7,500
Allotted, called up and fully paid		
17,746,929 (2016: 17,746,929) ordinary shares of £0.25 each	**4,437**	4,437

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

During 2017, no ordinary shares were issued in the period (2016: none). 63,460 (2016 – nil) ordinary shares of £0.25 each were purchased via the market from a retiring director for £213,000 and are held in treasury, representing 0.4% of the Company's issued share capital.

44. Other commitments

At 31 December 2017 the Company had total commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2017 £'000	2016 £'000
Expiry date:		
Less than one year	**–**	11

45. Related party transactions

At 31 December 2017 included within creditors was, £29,000 (2016: £nil) payable to the estate of the late F Perloff, £7,000 (2016: £101,000) payable to H Perloff, both close family members of a director.

At 31 December 2017 included within creditors was, £56,000 (2016: £76,000) owed to Maland Pension Fund a company sponsored pension scheme (for a director). This is a trading relationship as the balance owed was in relation to a jointly managed property were the interests were split and have been for many years. No contributions have been made by the company to the pension scheme for over a decade and there are no plans to make any further contributions.

In July 2017, the Company purchased 63,460 shares which J. T. Doyle, who resigned as a director from the Company in June 2017, sold through the market. The purchase price paid was £213,000 or £3.35 per share, which will be slightly more than he would have received due to fees and market maker spread.

In December 2017, MRG Systems Ltd was disposed of by the Group. This disposal is a related party transaction under AIM Rules, as some of the shares were purchased by Directors in MRG which is part of the Group. Please see note 18 for further details.

During the year dividends of £304,000 (2016: £794,000) were paid to directors of the Company.

46. Risk management

For information on the Company's risk management please refer to note 29 of the Group accounts.

47. Events after the reporting period date

There were no material events after the reporting date.

48. Authorisation of financial statements and statement of compliance with FRS101

The financial statements of Panther Securities PLC (the "Company") for the year ended 31 December 2017 were authorised for issue by the Board of Directors on 24 April 2018 and the Statement of Financial Position was signed on the board's behalf by A S Perloff. Panther Securities PLC is incorporated and domiciled in England and Wales. These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest (£000's) except when otherwise indicated.

The results of Panther Securities PLC are included within the consolidated financial statements of Panther Securities PLC. The principal accounting policies adopted by the Company are set out in note 36.

Notice of Annual General Meeting

Notice is hereby given that the 83rd Annual General Meeting of Panther Securities P.L.C. will be held at Nexia Smith and Williamson, 25 Moorgate, London EC2R 6AY on 22 June 2018 at 11.30 a.m. for the following purposes:-

As Ordinary Business

1. To receive and adopt the Group Strategic Report, Directors' Report and Financial Statements for the year ended 31 December 2017 contained in the document entitled "Annual Report and Financial Statements 2016".

2. To authorise the payment of a final dividend of 7.0p per ordinary share.

3. To re-elect A. S. Perloff who is retiring by rotation, as a Director.

4. To re-elect J. H. Perloff who is retiring by rotation, as a Director.

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

As Special Business

To consider, and, if thought fit, pass the following resolutions of which resolutions 6, 8 and 9 will be proposed as ordinary resolutions and resolution 7 as a special resolution.

6. 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):

   6.1 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 earlier of 15 months from the date of passing of this resolution and the conclusion of the Annual General Meeting of the Company to be held in 2018 (unless previously revoked or varied by the Company in general meeting) except that the Company may before such expiry make any offer or agreement which could or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities pursuant to any such offer or agreement as if such authority had not expired; and

   6.2 this resolution revokes and replaces all unexercised authorities previously granted to the directors pursuant to section 551 of the Companies Act 2006 but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to made pursuant to such authorities.

7. That, subject to the passing of resolution 6, set out in the Notice convening this Meeting, the Directors are empowered in accordance with section 571 of the Companies Act 2006 to allot equity securities (as defined in section 560 of the 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 and/or to sell equity securities held as treasury shares for cash pursuant to section 727 of the Companies Act 2006, in each case as if section 561 (1) of the Companies Act 2006 did not apply to any such allotment or sale, provided that the power conferred by this resolution shall be limited to:

   7.1 the allotment of equity securities in connection with an issue or offering in favour of or sale to 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;

7.2 the allotment or sale (otherwise than pursuant to paragraph 7.1 above) of equity securities up to an aggregate nominal value not exceeding £221,043; and

7.3 the power granted by this resolution, unless renewed, shall expire at the earlier of 15 months from the date of passing of this resolution and the conclusion of the Annual General Meeting of the Company to be held in 2018 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.

8. 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 the Company be and is hereby authorised to purchase its own shares by way of market purchase upon and subject to the following conditions:-

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

8.2 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

8.3 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.

The directors believe that the proposals in resolutions 1-8 are in the best interests of shareholders as a whole and they unanimously recommend that you vote in favour of the resolutions.

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

Registered Office
Unicorn House
Station Close
Potters Bar
Hertfordshire EN6 1TL

24 April 2018

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 shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder.
3. A proxy form is enclosed. To appoint a proxy, shareholders must complete:
   - a form of proxy and return it together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such authority, to Link Asset Services, PXS, 34 Beckenham Road, Beckenham, BR3 4TU ; or
   - a CREST Proxy Instruction (as set out in paragraph 5 below);

   in each case so that it is received not later than 48 hours before the meeting. To appoint more than one proxy, you will need to complete a separate proxy form in relation to each appointment.

