



Annual Report &
Financial Statements 2011

The Year in Brief

	2011	2010
	£'000	£'000
Revenue	11,940	10,085
Profit or (loss) before tax	(2,312)	6,401
Total comprehensive (loss)/income for the year	(2,902)	6,422
Net assets of the Group	67,066	71,318
Earnings per 25p ordinary share	(5.1)p	34.8p
Dividend per ordinary share (based on those proposed in relation to the financial year)	12p**	15p*
Net assets attributable to ordinary shareholders per 25p ordinary share	397p	422p

* Includes 3p special dividend

** 12p – 3p is paid and 9p proposed

Contents

The Year in Brief	1	Consolidated Statement of Comprehensive Income	31
Directors, Secretary and Advisors	2	Consolidated Statement of Financial Position	32
Chairman's Statement	3	Consolidated Statement of Changes in Equity	33
Chairman's Supplement	9	Consolidated Statement of Cash Flows	34
Operating and Financial Review	16	Notes to the Consolidated Accounts	35
Report of the Directors	18	Parent Company Balance Sheet	60
Corporate Governance	22	Parent Company Cash Flow Statement	61
Directors' Remuneration Report	26	Notes to the Parent Company Accounts	62
Independent Auditors' Report	28	Notice of Annual General Meeting	69
Consolidated Income Statement	30	Ten Year Review	71

Directors, Secretary and Advisers

Directors	<ul style="list-style-type: none">* Andrew Stewart Perloff (Chairman and Chief Executive)** Bryan Richard Galan (Non-executive)** Peter Michael Kellner (Non-executive)John Terence Doyle (Executive)John Henry Perloff (Executive)Simon Jeffrey Peters (Finance)
Company Secretary	Simon Jeffrey Peters
Registered Office	Deneway House, 88-94 Darkes Lane, Potters Bar, Herts EN6 1AQ
Company number	293147
Website	www.panthersecurities.co.uk
Auditors	Nexia Smith & Williamson 25 Moorgate, London EC2R 6AY
Bankers	HSBC Bank plc 31 Holborn, London EC1N 4HR Santander Corporate Banking 2 Triton Square, Regents Place, London NW1 3AN Natwest Bank PLC Unit 40, 56 Churchill Square, Brighton, East Sussex BN1 2ES Arbuthnot and Latham Private Bankers Arbuthnot House, 20 Ropemaker Street, London EC2Y 9AR
Brokers	Raymond James Investment Services 77 Cornhill, London EC3V 3QQ
Financial Advisors	Merchant Securities Limited 51-55 Gresham Street, London EC2V 7EL
Registrars	Capita Registrars The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU
Solicitors	Oberman Law 15 Southampton Place, London WC1A 2AJ Howard Kennedy 19 Cavendish Square, London W1A 2AW Biggart Baillie Dalmore House, 310 St Vincent Street, Glasgow G2 5QR MacRoberts LLP 152 Bath Street, Glasgow G2 4TB Fox Williams LLP Ten Dominion Street, London EC2M 2EE Blake Lapthorn New Kings Court, Tollgate, Chandler's Ford, Eastleigh, Hampshire SO53 3LG

* Member of the Nomination Committee and Audit Committee

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

Chairman's Statement

I am once again pleased to be able to present satisfactory figures for the year ended 31st December 2011. Under the INTERNATIONAL Financial Reporting Standards our consolidated income statement shows a loss of £850,000 compared to a profit of £5,869,000 the previous year.

This apparent trading loss is due to the severe deterioration in the liability of our financial derivatives by an additional £10,635,000 counter-balanced by a valuation increase in our investment properties as at the financial statement date of £5,671,000. I have pointed out on previous occasions that both these items should not be shown in an income statement (they had to change the name as it used to be called profit & loss account) but shown on the balance sheet and the notes to the financial statements.

Leaving aside these non-cash flow items the Company is trading well considering the difficult times we live in and the constant extra burden placed upon us by uncomprehending government.

Our rental income receivable during the year end 31 December 2011 rose to £8,961,000 compared to £7,717,000 in the year ended 31 December 2010 and is still rising due to our purchases mentioned later in my report.

This year the Directors re-valued the entire portfolio which produced a surplus of £5,671,000 compared to the previous year's increase of £4,039,000.

