PANTHER SECURITIES PLC

75th Anniversary since first stock exchange listing

Annual Report & Financial Statements 2008

The Year in Brief

	2008 £'000	2007 £'000
Revenue	**9,296**	9,516
Profit or (loss) before tax	**(10,870)**	9,089
Profit or (loss) attributable to members	**(7,218)**	7,509
Net assets of the Group	**65,846**	78,608
Earnings per 25p ordinary share	**(42.7)p**	44.3p
Dividend per ordinary share (based on those declared in the financial year)	**12p**	12p
Net assets attributable to ordinary shareholders per 25p ordinary share	**390p**	465p

Contents

Directors, Secretary and Advisers

Directors	* Andrew Stewart Perloff (Chairman and Chief Executive) † Bryan Richard Galan (Non-executive) † Peter Michael Kellner (Non-executive) John Terence Doyle (Executive) John Henry Perloff (Executive) Simon Jeffrey Peters (Finance)
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Company number	293147
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* Member of the Nomination Committee and Audit Committee
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Chairman's Statement

Results

I am unhappy that for the first time in over twenty-five years I cannot start my statement by expressing my pleasure or delight. Instead I must say that I am disappointed with the figures that I have to present to shareholders for the year ended 31 December 2008. However, the figures do not directly reflect the satisfactory position in which our Group finds itself or tell the entire story, one in which we have no noteworthy problems but have significant 'firepower' to take advantage of opportunities!

Under the International Financial Reporting Standards ("IFRS") there is a loss of £7.2 million (after a tax credit of £3.7 million) for the year ended 31 December 2008 compared to £7.4 million profit (after £1.6 million tax expense) for the previous year.

This sad turn of events is the consequence of changes in non-cash items such as the fall in value of our property investment portfolio and the very heavy cost should we wish or need to cancel out the 30 year interest rate swap arrangements which were entered into in July 2008 which is valued at our account year end with a negative value of £12 million which includes another derivative described later. This is cushioned by our deferred tax liability being proportionately reduced by a £5.7 million credit included in the tax expense for the year.

When we first produced figures under IFRS which brought substantial property revaluation increases into our income statement, I stated that it appeared inappropriate for property companies to present accounts in this way. It created erratic profit figures, compared with valuing capital items on the balance sheet and leaving the income statement to show a more realistic year by year comparison of underlying profits. Unfortunately once again erratic profits/losses are shown in our current accounts under IFRS rules.

However, HM Revenue & Customs has a different way of evaluating profits and we have provided approximately £2.3 million tax for the year ended 31 December 2008.

Rents receivable for the year ended 31 December 2008 were £7.1 million compared to £7.5 million the previous year, the reduction mainly being due to the sale of over £18 million worth of property in 2007 while only reinvesting about £9 million in property.

Disposals

In February 2008 we sold at auction the freehold investment at 245–249 Whitechapel Road, London, E1, for £2,655,000. This produced a profit of £1,253,000 over its book value which was an outstanding result. It had just been revalued by DTZ as at 31 December 2007. The property was producing £114,000 per annum at the time of the sale.

Elektron PLC vacated 59 & 61 Central Avenue, West Molesey in December after exercising their five year option to break. We were subsequently able to sell the freehold of No. 59, the smaller of the two properties, to an adjoining occupier for £1,219,000 which showed a small profit of £43,000 on book value. 29 Central Avenue is the largest of the three factories originally purchased and let to part of the Elektron Group and is still occupied by them under a lease which has five years yet to run at £250,000 per annum exclusive (increased from original rent of £188,000 following a recent review).

Purchases

84 High Street, Margate, Kent

In March 2008 we purchased this vacant freehold corner shop and upper part for £317,000. It was previously occupied by the Woolwich Building Society and adjoins an existing freehold investment. We hope it will soon be let and show a good return.

Ellworthy Park, Frome, Somerset

In July 2008 we purchased seven newly built Georgian-style freehold commercial units totalling around 13,000 sq ft of office space for approximately £1,050,000 from a national house builder. Three units are already occupied and when all units are let we anticipate a return of over 12%.

8 High Street, Broadstairs

This was a small property purchased in November 2008 for £212,000, which adjoins our existing properties 10/12 High Street. This improves the development potential of the site and in due course will hopefully give much added value.

9/10/11 East Street, Southampton

In November 2008 we purchased for £808,000 a 125 year head-leasehold interest in 9/10/11 East Street, Southampton, which comprises three shop units that are fully let and produces £85,000 per annum net. This property is situated in one of the busiest central shopping streets of this important town.

Swindon Market

In December 2008 we purchased the Ground Leasehold interest in Market Hall, Market Street, Swindon for £512,000. The premises comprise a former market building divided into 65 small retail style units, totalling about 14,000 sq ft. It was built in an ultra modern style in 1994 from when the 99 year lease commences, but sits on a site that was the historic market in the heart of Swindon's shopping area. It has potential for either recreating the market to show a high rental return or for a larger development.

Post-Balance Sheet Events

19 Queen Street, Ramsgate

We purchased this property for £105,000. Although it is smaller than we would normally consider, it was part of a package with four other vacant freehold former Woolwich branches which we had agreed to buy and have now sold on at a £200,000 profit, having let two units just prior to their sale. This small profit does show there is still an active market at the right price levels for buying, selling and letting.

Progress Report on Developments

21–27 Guildhall Street, Folkestone

During the year we spent approximately £328,000 on the completion of this development. Ten out of the twenty residential units are now occupied, but as we have been selective in our choice of tenants, full occupation has not been as quick as we had originally hoped. However, we predict that with the imminent arrival of the fast train service, commuting into London will be a real possibility from Folkestone and residential values will rise accordingly.

Top Cat Industrial Estate, Grimsby

The redevelopment of this 20,000 sq ft single storey factory into seven smaller industrial units has been successfully completed. Currently, three units are occupied and we anticipate it will produce around £100,000 per annum once fully let.

Old Inn House, High Street, Sutton

There is little demand for medium size office units of 4,500 sq ft in Sutton, despite an excellent location, air conditioning and parking, etc. Three out of our four floors had become vacant so we decided to speculatively convert the first floor into six units of varying sizes. We have found that local agents are not always the best way to let small units so, without permission, we erected a giant banner 'Small Units to Let' on the most prominent part of the building. Consequently, this floor is almost fully let.

We then did the same to the second floor, which is now fully let and by now we could have probably let the whole building, had it not been for the Local Authority who served an Enforcement Notice threatening us with prison unless we removed the banner. We lost our appeal against this but fortunately none of us were incarcerated. The Planning Officer subsequently discussed our problem and informed us verbally what size banner would be acceptable. We reapplied for planning and in due course planning permission was refused under delegated powers. Since curtailing our best form of advertising, lettings of the small units have slowed down considerably. To make up for this vindictively incompetent behaviour, Central Government further punished us by abolishing vacant rate relief. Most annoying, however, was the fact that when driving around Sutton shortly after this incident I noted that there were so many advertising banners of all sizes hanging from lampposts and many large buildings it looked like Coronation Day.

Brackla Shopping Centre Extension, Bridgend, Glamorgan

This £500,000 development of five extra units is proceeding well and letting terms have been agreed in principle for most of the units from well-known multiples. This should produce an extra £100,000 per annum when completed and fully let.

199–203 High Street, Perth

Refurbishment of this is nearly complete and although originally planned as one large unit we have decided to split it into two smaller ones as we have agreed a pre-let on one unit to a first-class covenant. There is interest in the second unit and when fully let the property should produce over £60,000 p.a. ex.

205/207 High Street, Perth

This adjoining double unit was occupied by a franchisee of Bang & Olufsen at £45,000 p.a. but due to a 60/70% downturn in their business they ceased trading. We are currently negotiating with potential tenants/purchasers of this unit.

Finance

We are now fully drawn down on our £42.5 million facility with HSBC Bank plc which we have in place until 30 November 2011. Before that time we believe the general lending situation will recover and we should be able to refinance with HSBC Bank plc or another suitable lender.

In late 2008 we were in discussions with three banks regarding additional financing facilities. In particular HSBC Bank plc offered us a new significantly larger loan. However, this required that we gave up our existing loan, which has more favourable terms. As we have still not fully utilised our significant cash funds, we felt that this facility was not necessary at present.

The other two banks also offered us facilities, one with terms that have been accepted in principle and the other was declined as not required at present.

As already mentioned, our accounts show a "mark to market" loss of £10 million on our swap arrangements which fixed £35 million of our borrowing at 5.06% (before margin). Additionally, there is a book liability of £2 million should we wish to buy ourselves out of an option granted to HSBC for them to make us take an interest rate swap for 10 years at 4.63% on a nominal value of £25 million commencing in three years' time.

These are notional liabilities and we are unlikely to voluntarily crystallise these instruments but we did receive £2,360,000 when we cashed in our previous swaps earlier in the year. I have, of course, mentioned swaps are notoriously volatile and on 27 April 2009 the swaps had an approximate combined liability of £9,681,000.

Property Valuations

The Directors valued the entire property portfolio as at the 31 December 2008 year end, which resulted in an overall decrease in value of £6.1 million in the investment portfolio, and a reduction in market value of £1.1 million on the stock properties. The market value of the stock properties is still £3.9 million above the figure shown in the accounts as they are shown at cost. The fall in value of our portfolio is less than many in the sector due to a number of factors. Our portfolio is secondary, where the yield softening has been significantly less than for prime properties. Also, we have a number of comparatively big rent reviews agreed or about to be agreed and the small number of developments being carried out on existing properties produce considerable added value as there is no land cost in the development. Additionally, small well-let units still have reasonable private investment buyer demand. I am also pleased to say that there has been no significant deterioration in rental arrears despite the downturn.

Dividends

An interim dividend of 6p per share was paid on 29 September 2008 and in our Interim Statement on 28 August we announced a final dividend of 6p would be recommended to shareholders for approval at the next AGM. The Directors subsequently felt that in current times dividends being paid quarterly would be welcomed by shareholders and thus a 3p interim dividend was paid on 8 April with the balance of 3p being recommended for approval at the next AGM. This practice of paying quarterly will continue until further notice.

Political Donation

The thieving incompetents who currently are in control of the commanding heights of our economy are intent on distributing money everywhere in an effort to stem the problems either caused by them or allowed to happen under their watch. I believe the economy will improve, not because of them but in spite of them and their incompetence.

We must remember that they have severely depleted the pension funds with their tax raid which led to companies reducing their resources to bolster their pension funds which meant that when the inevitable downturn came, companies were short on working capital. This unfortunately coincided with the banking fraternity recklessly dissipating vast amounts of their own capital, to the extent of also risking depositors' money, thus contributing to a credit crunch, thus being unable to lend. Pension funds are a substantial source of equity funds and capital but have been hamstrung by the tax theft and new rules which force them to mainly lend to the Government who then manipulate the rate of interest they will pay, which then forces companies to put more into their pension funds, a vicious circle which is all part of the whirlpool of incompetence of this Government. I therefore have no hesitation in once again offering a resolution for the company to donate £25,000 to the Conservative Party. As usual I will not vote my personal interests on this resolution but mention I intend to give a separate personal donation of £10,000 as I feel it is so important for a change of Government for the benefit of our entire population and the property industry in particular.

The Conservative Party has not yet elucidated or clarified the full style of financial change that they feel will be needed and have even suggested they might have to continue with some of the profligate habits of the present incumbents. Indeed, not all their policies appear sensible to me. However, I do have a story that fits the bill.