   Please read the notes on the proxy form. The return of a completed proxy form, will not prevent a shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so.
4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) of the meeting by using the procedures described in the CREST Manual (available via www.euroclear.com/CREST). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
5. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent RA10, by the latest time for receipt of proxy appointments set out in paragraph 2 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
6. CREST members and, where applicable, their CREST sponsors or voting service providers, should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed any voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
8. Any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the

shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1, 2 and 3 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.

9. 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.

10. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, the Company gives notice that only those shareholders included in the register of members of the Company at the close of business on 20 June 2018 or, if the meeting is adjourned, in the register of members at close of business. on the day which is two days before the day of any adjourned meeting, will be entitled to attend and to vote at the Annual General Meeting in respect of the number of shares registered in their names at that time. Changes to entries on the share register at close of business on 20 June 2018, or, if the meeting is adjourned, in the register of members at close of business. on the day which is two days before the day of any adjourned meeting, will be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting.

11. As at 9.00 a.m. on 24 April 2018, the Company's issued share capital comprised 17,683,469 ordinary shares of 25 pence each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 9.00 a.m. on 24 April 2018 is 17,683,469.

12. Under section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

13. Any member attending the meeting has the right to ask questions. The Company must answer any such question relating to the business being dealt with at the meeting but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

14. If you have sold or otherwise transferred all your ordinary shares in the Company, please forward this annual report and accounts to the purchaser or transferee or to the stockbroker, bank or other person through whom the sale or transfer was effected for transmission to the purchaser or transferee.

15. No Director is employed under a contract of service.

16. You may not use any electronic address provided in this Notice, or any related documents including the proxy form, to communicate with the Company for any purposes other than those expressly stated.

17. A copy of this Notice, and other information required by section 311A of the Companies Act 2006, can be found at www.pantherplc.com

Explanatory Notes to the Notice of Annual General Meeting

The following notes provide an explanation as to why certain resolutions set out in the notice of the Annual General Meeting of the Company to be held on 22 June 2018 are to be put to shareholders.

All resolutions save for Resolution 8 are ordinary resolutions and will be passed if more than 50% of the votes cast for or against are in favour. Resolution 8 is a special resolution and requires 75% of the votes cast.

Resolution 1 – Laying of accounts and adoption of reports

The directors are required by the Companies Act 2006 to present to the shareholders of the Company at a general meeting the reports of the directors and auditors, and the audited accounts of the Company, for the year ended 31 December 2017. The report of the directors and the audited accounts have been approved by the directors, and the report of the auditors has been approved by the auditors. A copy of each of these documents may be found in the document entitled “Annual Report and Financial Statements 2017”.

Resolutions 3 and 4 – Re-election of directors

In accordance with the Articles of Association of the Company Andrew Perloff and John Perloff will stand for re-election as directors of the Company. Biographical information for the directors and details of why the Board believes that they should be re-elected is shown in the Corporate Governance Report.

Resolution 5 – Auditors’ re-appointment and remuneration

The Companies Act 2006 requires that auditors be appointed at each general meeting at which accounts are laid, to hold office until the next such meeting. The resolution seeks shareholder approval for the re-appointment of Nexia Smith & Williamson and the giving to the directors the authority to determine the remuneration of the auditors for the audit work to be carried out by them in the next financial year. The amount of the remuneration paid to the auditors for the next financial year will be disclosed in the next audited accounts of the Company.

Resolution 6 – Authority to the directors to allot shares

The Companies Act 2006 provides that the directors may only allot shares if authorised by shareholders to do so. Resolution 6 will, if passed, authorise the directors to allot shares and to grant rights to subscribe for, or convert securities into, shares up to a maximum nominal amount of £2,400,000, which represents an amount which is approximately equal to 55% of the issued ordinary share capital of the Company as at 24 April 2018 the latest practicable date prior to the publication of the notice.

Resolution 7 – Dis-application of statutory pre-emption rights

The Companies Act 2006 requires that, if the Company issues new shares for cash or sells any treasury shares, it must first offer them to existing shareholders in proportion to their current holdings. It is proposed that the directors be authorised to issue shares for cash and/or sell shares from treasury up to an aggregate nominal amount of £241,043 (representing approximately 5% of the Company’s issued ordinary share capital as at 24 April 2018, the latest practicable date prior to the publication of the notice) without offering them to shareholders first in order to raise a limited amount of capital easily and quickly if needed. The resolution also modifies statutory pre-emption rights to deal with legal, regulatory or practical problems that may arise on a rights or other pre-emptive offer or issue. If resolution 5 is passed, this authority will expire at the same time as the authority to allot shares given pursuant to resolution 6.

Resolution 8 – Purchase of own shares by the Company

If passed, this resolution will grant the Company authority for a period of up to the end of the next annual general meeting to buy its own shares in the market. The resolution limits the number of shares that may be purchased to 5% of the Company’s issued share capital as at 24 April 2018, the latest practicable date prior to the publication of the notice. The price per ordinary share that the Company may pay is set at a minimum amount (excluding expenses) of 25 pence per ordinary share and a maximum amount (excluding expenses) of 5% over the average of the previous five business days’ middle market prices. The directors will only make purchases under this authority if they believe that to do so would result in increased earnings per share and would be in the interests of the shareholders generally.

Printed by Michael Searle & Son Limited

PANTHER
SECURITIES PLC

Panther Securities P.L.C.
Unicorn House
Station Close
Potters Bar
Hertfordshire EN6 1TL
www.pantherplc.com