Our costs of running the business increased during the year, part of which was due to extra banking fees of £103,000 but also by £272,000 due to **extra** vacant rates because of the unfair removal of vacant rate relief for lower value properties.

Sales of more of our Elektron PLC shares and our entire holding in O Twelve Estates produced a £2,007,000 profit and generated free cash proceeds of £3,222,000.

This year has been an extremely busy and acquisitive year for our Group. Property purchases totalling approximately £21,000,000 were successfully completed. Last year approximately £8,000,000 of purchases were completed. We always purchase assets where our group experience leads us to believe there could be added income and value created. Whilst we have been proved successful in this regard for many years, one cannot predict the future but somehow it feels right to be investing in property in these times.

Acquisitions during this accounting year

25/26/27 Victoria Street, Wolverhampton

In February 2011 we re-acquired 25/26/27 Victoria Street, Wolverhampton for £202,000 (including stamp duty) having sold it in June 2006 for £333,000. We own most of this island town centre site, which has considerable re-development potential as the Town Centre scheme and compulsory purchase order has been abandoned.

67 High Street, Ayr

In March 2011 we purchased 67 High Street, a vacant listed freehold shop with upper part in the prime shopping position opposite Marks & Spencer and BHS. Our purchase was from an LPA Receiver at £289,000 (including stamp duty) and we hope that it will have a considerable added value when let. We are in discussion with a number of retailers about this unit.

Northgate Street and St Aldgate Street, Gloucester

In May 2011, we purchased this block of 17 shops and 21 flats in the very centre of Gloucester. The property is situated close to Debenhams and Marks & Spencer, and since our purchase the two vacant shops have been let, increasing the income to £237,000 per annum, from £207,000 per annum. We are seeking a single letting of the 21 vacant flats to a social housing provider but, if unsuccessful in this regard, will let them individually at a higher total rental but involving more management costs and management time. This

Chairman's Statement continued

freehold cost approximately £2,200,000 (including stamp duty).

Five Department Stores

As announced in July 2011, we purchased five freehold department stores which were owned and formerly occupied by the Anglia Regional Co-operative Society Limited ("ARCS") trading as Westgate Stores. The majority of the trade and assets of Westgate Stores in May 2011 were acquired by Beale PLC, a fully listed department store group in which the Company holds just under 20 per cent of the issued share capital. We paid approximately £7,330,000 (including stamp duty) for the following five properties:

80 Newgate Street, Bishop Auckland, County Durham comprising approximately 50,000 sq ft over three floors situated just off the prime shopping position in the town centre.

49 Low Street, Keighley, West Yorkshire comprising approximately 35,000 sq ft on three floors. This property adjoins a Marks & Spencer store and the main shopping centre in the town.

53-57 High Street, St Neots, Cambs comprising approximately 30,000 sq ft on two floors together with an 80 space car park to the rear, adjoining the Marks & Spencer store.

Market Place/Bridge Street, Spalding, Lincolnshire comprising approximately 23,000 sq ft on two floors in the main trading position of the town.

8 Market Place, Diss, Norfolk comprising approximately 8,000 sq ft in the prime shopping area of the town centre.

80 Newgate Street, Bishop Auckland has a one year rent free period (ending 21 May 2012), the other four stores have a two year rent free period which ends on

21 May 2013. The leases are all on full repairing and insuring terms for 15 years with rent reviews every 5 years.

The rent of £100,000 p.a. on Bishop Auckland starts in May 2012 and in May 2013 a further rent of £575,000 p.a. is payable on the other properties.

Templegate House, 115-123 High Street, Orpington

This property was purchased in July 2011, and is a long leasehold (94 years remaining at a peppercorn rent) modern building which contains five shops and 17,000 sq ft of office space over the three floors above. The property was almost fully let and produced rent of £276,000 per annum. The price we paid of £1,300,000 (including stamp duty) reflected the fact that two of the larger tenants' leases were due to expire towards the end of the year. The property was purchased from a LPA Receiver but only one office tenant failed to renew, thus the property still produces over £200,000 p.a. which should increase when vacant space is let.