I own a small apartment in Florida so for many years my family and I have regularly taken short holidays there. Within a day or two of arriving we always go to the local flea market which sells all manner of goods. My usual purchase is two pairs of shorts as my old ones always seem to have shrunk in my year's absence (it must be the heat). On one such visit I noticed the style of the shorts had changed although thankfully not the cheap price. They either had lots of pockets but required a belt or only one or two pockets with an elasticated waist. I much preferred last year's model which had lots of pockets and an elasticated waist – expressed my disappointment with the trader. He looked at me with utter disdain as I tried to decide between the $8 or the $10 pair. Then this Aristotle of the flea market muttered the words of wisdom which I cannot forget — "LIFE IS JUST A SERIES OF TRADE-OFFS BUDDY" and so it is with our support for the Conservatives. We will never get exactly what we want or need but on balance they will be far better for our company and us as investors than the present incompetent incumbents. (By the way, I bought one of each.)

Prospects and "The Chopped Liver Syndrome"

Interest rates on bank deposits are at an all-time low, mostly at less than 1%, investment property and share prices are also at historically low rates, nearly double figure yields are often obtainable from reasonable quality investment property and shares or loan stock can show returns of 4% upwards (standard rate tax paid on ordinary shares) from well-known, long-established financially sound quoted companies; therefore, it seems surprising that the vast majority of people who have cash on deposit have not yet jumped at the opportunity of investing directly into property or the stock market.

For me, it is what I call "the chopped liver syndrome" — to explain, it will not surprise you involves yet another story from my past.

Many years ago when I was in my early twenties, like most young men, after work or on the weekend I would rush out with my friends to clubs or parties and stay out all hours. I often did not have time to eat proper meals but would eat a quickly made snack or sandwich.

I was particularly partial to chopped liver. Even more so when, after one late night of clubbing, we went to eat at a café in Park Lane, one of my friends had ordered a toasted pâté sandwich. Having limited knowledge of culinary matters, I said "urghh, pâté — what's that?". My friend, knowing my habits, told me "it's a chopped liver sandwich with a posh name. Try some." I did and my love of chopped liver increased.

Many were the nights I rushed out, having only partaken of "chopped liver". Of course, I hardly cooked anything myself so it was prepared and left for me by my mother.

Well, one week my parents were on holiday, but had left the fridge well stocked with food, including plenty of my beloved "chopped liver". I had sandwiches for two days — wonderful! Three or four days later I was hungry and in a rush, so I gorged myself on a double helping of "chopped liver" straight from the fridge.

A little later I became violently sick after bouts of high fever and fits of shivering. About two hours later it happened again, then again and again. Of course I could not go out that night and did not eat the following day, but still the bouts of sickness continued although with less frequency. In between the hot and cold sweats I could only sip some cold water and for the next week or two my thoughts could not help but stray to thoughts of chopped liver and I could be sick again at the mere thought of it. Eventually this stopped, but for some time, any thought of chopped liver brought out a feverish sweat and feeling of nausea. It must have been three years, maybe more, before I could partake of my favourite dish again — chopped liver, liver pâté, pâté de fois gras, duck or chicken liver parfait, etc., etc.

Come on, Andrew! What's the relevance? Well, if you substitute the words "investment in shares and property" for "chopped liver", with minor adjustments to my story you will appreciate I could be referring to the stock market and property investment. Most investors have had a very "nasty turn" and will have had "hot and cold" flushes and different degrees of financial sickness and whenever they currently think about buying shares or property, will either lose sleep or come out in a sweat. In due course, time will cure this sickness and logic will take over and a meaningful recovery of value will take place, in stock markets and the property investment market. It should happen more quickly in the stock market and gradually with the property market, with those who have had the least financial sickness from their investments investing first and those most traumatised later.

There are many tempting investment dishes out there available to all who have mentally overcome the nasty but temporary financial sickness. It is still a matter of regaining lost confidence after having had a financial trauma and then many of the investment dishes should give delicious returns in the future.

I believe that despite the present economic problems, in due course our Group will continue to make good and profitable progress.

Once again I have separated my personal ramblings from the business report and they follow.

I always finish by thanking our small dedicated team of staff, our financial advisers, legal advisers, agents, accountants who this year have had to work much harder than usual because of the troubled financial situation which causes many different problems besides just monetary ones. Also, I would like to thank all our tenants who struggle so hard to make a fair return for their efforts and honour all their financial commitments.

As ever I always view the future with optimism and presently with undoubted and unbounded enthusiasm expecting that our Company will be able to take advantage of some of the myriad opportunities that are out there in the market.

Andrew S. Perloff
Chairman

29 April 2009

Chairman's Supplement

Chairman's Ramblings

It would be remiss of me not to have a 'Bank' story to start my supplement.

About three years ago the last of my excessive salary bonus payments was paid as was usual, by direct transfer into my personal bank account with Barclays Bank, Harrow. This account was used only for minor personal expenditure so I wrote instructing the Bank to telegraphically transfer the majority of the money to my personal business account with HSBC. I phoned the branch to check they had received the letter but only got a robotic androgynous voice that we are all unfortunately only too familiar with — and I was unable and unwilling to deal with the 35 digits required to get the information I probably didn't want. Another week went by without response; I wrote again suggesting they phone me. I received a call from a Barclays office in Leicester from someone whose command of the English language was negligible and accent unintelligible. I did eventually manage to elicit the phone number for human contact at my local branch. It turned out to be a fax number and I faxed two letters requesting a phone call — but no response! Shortly thereafter I received a call from a Kings Cross office of Barclays suggesting I go into a branch near me with my passport and various utility bills.

I then wrote to the Chairman of Barclays Bank expressing my dissatisfaction. I explained that I had banked with Barclays for 40 years, as had my father and uncle for 40 years before that and my grandfather for maybe 20 years before them so consequently I had a sentimental attachment to his bank but the inadequacies and incompetence were such that I reluctantly felt I had to close my account. I wrote that I found it irritating that I could not get my money out of an account on which only 0.1% was paid when elsewhere I was receiving 6%. I suggested if the bank stopped paying millions of pounds of bonuses to its gambling traders it would be able to invest in better quality staff who are the first point of contact for their customers. I received two separate suitably apologetic letters (not from him) that seemed to imply that the robotic answerers were a form of modernisation that were a benefit to customers.

Of course there was much more behind my sentimental attachment than a long family association with the Bank. In 1967, after having a loan application turned down three times by various banks for a property transaction, I managed to make an appointment with the manager of Martins Bank in Kingsway, Holborn. When Malcolm and I arrived, the Manager was too busy or could not be bothered with such a small transaction. We wanted £5,000 finance towards a purchase of three vacant freehold shops in separate areas of South London for £11,250. The Assistant Manager was sent in his place and although he seemed to us rather old-fashioned, he was very polite and friendly and he listened with genuine interest in our proposals. We stated that in acting as our own agents we could easily let the units at rents well over £2,500 per annum and then either refinance or sell the properties. He liked us and a new banking relationship was formed. We started to carry out other transactions arranged and agreed with this under Manager. However, we became very worried in 1969 when Barclays Bank took over Martins Bank for we felt we would lose our good relationship, but in fact it turned out to be beneficial. Our Assistant Manager was promoted to Joint Manager of a Mayfair branch of Barclays, then promoted to his own Branch, before being transferred several times further outside London. We moved our accounts to whichever Branch he went and he was a great help to us over the years. He knew our business and gave good advice. He also explained the Bank's application scoring systems so that we were able to tailor our requests to the Bank's required format.

When the property market collapsed in the mid-seventies, he helped us deal with the local Head Office "Recovery Department" and he personally came and taught the meaning and significance of "cash flow" and how best to operate in straitened circumstances. We considered him a personal friend and indeed one day when he came round to our Mayfair office for a meeting and found me sniffling away with a bad cold, he promptly went into the kitchen and boiled up onions in milk which was his patent cold cure — and it worked!

However, some years later modernisation and reorganisation of Barclays Bank led to many Managers being retired young and early, introduction of forms for box ticking took place, robots began to take over, the new Managers did not know their customers and, more importantly, did not seem to care about them. Customers became just numbers on a balance sheet. This is when the banks began to lose the plot and started their drift towards oblivion!

Those were my personal dealings but one hundred years earlier a small woman aged about thirty-five with a very noticeable stoop, one of the many immigrants from Eastern Europe who had arrived over the previous decade, walked up the steps and into the magnificent, recently built cathedral-like building on the corner of Shoreditch High Street and Calvert Avenue. Her previously long, jet black hair had turned prematurely grey, but a hard life had not dimmed her fine facial features. She was holding the hand of a young, rosy faced boy, who with his short, jet black hair and similar facial features, was obviously her son. Twenty minutes later they came out. The young woman had lost her stoop and stood up straight with a bright smile on her face. It wasn't the Pope that had cured her stoop but the Barclays Bank Manager who had relieved her of three or four hundred gold sovereigns being the Perloff family's entire capital earned from the cabinet-making works situated round the corner. Up to that moment she had carried round the working capital in a leather pouch hidden under her dress suspended by a strap around her neck as she had done for some years. The little boy was my uncle and he was there because my grandmother spoke virtually no English and he was needed to open the account which would not be possible nowadays without passport and utility bills. He also told me that neither he nor the business ever had an overdraft during the following eighty years. Of course, if she had been alive today I have no doubt she would have gone back to the Branch and recovered her 'stoop' and her gold!

My grandmother's and my own life overlapped by only three years but two stories I rather like about her were relayed to me by my uncle which are symptomatic of a generation long gone.

By the early 1940s, the widow Perloff lived in a house in Highbury, luxury compared to the crowded and cramped accommodation housing two adults and up to ten children above the factory in Virginia Road, Shoreditch, where she had lived previously. My uncle, who still lived with her at Highbury, told me of the three or four times in broken English and Yiddish she had said "You know my darling David, I like it here. I'm very pleased that we don't live at Random." He was used to her saying things he did not fully understand and as a dutiful son, rarely questioned her. However, one morning he heard the BBC early morning radio news spoken in an Alvar Lidell accent: "Last night the Luftwaffe flew over East London and the Docklands area and bombed at random".

Indeed, a few years later one night a random bombing raid came close to her house, the front wall was blown completely away exposing the occupants to the world at large. Grandma was in bed in her nightclothes and was rescued unhurt accordingly. For the few remaining years of her life whenever Germany or Germans were mentioned she would utter a loud, blood-chilling Yiddish curse so frightening that my uncle would never tell me what it meant although I am reliably informed she was sweet natured to everyone else.

I suspect it wasn't the bombing at random that so annoyed her but the fact she was exposed to the rescue services in her nightwear.

Most people dislike those who give unwanted advice and then say "I told you so" if it should turn out to be correct. I, however, would like a little forbearance in this matter as for ten years I have been the grumpy, grouching, moaning Cassandra Chairman pointing out the defects of this anti property Government. Investors may start to call me Nostradamus Perloff.

In 2000 I pointed out the three stamp duty rises and the discriminatory taxation on property investors would take its toll.

The next year I complained about the general high taxation levels which I suggested may reduce the tax take. The following year I pointed out that raising the tax rates on property had indeed led to a reduction in receipts. The following year I had to report on the plethora of new red tape and the pension fund raid and restrictions on everyone's pension except those of existing MPs. In the 2003 accounts I pointed to the new daft legislation "The proceeds of Crime Act" which involves billions of bits of paper being copied and stored to prove to people who already know who you are, who you are. I also suggested the Chancellor would look for a new imaginative way to tax the capital appreciation of home owners. The following year, 2004, I pointed out the shambles of practically everything and this situation has got worse. I also highlighted the fiddling of MPs' and MEPs' expenses. Nowadays it's so regularly reported, it is an accepted fact of life. Year end 2005 Ramblings gave suggestions for improving matters by changing certain tax levels and when the Conservatives took on board part of my proposals for reducing inheritance tax their popularity soared.