79/97 Commercial Street, Batley

This freehold property also purchased in July 2011 is well positioned in the town, and was purchased for £1,404,000 (including stamp duty). The property produced £143,000 per annum, excluding income from two vacant shops. The tenants include Boots, the Card Factory, Coral Estates, TUI UK and Kirkwood Hospice. One further shop is now let.

The Mill and Warehouse, Upper Mills Trading Estate, Bristol Road, Stonehouse

In August 2011, Panther purchased a 13,000 sq ft office with an adjoining 12,000 sq ft warehouse building for £489,000 (including stamp duty). The building was purchased for Panther's 75 per cent owned subsidiary MRG Systems Ltd ("MRG"). The Board expects that this will not only reduce MRG's rental cost of £30,000 a year and provide it with a permanent office but it should also provide additional

space for MRG and allow them to sublet and generate additional rental income to benefit the group overall.

Bentalls Complex, Colchester Road, Heybridge, Maldon, Essex

In August 2011, Panther purchased, via a sale and lease back arrangement, a 200,000 sq ft freehold industrial building set in 8.5 acres of grounds for £3,921,000 (including stamp duty). The property has been let for 10 years to Wyndeham Group Ltd for £500,000 per annum, with a one year rent free period which commenced at completion in August 2011. This property offers a high return from a good covenant together with redevelopment prospects on 2.5 acres of rear unused land.

Lyceum Building, Bold Street, Liverpool

In August 2011, Panther completed on this prime, iconic listed building let to the Post Office with 3.5 years remaining on its lease. The rent is £500,000 per annum. The tenant is not in occupation but has sublet part of the building to the Co-operative Building Society. The purchase price was £2,964,000 (including stamp duty).

34 Marine Terrace, Margate, Kent

This freehold property was purchased by the Company in August 2011 for £190,000 (including stamp duty) and is positioned on the seafront. The property has takeaway use and is let at £21,000 a year. This investment is in a location where the Board hopes to see improve in the medium to long-term.

Post Balance Sheet Acquisitions

In February 2012 the Company purchased the freeholds of a further three Beales Department Stores, these being:-

Lowestoft, Suffolk

The freehold property now known as Beales department store, London Road North, Lowestoft, is a

modern store with 21,000 square feet of selling space on two floors, situated on the town's main pedestrianized shopping street close to Tesco Metro supermarket, Sports Direct, BHS department store and Peacocks (R.I.P.).

Wisbech, Cambs

This property, now known as Beales department store on Little Church Street, just off The Market Place, is a modern, two storey department store containing 26,000 square feet of selling space, being situated in the centre of town.

Beccles, Suffolk

This department store is an older store in two separate sections adjoining but separated by a small vehicular service road and contains approximately 17,000 square feet on mainly ground but also first floor. The property fronts through from Smallgate to The Walk which is close to the centre of this market town and to a Tesco superstore.

All three properties are let on similar leases to Beale PLC whereby rent is a share of profits until May 2014, thereafter to market rent subject to negotiations.

In its announcement made in April 2011, the estimated turnover for these stores to the Beale Group was approximately £6 million (excluding VAT).

The price paid for the freehold properties was £2,250,000, of which £300,000 is deferred, payable in three years' time.

Huntingdon, Cambs

In February 2012 Panther purchased a factory investment comprising 96,000 square feet (90,000 feet ground floor) of modern factory premises on 5.5 acres on the Stukeley Meadows Industrial Estate, 1 mile north of Huntingdon town centre.

Chairman's Statement continued

The property is let on an FR&I lease for 15 years from February 2005 at £190,000 per annum exclusive with rent reviews in 2010 (still outstanding) and 2015 to 65% of open market rental value.

The property is held on a long lease for a term of 999 years from February 2005 at a fixed rent of one peppercorn and the price paid was £1,278,000 (including stamp duty).

Progress on Developments

59/61 High Street, Sittingbourne

This large shop unit with extensive upper parts has been refurbished and split into two shop units and separate upper part. The larger shop unit is let to a local, long established furniture shop. When the property is fully let the Directors expect it will show a 20% rental return on cost.

49/61 High Street, Croydon

Panther has agreed to lease 4,000 sq ft to Sainsbury's Supermarkets Limited as a local convenience store at £55,700 per annum exclusive. The remaining ground floor space of 3,000 sq ft should let easily and leave the upper part to be converted (subject to planning permission) as eight or nine flats and eventually produce a valuable surplus on our initial investment of approximately £600,000.

Holloway Head, Birmingham

This 450,000 sq ft development site will only take place when the property market improves and we find a suitable partner to carry out the scheme. The property is carried in our books at a very conservative written down figure.

High Street, Broadstairs

Having received full planning for our 4,000 sq ft shop and 10 flats development situated in Charles Dickens' favourite seaside resort, we will shortly be demolishing the building with a view to carrying out the development

as soon as a suitable prelet on the shop is obtained. We currently have some interested parties with one rental offer in hand which is currently under negotiation.

Tunnel Shoes Limited

Towards the end of the year we decided to sell Tunnel shoes (our joint retailing venture) for a nominal sum. This accounts for a loss of £224,000 in our operations. In this difficult retail market this is not a great surprise and it is no great consolation to know that we would have borne over half of this loss in vacant rates and unrecovered insurance had we not tried out that venture.

Wimbledon Studios

Whilst we only own a small proportion of the film studio's operational company, we own the freehold from which they operate and thus their success brings added value to our freehold. To date they are making good progress towards profitability and they are now noticing opportunities to profitably expand but this may need extra capital. They are currently investigating whether they are able to raise money under any of the government's new Enterprise Investment Schemes. With the Twickenham Studios site due to close in the next few years for residential development and the BBC relocating most of its studio facilities to Salford, there is likely to be studio space shortages in London in the next two to three years which should benefit Wimbledon Studios considerably.

This year we are holding our AGM at Wimbledon Studios and our shareholders who are able to attend will be able to inspect one of their prime assets.

Tenant Activity

During the accounting year we lost a total of 42 tenants which produced £495,000 per annum rent. During the same period we let to 61 new tenants at rents totalling £720,000 per annum, yielding a net gain of £233,000 per annum after various rent free periods elapse.

Political Donations

Once again I am proposing a resolution to allow the company to donate £25,000 to the Conservative Party who are the only party capable of holding back the country from the abyss of excessive debt caused by their predecessors. Whilst they have not yet been able to produce policies to stimulate the economy I have no doubt the intention is there when circumstances allow them to.

Finance

In July 2011 we completed our refinancing package. This was a new 5 year club loan facility of £75,000,000 provided equally by HSBC and Santander. This replaces our existing facility of £42,500,000 with HSBC with whom we have had an excellent banking relationship for over 30 years. We are, of course, pleased to have this new banking relationship with Santander which we hope will prove as reliable and long standing.

The additional finance has already allowed us to expand and make a number of new purchases and, at the balance sheet date, £60,000,000 of the loan facility had been drawn down and we have yet to utilise the remaining £15,000,000 of the total facility.

The benefit of these borrowings will be reflected in future years' accounts, especially when we can invest the final £15,000,000 which, not being fixed, would be at a much lower "all in" interest cost (at current floating rate).

Tax

This year our tax payable is £678,000 with a large notional reduction of £2,142,000 in our deferred tax. However, we also paid over £800,000 in stamp duty tax and £700,000 in vacant rates, plus approximately £90,000 in non-recoverable VAT. Plus £169,000 National Insurance premiums a minimum total of £2,437,000 towards government coffers and so an additional 1% lowering of corporate profits tax is

meaningless to most property companies like ourselves.

A government that has between £100 billion and maybe as much as £200 billion locked in the banking sector whose survival is dependent on a property market that only works with willing buyers, would seem foolish to constantly make property investment or ownership less desirable or less financeable. So charging vacant rates or extra stamp duty or heavier, mostly unnecessary, environmental obligations and placing extra financial and regulatory burdens on the banks which lower their lending ability, only delays the recovery of their government loans still longer or, worse, may cause some, or all, of this huge debt to be written off, of course only done at a time which will be politically expedient.

Dividends

During the year we paid an interim dividend of 3p per share. At the time of the interim announcement in August 2011 we were unable to give a view as to what final, if any, dividend could be paid due to the uncertain times and also the much higher total annual interest charges we would be paying partly due to our derivatives arrangement having now crystalized and interest payment combined with the higher margins now payable on our increased facility.