My April 2007 Ramblings gave you the 'four horsemen' of the financial apocalypse so accurate it even frightens me. This was prior to the millions of printed column inches about debt, bankers' bonus systems, their big deals, the deceit, the horsemen had it all. In the next half year statement I was the first to suggest bankers forfeit their bonus and pay back earlier bonuses. I also reminded you of J. K. Galbraith's quote that after a financial collapse people will look for and find the 'bezzle'. In the next statement I gave a story about a cheating banker and his 'ponzi' scheme and shortly thereafter we have the Made-off Missing Millions and the Stanford Securities Scam and more fraud will keep coming each week.

I also mentioned my experience of some secondary Banks who acted foolishly because they were broke and circumstances forced them to and it is now happening again.

For the last four years, we have been seeking to purchase a small office building North of London for our own occupation.

One morning I passed the Barnet register office, which is an attractive Georgian style building, with its own small car park. It appeared to have been vacant for four months. I wrote to Barnet Council a couple of times and eventually received a reply about the property. I was informed that it was to be reused by their Coroners' Office. My interest started about three years ago and it still appears to be deadly vacant, costing maintenance, insurance, security and vacant rates, i.e. generally wasting ratepayers' money!

At a slightly later date, I noticed a Health Centre in Potters Bar had closed, which also was suitable for us. In fact, it had been on the disposal list for over a year, but the Health Authority was taking a long time trying to obtain a planning permission. By the time they did obtain a permission there were no developers left with any money to buy it and it was eventually offered for sale by Tender. Rather surprisingly, we were the highest offer. After they prevaricated for about three or four months, we were then told they were not allowed to sell the property and were going to reuse it for a health centre. When they vacated the property it was in reasonable order and because they thought it would be sold as a site did not bother to protect the roof or regularly visit the property. So when the usual petty criminals stole the lead or other materials from the roof the internal part of the building became unusable without major refurbishment, it will now need £500,000 to put it back into good order, i.e. almost as much as the property was worth. Not yet having the property back to use, I suspect they will change their mind again.

These two situations amount to about £1.5 million of waste in two small areas. This is going on throughout the length and breadth of the country in every single council. IT'S NOT THEIR MONEY — SO NOBODY CARES.

Politicians tell you they can't cut taxes because it will affect services. This is farcical nonsense. Just tell them to walk through any town hall, department of health office, indeed any office that is an arm of government — they will find mountains of waste.

A cut of at least 15% in total government expenditure could easily be achieved if all expenditure (including staff) was properly considered.

Several years ago as my secretary of many years was about to go on six months' maternity leave. We advertised and interviewed four or five possible candidates, one of whom was a young, intelligent woman who seemed ideal. In view of the particular circumstances we asked her if she was considering having a family in the near future (although we were told afterwards we were not allowed to ask those type of questions!). She assured us that was the furthest thing from her mind and subsequently started the following Thursday. By mid-afternoon of that day she left early as she was feeling sick.

She phoned in Friday after having seen her doctor to say she was pregnant and would only have been able to work two or three months before leaving for maternity leave. We paid her one month's money and wished her well. However, we did first have to consult lawyers because in theory she could claim maternity benefit then be entitled to return to work. Indeed it was made clear to us that women workers' rights made it possible in theory for this to happen time and again and again until we had every pregnant woman in London on the payroll until our Company was bankrupt!

A few years ago a highly thought of colleague asked if we had a full-time position for a young man who got by as a part-time fitness instructor. We happened to be looking for a caretaker/front desk attendant at our multi-let building in Whitechapel at that time. The duties were not onerous but required a small amount of dedication to see that the building ran smoothly, dealing with waste disposal, ensuring that the toilets were cleaned regularly and the car park was used as allocated. The caretaker was provided with two suits to wear on reception and overalls to wear when doing more messy jobs. We started to receive tenants' complaints; the caretaker looked slovenly, he was not to be found at appropriate times and was unhelpful and rude to the tenants. He was appropriately reprimanded and asked to improve his working habits.

The top floor of the building contained three flats, one of which was occupied by a female city worker. One day she phoned and complained about our caretaker and we suggested she came into our office to discuss her problems. She arrived shortly afterwards with her mother. She was distressed almost to a state of tears by her tale about the caretaker. She found his casual attitude to her very upsetting, such as when delivering some parcels for her and walking straight into her flat and even after his request for a date with her had been declined his manner became unpleasant.

We felt we had no option but to broach the subject with the caretaker. He came to our office and the problem was discussed and we heard his side of the story which did not differ much in content so much as in interpretation.

He was told no action would be taken this time but under no circumstances was he to approach our tenant unless it was a matter of business. A week or so later he deliberately delayed her as she was leaving the building for work and demanded to know why she had complained to his bosses. He was belligerent and he frightened her. She phoned us shortly thereafter and a Director and maintenance man of this company went to see him immediately. He was very abusive and threatening and said he was leaving the job and would not give up the keys. He was then instantly dismissed. We did not pay him one month's notice pay because we felt he had behaved badly and put us to considerable inconvenience. He had worked for us for less than one year and was therefore not protected by the normal employment acts — except he was Black.

Three or four weeks later we received a letter from his legal advisers, who were obviously working on a contingency basis, suing us for unfair dismissal on grounds of Racial Discrimination, Health & Safety Discrimination, Sex Discrimination, et al.! It was obviously a standard letter. We felt it was such a ridiculous assertion that we decided to deal with the matter in-house rather than pay the £15,000 initial barrister's quote. It became a nightmare scenario as it involved so much paperwork and in-house argument about how best to deal with such an absurd claim. The first hearing, which necessitated our in-house legal team attending with a suitcase full of documents, resulted in most of the claims being withdrawn except the racial discrimination claims, which rules assume employers' guilt unless they can prove otherwise. At the first full hearing, for which we had been forced to appoint a specialist Barrister, we won by a majority verdict. In due course the former caretaker had a new contingency lawyer with legal aid. Although we won, it was not an outright complete victory and they threatened to further appeal. We decided to take a pragmatic view of the matter and pay an agreed settlement which was about one-tenth of what was originally asked.

These two employment situations, the first of which was slightly comical, the second of which was considerably time-consuming, costly and disgracefully insulting, considering the rainbow colouring of our small but dedicated long-serving happy and easygoing staff. For over forty years I have hired and very occasionally fired staff without having any written contract of employment. We now have a twelve page harsh contract of employment. To fire an incompetent, deceitful, lazy or crooked employee one has to go through a complicated process which, if one takes one step wrongly, can cause you to lose an unfair dismissal claim at enormous cost.

We are a successful, well-capitalised company and can absorb and afford the stupidity of our employment laws, so why highlight them?

This country is going through a substantial downturn, where unemployment in the private sector is soaring and it will soon spread to the public sector by necessity if the country is not to be bankrupted. In downturns one of the biggest cost savings is the ability to substantially cut staff levels. The one sector that can help to relieve the human tragedy of mass unemployment is the small business sector. These millions of small businesses employ many millions of people and many small businesses could and will start to employ extra personnel in ones or twos, but because of the harsh rules pertaining to getting rid of unneeded personnel they will think twice about hiring (preferring to be under-staffed) and when absolutely necessary who will they choose? They will choose those with the least rights, and thus least ability to cripple their business. Once again ill thought out impractical protective legislation creates the exact opposite of its original good intentions.

This country is the most spied upon, surveillance gone mad country in the world. Big and small birds have fled this country because they are sick of bumping into the hundreds of thousands of surveillance cameras and their poles. I feel certain that speed cameras make the roads more dangerous — even the police agree because over 90% of those police caught on speed cameras are not prosecuted. Many people have said these cameras help to catch criminals and villains and indeed recently it was announced that the whereabouts of 2,000 convicted felons have been found. It was most unfortunate that they are all in our police forces! Of course our legislative geniuses know how to deal with that problem — they have created a new law that makes it a prisonable and illegal act to photograph police officers in the course of their duty.

The non-caring wasteful council employees, the health department non-jobs personnel, the gradual exposure of the inability for small businesses employers to hire and fire freely, pressed upon by parasitical contingency lawyers. These and the fact that the pension padded expense fiddling, incompetent and legislatively incontinent politicians having within a year to submit themselves to the voting opinion of the populace has created a growing vocal rumbling throughout the country as more and more people start to cry out.

SACK THE BLEEPS!

Andrew S. Perloff
~~*Chairman*~~ ANGRYMAN

29 April 2009

Operating and Financial Review

Key features of the year

The year ended 31 December 2008 appears to be a poor year, but the loss relates entirely to the mark to market valuation of the derivative financial assets (£12,018,000) and revalution of the investment properties (£6,062,000). These combined movements of £18 million are non-cash items and without them the year would have been comparable to the prior year. In particular, the Directors are satisfied that the 30 year hedge on £35 million is an effective hedge for the majority of the Group's loans and have no desire to exit this swap arrangement and as such feel the liability being reflected in the balance sheet under IFRS is inappropriate.

Financing

The Group has drawn down its full facility with HSBC and is in discussions to obtain additional financing on some of its uncharged investment properties. The Group hopes to invest in property from distressed sellers with its cash funds and any additional funds organised.

Two financial derivatives were exited in the year in which the Group received premiums totalling £2,360,000. As mentioned above, a further hedging instrument was entered into at a similar time which is now valued at a significant liability.

Dividends

The Group has announced that it will pay dividends on a quarterly basis until further notice.

Key Ratios

	2008	2007
Gross Profit Margin (Gross profit/turnover)	**73%**	73%
Gearing (debt*/(debt* + equity))	**39%**	31%
Interest Cover†	**4.80 times**	5.82 times
Finance cost rate (finance costs/average borrowings for the year)	**5.4%**	5.1%
Yield (rents investment properties/average market value investment properties)	**6.3%**	6.5%

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

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

Financial risk management

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

Other non-financial risks

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

Report of the Directors

The Directors submit their report together with the audited financial statements of the Company and of the Group for the year ended 31 December 2008.

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and Parent Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. In preparing these financial statements, the Directors have also elected to comply with IFRSs, issued by the International Accounting Standards Board (IASB). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing those financial statements the Directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State that the financial statements comply with IFRSs as adopted by the European Union.
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Group will continue in business, in which case there should be supporting assumptions or qualifications as necessary. This statement should cover both the Parent Company and the Group as a whole.

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

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 1985 (for periods commencing on or after 6 April 2008, the Companies Act 2006) and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's web site and legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' statement pursuant to the Disclosure and Transparency Rules

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

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

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

Going concern

The Directors have a reasonable expectation that both the Company and the Group have adequate resources to continue their operations. The Group is highly capitalised and has substantial cash funds to weather the current financial situation for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Report of the Directors continued

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

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

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

Results and dividends
The (loss)/profit for the year after taxation, amounted to a loss of £7,190,000 (2007 - profit of £7,443,000).

An interim dividend of £1,012,140 (6.0p per share) on ordinary shares was paid on 29 September 2008, and a further quarterly interim dividend of £506,070 (3.0p per share) on ordinary shares was paid on 8 April 2009. The Directors recommend a final dividend of £506,700 (3.0p per share) payable on 3 July 2009 to shareholders on the register at the close of business on 12 June 2009.

Donations
During the year the Group made a £24,000 political donation (2007 - £25,000) to the Conservative Party. The Group also makes donations to charities through advertisements at charity events and in the diaries of charities, the total of which in 2008 was £3,000 (2007 - £4,000).

Directors
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	
	2008	2007
A. S. Perloff (Chairman)	**4,351,213**	4,351,213
B. R. Galan (Non-executive)	**300,039**	300,039
P. M. Kellner (Non-executive)	**12,000**	12,000
J. T. Doyle	**12,000**	7,500
J. H. Perloff	**70,000**	70,000
S. J. Peters	**72,000**	70,000

A. S. Perloff and his family trusts have beneficial interests in shares owned by Portnard Limited, a company under their control, amounting to 7,737,336 (2007 - 7,737,336).