There is, of course, a hiatus between the cost of borrowing and the receipt of benefits from investing the funds but the sale of our entire holding of O Twelve shares gave us £3,222,000 of extra liquidity. Thus I am pleased to say we have decided to pay a final dividend of 9p per share to bring a yearly total of 12p and thus continue our 30th year of uninterrupted dividends, these having multiplied by a factor of 50 over that period.

Prospects

In the last two years we have invested £30,000,000 in commercial property and anticipate investing at least

Chairman's Statement continued

another £15,000,000 in the forthcoming year. I believe that this is laying the foundation for much improved profitability and increasing asset values for our Group in the years to come. In my fifty years in the property industry I have rarely seen so many good value investment opportunities for those capable of investing for the longer term.

If it is possible to invest in a freehold building with an honest, reliable tenant paying between 8% to 10% return for 10 years and which should provide some protection against inflation or buy a piece of paper with a government promise of 2.5% return for 10/20 years, what should you choose? I suspect history already tells us which is the better and wiser choice.

Finally I wish to thank our small but dedicated teams of staff, financial advisers, legal advisers, agents and accountants for all their hard work during the past year which has been busier and more intensive than usual and, of course, our tenants, most of whom pay their rents despite a difficult trading environment.

Andrew S Perloff

Chairman

25th April 2012

Chairman's Supplementary Ramblings

This year marks the 200th anniversary of the birth of Charles Dickens and having often used quotes from his novels I wondered if I have any other possible connections.

And of course I have:-

In 1969 we purchased a freehold pub called the "Sir Robert Peel" at 178 Bishopsgate. It was tiny with a frontage of about 14 ft. and three vacant upper floors. We had agreed to purchase at £27,500 and found the raising of finance was slow. The pub owners, one of the big brewers, were desperate to complete quickly and thus agreed to lend us 90% of the purchase price for nine months thus enabling them to transfer the liquor licence to a much bigger unit nearby. This gave us time and we let the entire property to Dombey & Son at £3,500 per annum, this is a very old established multiple firm of men's made to measure suits whose name and city presence was possibly the inspiration for Dickens' story "Dombey & Son" which was about a ship owning brokerage company or vice versa. The connection ends there.

However, as always, my stories don't. Over the next three years property prices boomed and even more so in the city of London. In 1974 we decided to sell this investment at one of Healey and Baker's auctions. We were hoping for £100,000 but it made £126,000, a phenomenal profit. This was owned personally in an investment partnership with my brother, sister and Malcolm Bloch and this would be subject to 30% capital gains tax.

About the same time some listed property company shares I personally owned had risen from £12,500 to over £50,000 in value. A sale would crystallise another big capital gains tax bill.

We had heard about a tax specialist who could legally, for a fee, either substantially reduce or even remove completely the tax liability.

Our accountant thus organised a meeting with the "specialist". We met him at his smart office off Harley Street. He spoke so quietly both Malcolm and I thought we had gone deaf.

His scheme was that various companies were formed A B & C – and A sold part interest in the freehold investment to B which leased part to C who gave a loan to A who then transferred the lot to an outside party for real money and 'dished it out' to the original property and company owners. This description is, of course, complete rubbish but that's what it seemed like to us.

Our accountant had listened carefully and told us he understood it, told us it was near the mark but legal and should work but if it did not would take ten years to unravel before any tax would have to be paid, but also we could have heavy court costs to argue our case.

We thought about it for a month or so, put off by the complexity, by which time my shares had fallen in value by 60% thus I only had a small profit. We thus decided we would not bother but reinvest the money to make more profit before the tax would become due in two years' time.

Of course, you've guessed it, by the time our tax was due and demanded, a severe property recession was in place, our money was tied up in property and no cash was available to pay. The total needed was about £30,000. We paid a little off and tried delaying tactics by promising more but the more embarrassing problem was that my sister's share of the capital gains tax was about £4,500 but the tax demand went directly to my brother-in-law, a pharmacist employed on a good salary but never previously having had a capital gains tax bill. To say he was shocked was an understatement.

Prevarication was no longer possible so we arranged to visit the local tax collectors head office in Aldwych.