There have been changes in Directors' shareholdings since 31 December 2008 which resulted in the following beneficial interests being held in the Company: B. R. Galan (305,039), P. M. Kellner (17,000), J. T. Doyle (57,000), J. H. Perloff (85,000) and S. J. Peters (117,000).

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

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

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

Employment
The Group recognises the contribution its employees make to its continued success and acknowledges the need to attract and retain employees of high calibre through the operation of an equal opportunity policy. It believes in continuous development and the support of employees to benefit both the Group and the individual.

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

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

Payment policy and practice

The Group agrees payment terms with each of its major suppliers and abides by these terms, subject to satisfactory performance by the supplier. Trade creditors of the Group at 31 December 2008 were equivalent to 58 days purchases (2007 - 64), based on the average daily amount invoiced by suppliers during the year.

Investment Properties

The Directors have revalued the property investment portfolio to market value at 31 December 2008. The Group's investment portfolio was independently revalued to market value at 31 December 2007 by DTZ Chartered Surveyors.

Share Capital

The only changes to the Company's share capital during the year relate to 49,651 ordinary shares that were purchased for cancellation. At the year end there were 16,869,000 ordinary shares in circulation.

Status

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

Substantial Interests

At the date of this report the Company has been notified of the following interests of 3% or more in the shares of the Company.

Ordinary Shares	*Holding*	*%*
Harold Martin Perloff	895,000	5.3

Auditors

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

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

S. J. Peters
Company Secretary
Dated: 29 April 2009

Panther House
38 Mount Pleasant
London WC1X 0AP

Corporate Governance

Panther Securities P.L.C. supports a high standard of Corporate Governance and has, during 2008, complied with the Combined Code on Corporate Governance issued by the Financial Services Authority, subject to the points detailed below.

Combined Code

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

The Board

The Board currently consists of six Directors, of whom two are non-executives. It meets regularly during each year to review appropriate strategic, operational and financial matters and otherwise as required. In the year the Board met at least 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.

As indicated, the Board has two non-executive Directors and the Audit Committee also includes one of the executive Directors.

The Combined Code requires that there should be sufficient division of duties between Board members and that the Company should have at least three non-executive Directors. However, the Board has carefully considered the division of the duties of the Chairman and Chief Executive, together with the number of non-executive Directors and has concluded, given the size of the Company and Group, that the present arrangements are appropriate.

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

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

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

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

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

Both non-executive Directors are of the highest calibre. Each is independently minded with a breadth of successful business and relevant experience. They are entitled to the same information as the executive Directors and are an integral part of the team, making a most valuable contribution.

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

Auditor Independence and Objectivity

Nexia Smith & Williamson conducts the annual statutory audit. In forming their opinion of the independence and objectivity of the external auditors, the Audit Committee takes into account the safeguards operating within Nexia Smith & Williamson and their Associates. Regard is given to the nature of remuneration received for other services provided by Nexia Smith & Williamson and their Associates and confirmation is sought from them that the fee payable for the annual statutory audit is adequate to enable them to fulfil their obligation in accordance with the scope of the audit. The tax services for the Group are undertaken by the Group's own accounts department.

Internal Controls and Audit Committee

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

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

The Audit Committee has three members and includes both non-executive Directors and is chaired by P. M. Kellner. Its terms of reference 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 2008 the committee met twice with all members present.

The review of internal controls is an ongoing process which ensures their effectiveness, any specific issues are dealt with when they arise.

Details of the Remuneration Committee can be found in the Directors' Remuneration Report.

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

Communication with shareholders

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

Nomination Committee

The Nomination Committee met twice in 2008 with all members present. Any changes that are required to be made are made in the best interests of the Group. In 2008 there were no changes in Directorships.

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

Financial Risk Management

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

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

Price risk
The Company and Group are exposed to price risk due to normal inflationary increases in the purchase price of the goods and services they purchase in the UK. The Company and Group also have price exposure on listed equities that are held as investments. Due to the current economic climate, the share portfolio fell in value. The Group has a policy of holding only a small proportion of its assets as listed investments.

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

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

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

Directors' Remuneration Report

Remuneration Committee
The Remuneration Committee consists solely of the two non-executive Directors, B. R. Galan (Chairman) and P. M. Kellner. It reviews the terms and conditions of service of the Chairman and executive Director ensuring that salaries and benefits satisfy performance and other criteria. In 2008 the Committee met twice with all members present.

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

The Directors do not have a Share Option Scheme.

Remuneration policy
Company policy is to reward fairly the executive Directors sufficiently to retain and motivate quality management. The Remuneration Committee considers that currently the executive Directors' remuneration is below market comparables.

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

Pension and other benefits
A. S. Perloff is the sole member and beneficiary of a non-contributory Director's pension scheme. The Group ceased contributions in 1997 and accordingly made no contributions to the pension fund in 2008 and does not anticipate making further contributions.

S. J. Peters had pension contributions paid in the year by the Company of £6,000 (2007 - £6,000) into his personal stakeholders' contribution pension scheme.

No other payments were paid in respect of any other Director during the year (2007 - £Nil).

Service contracts
No Director has a service contract.

Directors' emoluments
Directors' emoluments of £210,000 (2007 - £220,000) are made up as follows:

Director	Salary/Fees £'000	Bonus £'000	Taxable Benefit £'000	Pension Contribution £'000	**Total 2008 £'000**	Total 2007 £'000
Executive						
A. S. Perloff	—	—	4	—	**4**	4
J. T. Doyle	55	10	4	—	**69**	78
J. H. Perloff	35	5	4	—	**44**	40
S. J. Peters	57	10	—	6	**73**	78
Non-executive						
B. R. Galan	10	—	—	—	**10**	10
P. M. Kellner	10	—	—	—	**10**	10
	167	25	12	6	**210**	220

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

Directors' Remuneration Report continued

Total shareholder return
The following graphs show:

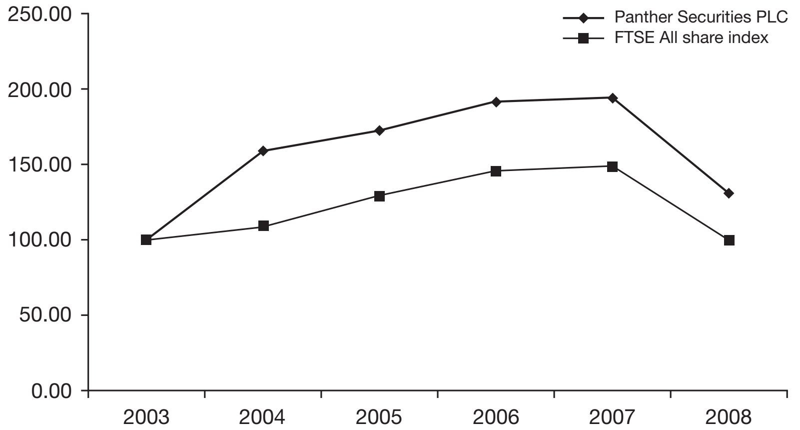
(1) The value by the end of 2008 of £100 invested in Panther Securities P.L.C. on 31 December 2003 compared with the value of £100 invested in the FTSE all share index.

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

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

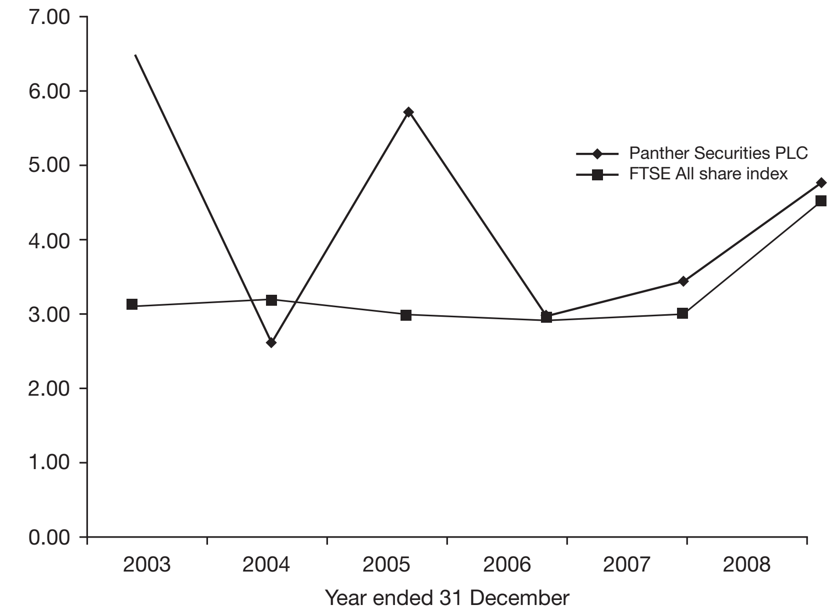
Total shareholder return

Value (£)



Dividend yield

Value (£)



The Directors' Remuneration Report was approved and authorised for issue by the Board and signed on its behalf by:

B. R. Galan
Chairman of Remuneration Committee

Dated: 29 April 2009

Independent Auditors' Report

Independent auditors' report to the shareholders of Panther Securities P.L.C.

We have audited the Group and Parent Company accounts (the 'accounts') of Panther Securities P.L.C. for the year ended 31 December 2008 which comprise the Consolidated Income Statement, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Cash Flow Statements, the Consolidated Statement of Recognised Income and Expense, and the related notes 1 to 51. These accounts have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the Annual Report and the accounts in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and for preparing the Parent Company accounts and Directors' Remuneration Report in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the accounts give a true and fair view and whether the accounts and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and whether, in addition, the Group accounts have been properly prepared in accordance with Article 4 of the IAS Regulation. We also report to you if, in our opinion, the information given in the Directors' Report is consistent with the accounts.

The information given in the Directors' Report includes the specific information presented in the Chairman's Statement, Operating and Financial Review and Corporate Governance Statement that is cross-referred from the Financial Risk Management section of the Directors' Report.

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

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

We read other information contained in the Annual Report and consider whether it is consistent with the audited accounts. This other information comprises only the Directors' Report, the unaudited part of the Directors' Remuneration Report, the Chairman's Statement, the Chairman's Supplement, the Operating and Financial Review and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

Independent Auditors' Report continued

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts and the part of the Directors' Remuneration Report to be audited.

Opinion
In our opinion:

- the Group accounts give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31 December 2008 and of its loss for the year then ended;
- the Group accounts have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation;
- the Parent Company accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Parent Company's affairs as at 31 December 2008;
- the Parent Company accounts and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the accounts.

Nexia Smith & Williamson
Chartered Accountants
Registered Auditors
London

Dated: 29 April 2009

Notes:
(a) The maintenance and integrity of the Panther Securities P.L.C. web site is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the accounts since they were initially presented on the web site.
(b) Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Consolidated Income Statement

For the year ended 31 December 2008

	Notes	31 December 2008 £'000	31 December 2007 £'000
Revenue	4	**9,296**	9,516
Cost of sales	4	**(2,551)**	(2,576)
Gross profit		**6,745**	6,940
Other income		**311**	86
Administrative expenses		**(2,328)**	(2,291)
		4,728	4,735
Profit on the disposal of investment properties		**1,400**	5,457
Movement in fair value of investment properties	16	**(6,062)**	182
		66	10,374
Finance costs	10	**(1,897)**	(1,847)
Investment income	9	**683**	488
Profit or loss on disposal of available for sale investments (shares)		**(64)**	77
Movement in fair value of derivative financial instruments	30	**(12,018)**	(3)
Premium received on disposal of derivative financial asset	18	**2,360**	—
Profit or loss before income tax		**(10,870)**	9,089
Income tax expense	11	**3,680**	(1,646)
Profit or loss for the year	6	**(7,190)**	7,443
Attributable to:			
Equity holders of the parent		**(7,218)**	7,509
Minority interest		**28**	(66)
Profit or loss for the year		**(7,190)**	7,443
Earnings per share			
Basic and diluted	14	**(42.7)p**	44.3p

Consolidated Balance Sheet

As at 31 December 2008

Assets	Notes	31 December 2008 £'000	31 December 2007 £'000
Non-current assets			
Property, plant and equipment	15	**21**	24
Investment property	16	**97,092**	101,200
Derivative financial asset	30	**—**	572
Available for sale investments (shares)	19	**3,794**	5,209
		100,907	107,005
Current assets			
Inventories	20	**159**	376
Stock properties	20	**8,863**	9,165
Trade and other receivables	22	**3,278**	2,992
Cash and cash equivalents		**13,922**	12,572
		26,222	25,105
Total assets		**127,129**	132,110
Equity and liabilities			
Equity attributable to equity holders of the parent			
Capital and reserves			
Share capital	24	**4,217**	4,230
Share premium account	25	**2,886**	2,886
Capital redemption reserve	25	**604**	591
Retained earnings	26	**58,139**	70,901
		65,846	78,608
Minority interest		**58**	27
Total equity		**65,904**	78,635
Non-current liabilities			
Long-term borrowings	27	**42,500**	35,011
Derivative financial liability	30	**12,021**	575
Deferred tax liabilities	28	**2,290**	9,321
		56,811	44,907
Current liabilities			
Trade and other payables	29	**4,414**	4,696
Current tax payable		**—**	3,872
		4,414	8,568
Total liabilities		**61,225**	53,475
Total equity and liabilities		**127,129**	132,110

The accounts were approved by the Board of Directors and authorised for issue on 29 April 2009. They were signed on its behalf by:

A. S. Perloff
Chairman

Consolidated Statement of Recognised Income and Expense

For the year ended 31 December 2008

	Notes	31 December 2008 £'000	31 December 2007 £'000
Movement in fair value of available for sale investments (shares) taken to equity	19	**(4,681)**	227
Deferred tax relating to movement in fair value of available for sale investments (shares) taken to equity	28	**1,334**	(60)
Net income or expense taken directly to equity		**(3,347)**	167
Profit or loss for the year		**(7,190)**	7,443
Total recognised income and expense for the year		**(10,537)**	7,610
Attributable to:			
Equity holders of the parent		**(10,565)**	7,676
Minority interest		**28**	(66)
		(10,537)	7,610

Consolidated Cash Flow Statement

For the year ended 31 December 2008

	Notes	31 December 2008 £'000	31 December 2007 £'000
Cash flows from operating activities			
Profit before interest, investment income and tax		**4,728**	4,735
Add: Depreciation charges for the year	15	**13**	12
Less: Profit on sale of non-current assets		**—**	(4)
Less: Profit on appropriation of stock to fixed assets	19	**(12)**	—
Profit before working capital change		**4,729**	4,743
Decrease/(increase) in inventory		**217**	(107)
Decrease in available for sale investments (shares)		**—**	99
Decrease in stock properties		**302**	209
Decrease in receivables		**183**	377
(Decrease)/increase in payables		**(409)**	565
Cash generated from operations		**5,022**	5,886
Interest paid		**(1,767)**	(2,080)
Income tax paid		**(6,358)**	(1,427)
Net cash from operating activities		**(3,103)**	2,379
Cash flows from investing activities			
Purchase of plant and equipment	15	**(10)**	(15)
Purchase of investment properties	16	**(4,442)**	(9,324)
Purchase of available for sale investments (shares) — non-current assets	19	**(6,532)**	(3,158)
Premium on cancellation of financial derivatives	18	**2,360**	—
Proceeds from sale of investment property		**3,900**	18,284
Proceeds from sale of fixed assets		**—**	4
Proceeds from the disposal of available for sale investments (shares) — non-current assets		**3,202**	628
Dividend income received		**234**	53
Interest income received		**449**	435
Net cash from investing activities		**(839)**	6,907
Financing activities			
Repayments of loans		**—**	(2,113)
Draw down on loans		**7,489**	—
Purchase of own shares for cancellation		**(173)**	(297)
Dividends paid		**(2,024)**	(2,040)
Net cash used in financing activities		**5,292**	(4,450)
Net increase in cash and cash equivalents		**1,350**	4,836
Cash and cash equivalents at the beginning of year		**12,572**	7,736
Cash and cash equivalents at the end of year		**13,922**	12,572

Notes to the Consolidated Accounts

For the year ended 31 December 2008

1. General information

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

2. New and revised International Financial Reporting Standards

Changes to accounting policies since the last period

The Group has applied the following standards for the period commencing 1 January 2008. There has been no significant impact to the financial information as a result of applying these standards for the first time.

- IFRIC 11, IFRS 2 — Group and Treasury Share Transactions (effective for annual periods beginning on or after 1 March 2007) addresses share-based payment arrangements. It did not have any material impact on the Group's financial statements.
- IAS 39 and IFRS 7: Reclassification of Financial Instruments (effective from 1 July 2008).
- IAS 39 and IFRS 7: Reclassification of Financial Instruments — Effective Date and Transition (effective from 1 July 2008; not yet adopted by the EU).

Certain new standards and interpretations have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2009 or later periods and which the entity has not yet adopted. Except where stated, none of these standards are expected to have a significant impact on recognition or measurement of the Group's assets or liabilities.

- IAS 23, Borrowing Costs (effective for annual periods beginning on or after 1 January 2009). The amendment removes the option of immediately recognising as an expense borrowing costs that relate to qualifying assets.
- IFRS 2, Share-based Payment: Vesting Conditions and Cancellations (effective for annual periods beginning on or after 1 January 2009) addresses share-based payment arrangements.
- IAS 1, Presentation of Financial Statements: A Revised Presentation (effective for annual periods beginning on or after 1 January 2009). The amendment affects the presentation of owner changes in equity and of comprehensive income.
- IFRS 8, Operating Segments (effective for annual periods beginning on or after 1 January 2009). This standard requires an entity to adopt the management approach to reporting on the financial performance of its operating segments.
- IAS 27, Consolidated and Separate Financial Statements (effective for annual periods on or after 1 July 2009; not yet adopted by the EU). The amendment relates, primarily, to accounting for non-controlling interests and the loss of control of a subsidiary.
- IAS 32 and IAS 1, Puttable Financial Instruments and Obligations Arising on Liquidation (effective for annual periods beginning on or after 1 January 2009).
- IFRS 1 and IAS 27 Cost of an Investment in a subsidiary, jointly controlled entity or associate (effective for annual periods beginning on or after 1 January 2009).
- IAS 39 Financial Instruments: Recognition and Measurement: Eligible Hedged Items (effective for annual periods beginning on or after 1 July 2009; not yet adopted by the EU).
- Improving Disclosures about Financial Instruments (Amendments to IFRS 7) (effective for annual periods beginning on or after 1 January 2009). The amendment requires the analysis of each class of financial asset and financial liability into a three level fair value measurement hierarchy.
- Revised IFRS 3, Business Combinations (effective for annual periods beginning on or after 1 July 2009; not yet endorsed by the EU). The basic approach of the existing IFRS 3 to apply acquisition accounting in all cases and identify an acquirer is retained in this revised version of the standard. However, in some respects the revised standard may result in very significant changes. The revised standard does not require the restatement of previous business combinations.
- IFRIC 12, Service Concession Arrangement (effective for annual periods beginning on or after 1 January 2008; not yet adopted by the EU). No such arrangement exists with the Group.
- IFRIC 13, Customer Loyalty Programmes (effective for annual periods beginning on or after 1 July 2008).

- IFRIC 14, IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after 1 July 2008).
- IFRIC 15, Agreements for the Construction of Real Estate (effective for annual periods beginning on or after 1 January 2009; not yet endorsed by the EU).
- IFRIC 16, Hedges of a Net Investment in a Foreign Operation (effective for annual periods beginning on or after 1 October 2008, not yet endorsed by the EU).
- IFRIC 17, Distributions of Non-cash Assets to Owners (effective for annual periods beginning on or after 1 July 2009; not yet endorsed by the EU).
- IFRIC 18, Transfer of Assets from Customers (effective for transfers of assets from customers received on or after 1 July 2009; not yet endorsed by the EU).
- Improvements to IFRS (2008) (effective 1 January 2009). This project approved improvements to 20 IFRSs. The adoption of all, except improvements to IAS 40, will have no significant impact on the Group. The amendments to IAS 40 will have no impact to net assets; they will alter the classification of some property assets.

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

3. Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the entity's accounting policies, which are described below, management has not had to make any judgements that have had a significant effect on the amounts recognised in the financial statements except as noted under the accounting policy for Investment Properties and fair value of Derivative Assets and Liabilities.

Significant accounting policies

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

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

Basis of consolidation

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

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

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

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

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair values at the acquisition date.

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

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

Investment Properties

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

Taxation

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

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

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

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

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

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

Corporation tax for the period is charged at 28.5% (2007 - 30%), representing the best estimate of the weighted average annual corporation tax rate expected for the full financial year.

Segment reporting
A business segment is a group of assets or operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. M.R.G. Systems Limited is classified as a separate business segment to the activities of the rest of the Group, its principal activity is that of electronic designers, engineers and consultants. Its impact on the income statement is shown in note 4. Its impact on the balance sheet and cash flow statement is not material to the accounts.

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

Revenue recognition
All revenue arises in the United Kingdom.
Revenue comprises:
(1) Rental income from tenancy occupied properties net of Value Added Tax where appropriate: The income is recognised on an accruals basis.
(2) Sale of stock properties: This is recognised on the date that exchange of contracts becomes unconditional.
(3) Trading income from M.R.G. Systems Ltd represents amounts invoiced for work undertaken during the year, exclusive of Value Added Tax.
(4) Sale of current asset investments: This is recognised on the sale becoming unconditional.
(5) Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated cash receipts through the expected life of the financial assets to that asset's net carrying amount.
(6) Dividend income from investments is recognised when the Company's rights to receive payment have been established.

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

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

Fixtures and equipment	10% – 33%	Straight-line
Motor vehicles	20%	Straight-line

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

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

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

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

Leasing
All leases are operating leases.

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

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

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

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

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

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

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

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

Derivative financial instruments
The Group uses derivative financial instruments, such as interest rate swaps, to hedge its risks associated with interest rate fluctuations. 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.

For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to the income statement for the year.

None of the Group's derivative financial instruments qualify for hedge accounting.

Available for sale investments
Under IAS 39, these investments are carried at fair value and classified in the balance sheet as available for sale investments (shares). Movements in fair value are taken directly to equity and recycled through the income statement when the investments are realised. Fair values of these investments are based on quoted market prices where available.

The Group has not designated any financial assets that are not classified as held for trading as financial assets at fair value through the profit and loss.

The available for sale investments represent investments in listed and unquoted equity securities that offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate.

The fair value of available for sale investments in unquoted equity securities cannot be obtained and have therefore been measured at the lower of cost and net realisable value.

Those shares that are expected to be held for the long term are shown as non-current assets and those that are held for the short term are shown as current assets.

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

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

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

4. Revenue and cost of sales

The Group's main business segment is investment and dealing in property and securities, the majority of the revenue, cost of sales and profit or loss before taxation being generated in the United Kingdom.

M.R.G. Systems Ltd is a separate business segment whose principal activity is that of electronic designers, engineers and consultants. seventy per cent of its revenues arose in the United Kingdom and 100% of its cost of sales. Its net contribution to profit or loss before interest and tax in the year was a profit of £98,000 (2007 - loss of £240,000).