We met the local senior inspector in one of the bleakest offices I have ever entered; no decoration, worn

Chairman's Supplementary Ramblings *continued*

linoleum on the floor, an old and cheap wooden desk and four uncomfortable chairs. The inspector was pleasant whilst we explained our plight, in particular that of our brother-in-law who was completely unaware of his wife's investment and capital gains tax and also that she had not received any money.

The inspector then laughed at the situation and explained that a husband is responsible for his wife's debts, in particular her taxes, whether he knew about them or not. Well, in *Oliver Twist* when the magistrate told Mr Bumble "in the eyes of the law a man is responsible for his wife's actions" he replied "if that is what the law says then the law, Sir, is an ass".

Bumble was, of course, correct and in due course this onerous anomaly of tax law was changed, but too late for us.

However, the tax inspector agreed to give us over six months' (which turned out to be a year) to pay in stages which we eventually did.

Tax is on everyone's mind and most people will know income tax was brought in circa 1800 to finance the then forthcoming war with France under its emperor Napoleon initially at less than 1p in the pound on incomes of £60 per year (the average men's wage) rising to 10% on incomes of £200 per year or more (the income of moderately successful solicitors) and rose and fell during the wars with Napoleon and was abolished in 1816 after his defeat at Waterloo the previous year. However, it was reintroduced in 1842 by the then Prime Minister, SIR ROBERT PEEL and remained and has constantly risen ever since.

There has been much comment lately since the Budget when the top rate of tax was reduced from 50p to 45p in the £1. If they had pitched it at 35% this year going up to 45% next year, the 300,000 tax payers who pay 57% of all income tax would have brought forward their income, dividends and gains early probably giving the

Chancellor an extra £10 billion to reduce their deficit when he most needs it.

Some of you will have noticed how sometimes over the last 15 years or so the immigration figure changed from "immigration" to "net immigration" i.e., the amount of people who emigrated was deducted from the total obviously to mislead the public but in this ramble I'm more concerned about tax.

In the modern age of computer and monumental government snooping and records, there is a huge amount of facts and figures available to those who know where to look.

Apparently there are about 5,250,000 British ex-pats round the world and it is a fair bet that a larger percentage of them than those remaining in the UK, are those that had substantial wealth or earning capacity and felt that our taxation system was unfair in a more honest meaning of the word. If that amounted to just 3% of the total i.e., 150,000 people, how much better the UK would be if they were lured back by better tax rates. Currently 300,000 top earners pay 57% of the total income tax (let alone all the other taxes) so if they came back and paid the same rates, another 28% would be paid – so top rate taxes could be substantially reduced so that this could happen and those on lower levels of income would not have to pay any income tax.

Now I know the HM Revenue and Customs keep records going back many years. They should be able to say how many top earners, i.e., over £150,000 per annum, have left the UK in the last 10 or 15 years and thus we would know how much these high tax rates have cost the country in lost taxes.

To be continued.....

Andrew S Perloff

Chairman

25th April 2012

Variety, the Children's Charity, is about increasing positive experiences for children and young people throughout the UK who are sick, disabled or disadvantaged. About 21 years ago two successful property gurus suggested the real estate business should provide a section of the Charity to also raise money and it does so with an annual Awards event called the PROPS for those in the industry deserving of recognition.

Well, this year on 15 May 2012 I won the award for the 'Most Promising Newcomer of the Year' and unfortunately (for them) I had to make a short (impossible for me) acceptance speech. I have written it as a supplement to my ramblings although, because of time allocation, the speech I partially gave was an abbreviation of this but it is effectively a prequel to the start of me writing my ramblings.

Chief Barker, Barkers Committee, Ladies and Gentlemen of the property profession and Miss Wonderful! When I was first told about this award for the most promising newcomer, I was a little surprised for this week marks my 50 years in the profession. I then remembered what one of my school teachers said about me; "He is a slow learner but might get there in the end". I think he was probably right!

Upon reflection I realised that this award was certainly not for my knowledge of surveying practices, building knowledge, legal or valuing skills but probably for all the different types of interesting and unusual property deals I had carried out over the last half century! Indeed, I have bought and sold flats, houses, shops, offices, factories, garages, and cinemas, many of them including the business inside the property.

Where did I acquire this passion for deals and indeed the skill to carry them out?

I'll tell you..... it all started with a packet of marbles.