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

Turnover arose as follows:	**2008 £'000**	2007 £'000
Rental income from investment properties	**6,236**	6,673
Rental income from stock properties	**828**	853
Income from sale of stock shares	**—**	114
Income from sale of stock properties	**390**	237
Income from trading (M.R.G. Systems Ltd)	**1,842**	1,639
	9,296	9,516

Cost of sales arose as follows:	**2008 £'000**	2007 £'000
Cost of sales — from rental income	**1,310**	1,340
Stock shares recognised as an expense	**—**	99
Stock properties recognised as an expense	**378**	138
Cost of sales — trading (M.R.G. Systems Ltd)	**863**	999
	2,551	2,576

5. Business and geographical segments

Business segments
The Group's business segments are shown in note 4.
Geographical segments
The Group's operations are located in the United Kingdom.

6. Profit or loss for the year

The profit or loss for the year is stated after charging:	**2008 £'000**	2007 £'000
Depreciation of tangible fixed assets — owned by the Group	**13**	12
Fees payable to the Group's auditors for the audit of both		
the Parent Company and the Group's annual report and accounts	**12**	11
Fees paid to the Group's auditors and its associates for other services:		
— The audit of the parent's subsidiaries, pursuant to legislation	**55**	54

7. Staff costs

	2008 £'000	2007 £'000
Staff costs, including Directors' remuneration, were as follows:		
Wages and salaries	**1,246**	1,220
Social security costs	**135**	134
Pension contributions	**6**	6
	1,387	1,360
The average monthly number of employees, including Directors, during the year was as follows:		
Directors	**6**	6
Other employees	**31**	25
	37	31

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

8. Directors' remuneration

	2008 £'000	2007 £'000
Emoluments for services as Directors	**210**	220

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

9. Investment income

	2008 £'000	2007 £'000
Interest on bank deposits	**449**	435
Dividends from equity investments	**234**	53
	683	488

10. Finance costs

	2008 £'000	2007 £'000
Interest payable on bank overdrafts and loans	**1,887**	1,843
Other interest payable	**10**	4
	1,897	1,847

11. Income tax expense

The charge for taxation comprises the following:

	2008 £'000	2007 £'000
Current year UK corporation tax	**2,316**	4,562
Prior year UK corporation tax	**(299)**	95
	2,017	4,657
Current year deferred tax	**(5,697)**	(3,011)
Income tax expense for the year	**(3,680)**	1,646

Domestic income tax is calculated at 28.5% (2007 - 30%) of the estimated assessable profit or loss for the year. The future provision for deferred tax has been calculated on the basis of 28% (2007 - 28%).

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

	2008 £'000	2008 %	2007 £'000	2007 %
Profit or loss before taxation	**(10,870)**		9,089	
Profit or loss on ordinary activities before tax multiplied by the average of the standard rate of UK corporation tax of 28.5% (2007 - 30%)	**(3,098)**	**29**	2,727	30
Tax effect of expenses that are not deductible in determining taxable profit	**34**	**—**	93	1
Dividend income not allowable for tax purposes	**(66)**	**1**	(15)	—
Capital allowances for the year in excess of depreciation	**(46)**	**—**	(31)	—
Non-taxable movement in fair value of investment properties	**1,728**	**(16)**	(55)	—
Non-taxable movement in fair value of financial instruments	**3,425**	**(32)**	—	—
Tax losses utilised	**(29)**	**—**	72	—
Disposal of properties or shares	**368**	**(3)**	1,773	20
Marginal relief	**—**	**—**	(2)	—
Current year UK corporation tax	**2,316**	**(21)**	4,562	51
Prior year UK corporation tax	**(299)**	**3**	95	1
Tax expense and effective tax rate for the year	**2,017**	**(18)**	4,657	52

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

	2008	2007
	£'000	£'000
Dealt with in the accounts of:		
— the parent undertaking	**(278)**	(2,587)
— subsidiary undertakings	**(6,912)**	10,030
	(7,190)	7,443

13. Dividends

Amounts recognised as distributions to equity holders in the period:

	2008	2007
	£'000	£'000
Final dividend for the year ended 31 December 2007		
of 6p (2006 - 6p) per share	**1,012**	1,020
Interim dividend for the year ended 31 December 2008		
of 6p (2007 - 6p) per share	**1,012**	1,020
	2,024	2,040

The Directors recommend payment of a final dividend of 3p per share (2007 - 6p), following the quarterly interim dividend paid on 8 April 2009 of 3p per share (2007 - 0p). The final dividend will be payable on 3 July 2009 to shareholders on the register at the close of business on 12 June 2009. The full dividend for the year ended 31 December 2008 was 12p.

14. Earnings per ordinary share (basic and diluted)

The calculation of earnings per ordinary share is based on earnings, after excluding minority interests, being a loss of £7,218,000 (2007 - profit of £7,509,000) and on 16,893,826 ordinary shares being the weighted average number of ordinary shares in issue during the year (2007 - 16,958,402). There are no potential ordinary shares in existence.

15. Plant and equipment

	Fixtures and Equipment £'000	Motor Vehicles £'000	Total £'000
Cost			
At 1 January 2007	165	25	190
Additions	15	—	15
Disposals	(12)	—	(12)
Assets no longer in use	—	(14)	(14)
At 1 January 2008	168	11	179
Additions	2	8	10
At 31 December 2008	**170**	**19**	**189**
Accumulated depreciation			
At 1 January 2007	144	25	169
Disposals	(12)	—	(12)
Assets no longer in use	—	(14)	(14)
Depreciation charge for the year	12	—	12
At 1 January 2008	144	11	155
Depreciation charge for the year	11	2	13
At 31 December 2008	**155**	**13**	**168**
Carrying amount			
At 31 December 2008	**15**	**6**	**21**
At 31 December 2007	24	—	24

16. Investment property

	Investment Properties £'000
Fair value	
At 1 January 2007	104,521
Additions	9,324
Disposals	(12,827)
Revaluation increase	182
At 1 January 2008	101,200
Additions	4,454
Disposals	(2,500)
Revaluation decrease	(6,062)
At 31 December 2008	97,092
Carrying amount	
At 31 December 2008	97,092
At 31 December 2007	101,200

At 31 December 2008, £74,977,000 (2007 - 78,080,000) and £22,115,000 (2007 - £23,120,000) included within investment properties relates to freehold and leasehold properties respectively.

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

	2008 £'000	2007 £'000
Cost	**61,628**	58,567
Cumulative depreciation	**—**	—
Net book amount	**61,628**	58,567

Costs relating to ongoing and potential developments are included in addition to investment properties and in the year ended 31 December 2008 amounted to £878,000 (2007 - £484,000).

At 31 December 2008, the investment properties were revalued at their open market value as at that date by the Directors, in accordance with the Statement of Asset Valuation Practice and Guidance Notes published by the R.I.C.S. and in accordance with international valuation standards. For the year ended 31 December 2007, Chartered Surveyors DTZ independently revalued the investment properties.

The property rental income earned by the Group from its investment property, all of which is leased out under operating leases, amounted to £6,236,000 (2007 - £6,673,000).

17. Subsidiaries

Details of the Company's subsidiaries at 31 December 2008 are as follows;

Name of subsidiary	*Country of incorporation and operation*	*Activity*	*Proportion of ownership interest %*	*Proportion of voting power held %*
Panther Trading Limited	Great Britain	Property	100	100
Panther (Dover) Limited *	Great Britain	Property	100	100
Panther Developments Limited	Great Britain	Dormant	100	100
Panther Shop Investments Limited	Great Britain	Dormant	100	100
Panther Shop Investments (Midlands) Limited	Great Britain	Property	100	100
Panther Investment Properties Limited	Great Britain	Property	100	100
Panther (Bromley) Limited ‡	Great Britain	Property	100	100
Snowbest Limited	Great Britain	Property	100	100
Surrey Motors Limited §	Great Britain	Property	100	100
Westmead Building Company Limited *	Great Britain	Property	100	100
Yardworth Limited	Great Britain	Dormant	100	100
Multitrust Property Investments Limited	Great Britain	Property	100	100
Etonbrook Properties PLC	Great Britain	Non-trading	100	100
Northstar Property Investment Limited	Great Britain	Property	100	100
Panther VAT Properties Limited	Great Britain	Property	100	100
Northstar Land Limited	Great Britain	Property	100	100
London Property Company PLC	Great Britain	Dormant	100	100
Eurocity Properties PLC	Great Britain	Property	100	100
Eurocity Properties (Central) Limited †	Great Britain	Property	100	100
CJV Properties Limited †	Great Britain	Property	100	100
M.R.G. Systems Limited	Great Britain	Trading	72	72

* 100% subsidiaries of Panther Shop Investment (Midlands) Limited
† 100% subsidiaries of Eurocity Properties PLC
‡ 100% subsidiary of Surrey Motors Limited
§ 95% owned by Panther Securities P.L.C. / 5% owned by Panther (Bromley) Limited

All companies have a 31 December year end.

18. Disposal of derivative financial assets

	2008 £'000	2007 £'000
Premium on disposal of derivative financial asset	**2,360**	—

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

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

19. Available for sale investments (shares)

	Non-current assets £'000	Current assets £'000
Cost or valuation		
At 1 January 2007	2,051	423
Additions	3,158	—
Transferred	324	(324)
Disposals	(551)	(99)
Revaluation increase	227	—
At 1 January 2008	5,209	—
Additions	6,532	—
Disposals	(3,266)	—
Revaluation decrease	(4,681)	—
At 31 December 2008	3,794	—
Comprising at 31 December 2008:		
At cost	529	—
At valuation / net realisable value	3,265	—
Carrying amount		
At 31 December 2008	3,794	—
At 31 December 2007	5,209	—

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 fair value of available for sale investments in unquoted equity securities cannot be obtained and have therefore been measured at cost. The valuation of the available for sale investments is sensitive to stock exchange conditions.

20. Inventories

	2008 £'000	2007 £'000
Stock properties	**8,863**	9,165

The market value of stock properties is £13,940,000 (2007 - £14,420,000).

At 31 December 2008, the stock properties were revalued at their open market value by the Directors in accordance with the Statement of Asset Valuation Practice and Guidance Notes published by the R.I.C.S. and in accordance with international valuation standards, but any uplift is not recognised in the accounts. At 31 December 2007, the stock properties were independently valued as at that date by DTZ, Chartered Surveyors.

Inventories (MRG)

	2008 £'000	2007 £'000
Inventories	**159**	376

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

21. Capital commitments

	2008 £'000	2007 £'000
Capital expenditure that has been contracted for but has not been provided for in the accounts	**725**	712

22. Trade and other receivables

	2008 £'000	2007 £'000
Trade debtors	**2,510**	2,629
Bad debt provision	**(647)**	(757)
Other debtors	**740**	924
Corporation tax	**469**	—
Prepayments and accrued income	**206**	196
	3,278	2,992

The Directors consider that the carrying amount of trade and other receivables approximates their fair value. Net trade debtors are financial assets. Debts are specifically provided once recovery becomes doubtful. The bad debt provision includes all material doubtful debts that the Directors are aware.

23. Other financial assets

Bank balances and cash

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

Credit risk

The Group's principal financial assets are bank balances and cash. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. Materially, all of the credit risk is with three counterparties in the United Kingdom.

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

24. Share capital

	2008 £'000	2007 £'000
Authorised		
30,000,000 ordinary shares of £0.25 each	**7,500**	7,500
Allotted, called up and fully paid		
16,869,000 (2007 - 16,918,651) ordinary shares of £0.25 each	**4,217**	4,230

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

During the year 49,651 (2007 - 79,500) ordinary shares of 25p were purchased by the Company for cancellation for £173,000 (2007 - £297,000).