For my 8th or 9th birthday my mother gave me a packet of marbles. How easily (and cheaply) pleased we were then in that halcyon, pre-I pod/ Nintendo age! Playing the game daily with my class mates I quickly became an adept player, nearly always winning. Victory allowed you to keep your opponent's marbles. I didn't, however preferring to sell them back to the loser which I invariably soon won back! This proved quite profitable and the few pence I won would allow me to rush down to Ron's corner sweet shop after school. Rationing had just ended so sweets were a relatively new delight. My very favourite sweets were liquorice sticks which lay in delicious, glistening black rows in a big box and a penny bought you 2 of these delicacies.

On one particularly victorious day I had won six pence and after school I rushed down to Ron's sweet shop crying "Mr Ron, Mr Ron, I've got six pence. Can you give me extra as I am buying so many". He nodded and sagely agreed: "OK, curly you can have 15". Here was a man I could do business with! I ventured another question to my new potential business partner "How much for a whole box"? "Five shillings" he swiftly replied. Now I knew a whole box contained about 300 sticks and that night I couldn't sleep with the excitement of my new scheme but eventually nodded off dreaming of my profit margins! How to fund the venture capital hadn't occurred to me as I knew my mother always left her purse on the kitchen table. The next morning I borrowed two half crowns (five shillings) and I rushed to Ron's very early the next day and smuggled my contraband into my desk at school.

At the morning break I started doing a roaring trade because not only was I on the spot but I undercut the sweet shop selling at 3 for a penny. Successful trading at junior school continued for some weeks. Nowadays, in most south London schools you see classrooms full of happy, smiling black faces with shiny white teeth. In my school, all the smiling faces were white with black teeth! There was an added bonus; for three liquorice

Chairman's Supplementary Ramblings continued

sticks some of the girls would take you behind the toilet block and kiss you on the lips!

To this day I wish I could have afforded those sherbet lemons!

However, my black market days came to an end as our entire class had to start preparing for the 11+ exam, after which we would all be leaving junior school. Sometime later, much to my teacher's surprise, my parents' delight and my complete indifference, I was one of the 6 out of 52 children who passed the exam according me entrance to the hallowed halls of the local grammar school.

One day in the following September my mother proudly walked me the mile or so to the school on my first day. I was attired in a brand new school uniform and never before or indeed since had I looked so immaculate.

As we walked through the rear gate into the playground I became excited. At the thought of the privilege of being at such a good school? Of what I might learn there? At the prospect of meeting new friends? No, I saw the school was huge and my trading market had expanded at least fourfold!

And so it had – I began trading marbles, stamps, coins, pencils, rubbers, sweets, chewing gum, some new, some used; in fact anything that could be of interest and sold to schoolboys.

My jacket and all pockets bulged with all manner of items stretching my previously immaculate blazer out of shape. I was a veritable walking trading post. My initials are A.S.P. and thus received the nick name of "All Spare Parts Perloff". Trading was good and continued successfully until the fifth year when I had an epiphany!

In the normally dull chemistry lesson, our master based an entire lesson on the instability of certain chemicals. His grand finale and piece de resistance was when he cut off a tiny piece of silver metal and dropped it into a

beaker of water. It whizzed round like a small, angry bee bzzz bzzz and then exploded with a frighteningly satisfying **BANG**.

My eyes must have flashed pound signs. I knew this must be a saleable commodity when I saw it and that weekend I went straight to the local chemist and ordered a batch of dangerous chemicals including 10/6d worth of this sodium. When I went back to collect them four days later I was told that I was too young to buy them so my older brother was recruited to collect them for me.

I was astonished at how much sodium I got for my 10/6d – two tins containing about 250 cylindrical pieces of sodium in each all covered in oil to prevent combustion. I calculated that they cost me about a farthing per piece. I put a number in two pill bottles, taking care to cover them with the oil and took them to school. I needed a good profit and I thought 24% seemed about right so I asked for 6p a lump.

During the first break the huge crowd gathered, such was the popularity of these dangerous chemicals but the slowness of each individual sale made me realise I needed a sales network. Four of my friends became wholesalers and they bought a minimum of 10 lumps @ 4p each and sold @ 6p. Some even had credit.