25. Capital reserves

	2008 £'000	2007 £'000
Share premium account		
At 31 December	**2,886**	2,886
Capital redemption reserve		
At 31 December	**604**	591

The movement on the capital redemption reserve of £13,000 (2007 - £20,000) is in respect of the purchase of own shares for cancellation.

26. Retained earnings

	2008 £'000	2007 £'000
At 1 January	**70,901**	65,562
Retained profit or loss for the year	**(7,218)**	7,509
Purchase of own shares for cancellation	**(173)**	(297)
Movement in fair value of available for sale investments (shares)	**(4,681)**	227
Deferred tax relating to the movement in fair value of available for sale investments (shares)	**1,334**	(60)
Dividends paid	**(2,024)**	(2,040)
At 31 December	**58,139**	70,901

Within retained earnings are losses of £3,461,000 (2007 - gains of £1,220,000) reserves relating to fair value of available for sale investments (shares).

27. Bank overdrafts and loans

	2008 £'000	2007 £'000
Bank loans due within more than one year	**42,500**	35,011

Analysis of debt maturity	2008 £'000	2007 £'000
Repayable:		
On demand or within one year	**—**	—
In the second year	**—**	—
In the third year to the fifth year	**42,500***	35,011
After five years	**—**	—
Less: Amount due for settlement within 12 months (shown under current liabilities)	**—**	—
Amount due for settlement after 12 months	**42,500***	35,011

* £42,500,000 of the debt is repayable on 30 November 2011.

At 31 December 2008 £Nil (2007 — £7,489,000) had not been drawn down from facilities available until November 2011. Bank loans are secured by fixed and floating charges over the assets of the Group.

Interest that is contractually due on bank loans due within one year is approximately £1,199,000 and within 2–5 years is £2,398,000 excluding any adjustments for the interest rate swaps (based on current floating rate of 2.82% including margin).

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

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

28. Deferred taxation

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

	Total £'000
At 1 January 2007	12,272
Charge to equity for the year	60
Credit to profit and loss for the year	(3,011)
At 1 January 2008	9,321
Credit to equity for the year	(1,334)
Credit to profit and loss for the year	(5,697)
At 31 December 2008	2,290

Deferred taxation arises in relation to potential capital gains on the Investment Properties totalling £6,624,000 and there are deferred tax assets on the Available for Sale Investments (shares) — non-current assets of £969,000, and also on the Derivative financial liability of £3,365,000.

29. Trade and other payables

	2008 £'000	2007 £'000
Trade creditors	**1,269**	1,326
Social security and other taxes	**165**	625
Other creditors	**737**	600
Accruals and deferred income	**2,243**	2,145
	4,414	4,696

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

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

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

30. Derivative financial instruments

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

Bank loans	**2008 £'000**	**2008 Rate**	2007 £'000	2007 Rate
Interest is charged as to:				
Fixed/Hedged				
HSBC Bank plc*	**—**	**—**	25,000	5.90%
HSBC Bank plc*	**—**	**—**	25,000	5.63%
HSBC Bank plc†	**35,000**	**6.05%**		
Floating element				
HSBC Bank plc	**7,500**		(14,989)	
	42,500		35,011	

Bank loans totalling £35,000,000 (2007 - £50,000,000) are fixed using interest rate swaps interest rates reducing the Group exposure to fair value interest rate risk. Other borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

Financial instruments for Group and Company

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

	Hedged amount £'000	Average rate	Duration of contact remaining 'years'	**2008 Fair value £'000**	2007 Fair value £'000
Derivative Financial Asset					
Interest rate swap*	25,000	4.90%	Exited in 2008	**—**	123
Interest rate swap*	25,000	4.63%	Exited in 2008	**—**	449
				—	572
Derivative Financial Liability					
Interest rate swap	35,000	5.06%	29.75	**(9,970)**	—
Interest base rate swap	30,000	3m to 1m	0.25	**(121)**	—
Interest rate swaption‡	25,000	4.63%	n/a	**(1,930)**	(575)
				(12,021)	(575)
Net fair value loss on derivative financial assets				**(12,018)**	(3)

* Fixed rates came into effect on 15 December 2006, and were exited in the year ended 31 December 2008 for a premium as per note 18. Rate includes 1% margin.

† Fixed rate came into effect on 1 September 2008. Rate includes 1% margin.

30. Derivative financial instruments — *continued*

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

Interest rate derivatives are shown at fair value in the income statement.

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

Interest rate risk

For the year ended 31 December 2008, if on average the 3 month LIBOR over the year had been 100 basis points (1%) higher with all other variables held constant, under the financing structure in place at the year end, post-tax profit or loss for the year would been approximately £75,000 higher (2007 - lower by £104,000). This analysis excludes any effect this rate adjustment might have on expectations of future interest rates movements which is likely to effect the estimation of the fair value of the derivative financial assets/liabilities (as this movement would also be shown within the income statement effecting post-tax profit or loss), but indicates the likely cash saving/(cost) a 100 basis points (1%) movement would have had for the Group.

Treasury management

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

31. Parent Company Profit and Loss Account

As permitted under Section 230 of the Companies Act 1985, no profit and loss account is presented for the holding company. The profit for the year after taxation for the holding company before intercompany adjustments amounted to £15,410,000 (2007 - £10,096,000) and after intercompany adjustments amounted to a loss of £278,000 (2007 - loss of £2,587,000).

32. Contingent liabilities

There were no contingent liabilities at the year end.

33. Operating lease arrangements

The Group as lessor

The Group rents out its investment properties under operating leases. Rental income for the Group is disclosed in note 4. The Group paid rent under non-cancellable operating leases in the year of £285,000 (2007 - £280,000).

34. Events after the balance sheet date

There were no material transactions after the balance sheet date.

35. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on Consolidation and are not disclosed in this note. There were no further transactions with other related parties.

36. Net assets per share

	2008 **£'000**	2007 £'000
Total equity attributable to shareholders per 25p ordinary share	**390p**	465p

The calculation of net asset per ordinary share is based on the equity attributable to shareholders of the equity in the Parent Company, and on 16,869,000 ordinary shares being number of ordinary shares in issue at 31 December 2008 (16,918,651 for 31 December 2007).

37. Reconciliation of the changes in equity

	Share capital £'000	Share premium £'000	Capital redemption £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2007	4,250	2,886	571	65,562	73,269
Movement in fair value of available for sale investments (shares)	—	—	—	227	227
Deferred tax relating to movement on fair value of available for sale investments (shares)	—	—	—	(60)	(60)
Shares purchased for cancellation	(20)	—	20	(297)	(297)
Profit for the year	—	—	—	7,509	7,509
Dividends paid	—	—	—	(2,040)	(2,040)
Balance at 1 January 2008	4,230	2,886	591	70,901	78,608
Movement in fair value of available for sale investments (shares)	—	—	—	(4,681)	(4,681)
Deferred tax relating to movement on fair value of available for sale investments (shares)	—	—	—	1,334	1,334
Shares purchased for cancellation	(13)	—	13	(173)	(173)
Loss for the year	—	—	—	(7,218)	(7,218)
Dividends paid	—	—	—	(2,024)	(2,024)
Balance at 31 December 2008	**4,217**	**2,886**	**604**	**58,139**	**65,846**

38. Approval of financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 29 April 2009.

Parent Company Balance Sheet

As at 31 December 2008

	Notes	2008 £'000	2008 £'000	2007 £'000	2007 £'000
Fixed assets					
Tangible fixed assets	40		**2,840**		2,828
Derivative financial asset	30		**—**		572
Investments	41		**19,066**		20,481
			21,906		23,881
Current assets					
Debtors	42	**61,507**		46,220	
Cash at bank and in hand		**12,159**		11,560	
		73,666		57,780	
Creditors: amounts falling due within one year	43	**(10,250)**		(11,787)	
Net current assets			**63,416**		45,993
Total assets less current liabilities			**85,322**		69,874
Creditors: amounts falling due after more than one year	44		**(42,500)**		(35,011)
Derivative financial liability	30		**(12,021)**		(575)
Net assets			**30,801**		34,288
Capital and reserves					
Called up Share Capital	46		**4,217**		4,230
Share Premium Account	47		**2,886**		2,886
Revaluation Reserve	47		**1,655**		1,655
Capital Redemption Reserve	47		**604**		591
Profit and Loss Account	47		**21,439**		24,926
Shareholders' funds	51		**30,801**		34,288

The accounts were approved by the Board of Directors and authorised for issue on 29 April 2009. They were signed on its behalf by:

A. S. Perloff

Chairman

Parent Company Cash Flow Statement

For the year ended 31 December 2008

	Notes	2008 £'000	2007 £'000
Net cash (outflow)/inflow from operating activities		**(18,207)**	1,718
Returns on investments and servicing of finance	48	**14,497**	11,268
Taxation		**—**	(129)
Capital expenditure and financial investment	48	**(3,343)**	(3,157)
Equity dividends paid		**(2,024)**	(2,040)
Cash (outflow)/inflow before use of liquid resources and financing		**(9,077)**	7,660
Financing			
Cash outflow from financing	48	**9,676**	(297)
Decrease in cash in the year		**599**	7,363

	2008 £'000	2007 £'000
Reconciliation of operating loss to net cash flow from operating activities		
Operating loss	**(1,384)**	(1,043)
Depreciation of tangible fixed assets	**1**	1
Decrease in current assets investment (shares)	**—**	99
(Increase)/decrease in debtors	**(15,287)**	29
Increase/(decrease) in creditors	**(1,537)**	2,632
Net cash inflow/(outflow) from operating activities	**(18,207)**	1,718
Reconciliation of net cash flow to movement in net debt		
Increase in cash in the year	**599**	7,363
Cash inflow from increase in debt	**(7,489)**	—
Change in net debt resulting from cash flows	**(6,890)**	7,363
Net debt at 1 January	**(23,541)**	(30,814)
Net debt at 31 December	**(30,341)**	(23,541)

39. Accounting policies for the Parent Company

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

39.1 **Basis of preparation of financial statements**

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

39.2 **Revenue recognition**

Turnover comprises:

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

39.3 **Deferred taxation**

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

39.4 **Derivative financial instruments**

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

39.5 **Investments**

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

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

39.6 **Tangible fixed assets, investment properties and depreciation**
Investment properties are accounted for in accordance with SSAP 19, as follows:

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

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

Fixtures & fittings	—	10%	Straight-line

40. Property, plant and equipment

	Investment Properties £'000	Fixtures and Equipment £'000	Total £'000
Cost or valuation			
At 1 January 2008	2,826	60	2,886
Additions	12	1	13
At 31 December 2008	**2,838**	**61**	**2,899**
Depreciation			
At 1 January 2008	—	58	58
Depreciation charge for the year	—	1	1
At 31 December 2008	**—**	**59**	**59**
Net book value			
At 31 December 2008	**2,838**	**2**	**2,840**
At 31 December 2007	2,826	2	2,828

At 31 December 2008, £2,638,000 (2007 - £2,626,000) and £200,000 (2007 - £200,000) included within the net book value of land and buildings relates to freehold and leasehold land and buildings respectively.

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

	2008 £'000	2007 £'000
Cost	**1,182**	1,170
Cumulative depreciation	**—**	—
Net book amount	**1,182**	1,170

If the investment properties had been sold at their valuation at 31 December 2008, there would be a liability to tax of £222,000 (2007 - £451,000). Costs relating to potential developments are included in additions to investment properties and in the year ended 31 December 2008 amounted to £12,000 (2007 - £Nil).

The investment properties held at 31 December 2008 were revalued by the Directors at their open market value at 31 December 2008. The investment properties were also independently revalued by DTZ Chartered Surveyors for the year ended 31 December 2007. The property rental income earned by the Company from its investment property, all of which is leased out under operating leases, amounted to £28,000 (2007 - £28,000).

41. Fixed asset investments

	Shares in Group undertakings £'000	Other investments £'000	Total £'000
Cost or valuation			
At 1 January 2008	15,272	5,209	20,481
Additions	—	6,532	6,532
Disposals	—	(3,266)	(3,266)
Revaluations	—	(4,681)	(4,681)
At 31 December 2008	**15,272**	**3,794**	**19,066**
Investments:			
Listed	—	3,265	3,265
Unlisted	15,272	529	15,801
	15,272	**3,794**	**19,066**

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

For details of the Company's subsidiaries at 31 December 2008, see note 17.

42. Debtors

	2008 £'000	2007 £'000
Due within one year		
Trade debtors	**17**	8
Amounts owed by Group undertakings	**58,456**	46,130
Corporation tax recoverable	**2,958**	—
Other debtors	**32**	12
Prepayments and accrued income	**44**	70
	61,507	46,220

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

43. Creditors:

Amounts falling due within one year

	2008 £'000	2007 £'000
Trade creditors	**28**	25
Amounts owed to Group undertakings	**9,857**	11,530
Social security and other taxes	**61**	70
Other creditors	**171**	86
Accruals and deferred income	**133**	76
	10,250	11,787

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

44. Creditors:

Amounts falling due after more than one year

	2008 £'000	2007 £'000
Bank loans and overdrafts	**42,500**	35,011

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

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

45. Deferred taxation

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

	2008 £'000	2007 £'000
Potential capital gains	**222**	451

46. Called up share capital

	2008 £'000	2007 £'000
Authorised		
30,000,000 ordinary shares of £0.25 each	**7,500**	7,500
Allotted, called up and fully paid		
16,869,000 (2007 - 16,918,651) ordinary shares of £0.25 each	**4,217**	4,230

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

During the year 49,651 (2007 - 79,500) ordinary shares of 25p were purchased by the Company for cancellation for £173,000 (2007 - £297,000).

47. Reserves

	Share premium £'000	Capital redemption £'000	Revaluation reserve £'000	Retained earnings £'000
Balance at 1 January 2007	2,886	571	1,115	15,949
Profit for the year	—	—	—	10,093
Shares bought in for cancellation	—	20	—	(297)
Revaluation of equity investments	—	—	—	1,221
Revaluation on investment properties	—	—	540	—
Dividends paid	—	—	—	(2,040)
Balance at 1 January 2008	2,886	591	1,655	24,926
Profit for the year	—	—	—	3,391
Shares bought in for cancellation	—	13	—	(173)
Revaluation of equity investments	—	—	—	(4,681)
Dividends paid	—	—	—	(2,024)
Balance at 31 December 2008	**2,886**	**604**	**1,655**	**21,439**

48. Reconciliation of operating profit to operating cash flows

	2008 £'000	2007 £'000
Analysis of cash flows for headings netted in the cash flow statement		
Returns on investments and servicing of finance		
Interest received	**405**	342
Interest paid	**(1,893)**	(1,808)
Income from investments	**15,985**	12,734
Net cash inflow for returns on investments and servicing of finance	**14,497**	11,268
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(13)**	—
Purchase of fixed asset investments	**(6,532)**	(3,157)
Sale of fixed asset investments	**3,202**	—
Net cash inflow for capital expenditure	**(3,343)**	(3,157)
Financing		
Purchase of own shares for cancellation	**(173)**	(297)
Premium received on surrender financial derivative	**2,360**	—
Increase in debt	**7,489**	—
Net cash outflow from financing	**9,676**	(297)

	At 1 January 2008 £'000	Cash flow £'000	**At 31 December 2008 £'000**
Net cash:			
Cash at bank and in hand	11,560	599	**12,159**
Debt:			
Due after more than one year	(35,011)	(7,489)	**(42,500)**
	(23,541)	(6,890)	**(30,341)**

49. Other commitments

At 31 December 2008 the Company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2008 £'000	2007 £'000
Expiry date:		
Between 1 and 5 years	**4**	4

50. Related party transactions

There were no related party transactions during the period.

51. Reconciliation of movements in shareholders' funds

	2008 £'000	2007 £'000
Profit for the year	**3,391**	10,093
Dividends	**(2,024)**	(2,040)
Shares bought in for cancellation	**(173)**	(297)
Other recognised gains and losses during year	**(4,681)**	1,761
Opening shareholders' funds	**34,288**	24,771
Closing shareholders' funds	**30,801**	34,288

Ten Year Review

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Rental income	**7,064**	7,526	7,510	8,099	9,194	9,125	7,951	6,020	5,518	4,961
Revenue/turnover	**9,296**	9,516	9,722	8,498	9,194	9,791	8,240	9,428	6,519	5,861
Profit or (loss) before tax	**(10,870)**	9,089	9,269	26,549	7,632	3,413	2,956	3,531	2,396	2,056
Earnings per ordinary share	**(42.7)p**	44.3p	43.5p	121.3p	35.8p	15.0p	11.8p	16.0p	10.1p	8.6p
Dividend per ordinary share*	**12.0p**	12.0p	12.0p	20.0p†	8.0p	12.5p†	7.0p	9.0p	6.5p	6.0p
Employment of finance:										
Non-current assets/Fixed assets	**100,907**	107,005	106,593	103,301	91,500	93,426	79,166	62,232	53,619	52,843
Current assets less current liabilities	**21,808**	16,532	16,030	21,903	24,544	12,344	12,593	12,183	9,021	10,526
Total assets less current liabilities	**122,715**	123,542	122,530	125,204	115,950	105,680	91,493	74,343	62,543	63,254
Financed by:										
Shareholders' funds (Net assets of the Group)	**65,846**	78,608	73,269	67,632	49,871	50,104	38,240	37,186	32,285	32,875
Long-term borrowings	**42,500**	35,011	36,989	46,562	58,925	55,576	53,253	37,137	30,258	30,379
Deferred tax	**2,290**	9,321	12,272	11,010	7,154	n/a	n/a	n/a	n/a	n/a
Net assets attributable to ordinary shares per 25p ordinary share	**390.0p**	465.0p	431.0p	398.0p	293.0p	294.8p	226.2p	219.4p	190.5p	182.0p

Note: 2008, 2007, 2006, 2005 and 2004 prepared under IFRS
2003 to 1999 prepared under UK GAAP

* Based on those declared in the financial year

† Includes special dividend

Notice of Annual General Meeting

Notice is hereby given that the 75th Annual General Meeting of Panther Securities P.L.C. will be held at the offices of Nexia Smith & Williamson, 25 Moorgate, London EC2R 6AY on 9 June 2009 at 11.30 for the following purposes:–

As Ordinary Business

1. To receive and adopt the Directors' Report, Remuneration Report and Financial Statements for the year ended 31 December 2008.

2. To authorise the payment of a final quarterly dividend of 3.0p per ordinary share.

3. To re-elect:
   i. J. H. Perloff, who is retiring by rotation, as a Director.
   ii. A. S. Perloff, who is retiring by rotation, as a Director.

4. To reappoint 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 resolution as an Ordinary Resolution of the Company:

That:

5. The Directors be generally authorised in accordance with Section 80 of the Companies Act 1985 to exercise all the powers of the Company to allot relevant securities within the terms of the restrictions and provisions following, namely:

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

   (ii) This authority shall be limited to the allotment of relevant securities up to the aggregate nominal amount of £2,400,000.

To consider, and, if thought fit, pass the following resolutions as Special Resolutions of the Company:

6. That, subject to the passing of resolution 5, the Directors be empowered pursuant to section 95 of the Act to allot equity securities (within the meaning of section 94 of the Act) for cash pursuant to the authority conferred by resolution 5 as if section 89(1) of the Act did not apply to any such allotment provided that this power shall be limited:

   (i) to the allotment of equity securities in connection with a rights issue in favour of ordinary shareholders where the equity securities attributable to the interests of all such ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them (subject to such exclusions or variations or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the law, or the requirements of any regulatory body or any stock exchange in any territory or otherwise howsoever); and

   (ii) to the allotment of equity securities (otherwise than pursuant to sub-paragraph (a) above) up to an aggregate nominal amount of £211,838

   and shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or the date which falls 15 months from the date of passing of this resolution, whichever is the earlier, save that the Company may before such expiry make an offer or an 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 power conferred by this resolution had not expired and that on this authority coming into effect all existing authorities conferred on the Directors pursuant to section 95 of the Act be cancelled (such cancellation not to have retrospective effect).

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

   (i) The maximum number of shares which may be purchased is 2,500,000 ordinary shares of 25p each;

   (ii) The maximum price at which any share may be purchased is the price equal to 5%. 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, exclusive of expenses, and the minimum price at which any share may be purchased shall be the par value of such share; and

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

8. That the Directors be authorised to make a payment of £25,000 by way of donation to the Conservative Party.

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

Panther House
38 Mount Pleasant
London WC1X 0AP

Dated: 29 April 2009

Notes:

1. Any member of the Company entitled to attend and vote at this meeting is also entitled to appoint a proxy to attend and vote in his stead. Such a proxy need not also be a member of the Company.

2. A proxy form is enclosed. Completed forms must be deposited with Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 48 hours before the meeting.

3. A statement of all transactions of each Director and his family interests in the share capital of the Company will be available for inspection at the Company's registered office during normal business hours from the date of this notice up to the close of the Annual General Meeting and will be available for inspection at the place of the Annual General Meeting for at least 15 minutes prior to and during the meeting.

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

Shareholder Notes

Form of Proxy

Panther Securities P.L.C.

I/We____

of ____

being (a) members(s) of the above-named Company, HEREBY APPOINT Mr Andrew Stewart Perloff, whom failing Mr Simon Jeffrey Peters, whom failing the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 9 June 2009 and at every adjournment thereof (if you desire someone else to act as your proxy delete these names and insert the name of the proxy desired). This form is to be used.

Ordinary Resolutions

		For	Against
1.	To adopt the report of the Directors and report of the Auditors and financial statements for the year ended 31 December 2008.	☐	☐
2.	To authorise the payment of a final quarterly dividend of 3.0p per ordinary share.	☐	☐
3i.	To approve the re-election of Mr J. H. Perloff as a Director.	☐	☐
3ii.	To approve the re-election of Mr A. S. Perloff as a Director.	☐	☐
4.	To reappoint the auditors Nexia Smith & Williamson as auditors.	☐	☐

Special Business

		For	Against
5.	To authorise the Directors to exercise all the powers of the Company to allot relevant securities in accordance with Section 80 of the Companies Act 1985.	☐	☐
6.	To authorise the Directors to disapply the pre-emption provisions of Section 89 of the Companies Act 1985.	☐	☐
7.	To authorise the Directors to exercise the Company's powers to purchase its own shares by way of market purchase in accordance with the Companies Act 1985.	☐	☐
8.	That the Directors be authorised to make a payment of £25,000 by way of donation to the Conservative party.	☐	☐

As witness my/our hand this____________________day of____________________2009

Signature(s)____

Notes:

Please indicate how the proxy is to vote by inserting "X" in the appropriate box opposite each resolution. Unless otherwise instructed the proxy will vote or abstain from voting, as he thinks fit.

A corporation should execute its proxy under its common seal or under the hand of a duly authorised officer or attorney.

Proxies should be lodged with the Registrars not later than forty-eight hours before the day and time of the meeting.

A proxy need not be a member of the Company.

To appoint more than one proxy you may photocopy this form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.

Second fold

BUSINESS REPLY SERVICE
Licence No. MB 122

1

Capita Registrars
Proxy Dept.
PO Box 25
Beckenham
KENT
BR3 4BR

First fold

Third fold
and tuck in flap opposite

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