By the third day we were doing so well news spread throughout the school eventually reaching our boxing champion who came to me with a proposition. As well as pugilism our revered boxing champion's other hobby was being the school bully and he excelled at both.

A muscular, 6'4" bruiser, he had no difficulty in lifting my small, skinny body together with my entire trading post up by my lapels up until our faces met. He then put his proposal to me – "Look Perloff, if you don't give me a jar of your sodium stuff I'm going to wring your bleeding scrawny little neck!"

This seemed an eminently fair proposal that I could understand so I accepted on the basis that if I had any trade disputes or debts he would use his superb negotiating skills on my behalf.

Trading was tremendous but after the first week the boys grew much bolder, not only taking it home for experiments but unleashing it at school. Urinals, sinks, playground puddles, drains all reverberated with explosions but their favourite trick was to wait for the teacher on playground duty to walk past a drain then drop a large piece down the drain causing a loud report to the teachers shock and puzzlement.

So it was that both trade and the school boomed!

Of course this unfortunately couldn't continue and by the end of the second week my form master approached me suggesting the Headmaster would appreciate my presence in his study for a little talk.

I went along expecting him to make a large order of chemicals for the school's chemistry department and after much mental calculation by the time I arrived at his study I was quite prepared to give him as much as a 50% discount.

I went in and soon realised that he wasn't after discounts.

He explained that although he admired my business skills and entrepreneurial spirit, he was very concerned about all of his pupils' eyes and limbs and would prefer that his boys left school with full use of their limbs and sight. He then showed complete indifference to my limbs by giving me 6 strokes of the cane.

I rushed out to the toilets and found two of my wholesalers with their trousers down and bums in the sink of cold water. I joined them! Then our esteemed boxing champion came swaggering in seemingly unperturbed. "Didn't you get caned?" we squeaked in unison.

"Pah!" he spat "Squelch (the Head's name was Walsh) is as weak as gnat's piss". Our champion went up even further in our estimation.

Trading in sodium ceased and I went back to the old style trading. Without sodium, trade of course lost its buzz!

About six months or so later, my parents realised I was no longer interested in school and decided it was time for me to earn a living.

Most parents know their children's abilities and indeed limits; mine knew I wasn't clever enough to be a lawyer, never had the patience to be a doctor, too squeamish to be a butcher or fishmonger, too scruffy to work in a menswear shop and although the local council were hiring for refuse collectors, my mother could not countenance the thought of all the "collectibles" I might have brought home. In the absence of any other qualities they agreed I could be an estate agent.

My father handed over the task of finding a suitable job to my mother who put an advert in the Estates Gazette. He thought that only a mother would be able to honestly extol all of a son's virtues such as being hardworking, honest, reliable, smart, intelligent which she did, listing all my GCE passes and numerous other academic abilities.

My parents were pleasantly surprised when seven letters arrived in response to that two line advert.

Having not been told anything about it, I was astonished. The only other letter I had ever received was one I posted to myself to get an unused English stamp postmarked to make it more valuable.

We read the letters together and out of the seven possibilities I chose two; Marcus Leaver & Co. – who in fact had sent two letters from two different departments and a tiny firm near Victoria station. I assumed if Marcus Leaver wrote two letters they must need me twice as

Chairman's Supplementary Ramblings continued

much and pay me more, and I was right! They offered me £5 per week, plus luncheon vouchers. The small firm offered £3.50 per week, no luncheon vouchers and expected me to work Saturday mornings. I did not need my Maths GCE to work out the best deal and Marcus Leaver obtained my services.

On my first day at Marcus Leaver I was introduced to Malcolm Bloch who at nearly four years my senior, was charged to show me round and introduce me to everyone. He told me who to avoid and how to always carry some letters so it looked like I was always working. I was placed in the investment department.

However, as the most lowly of the office boys I was given a small desk right at the front of the ground floor office and, of course, all the filing which included Extel cards of all public companies. About 40 cards a day came in with each company's recent news items. Everyone else had found this a boring, monotonous job – I liked it – I read everything!

I always arrived early and was thus quite soon given a promotion. I was put in charge of the information super highway of its day and given the key a letter opener. My task was to sort out the letters into the different departments.

Being early I had time to read all the mail. I loved it, especially when the letters were marked private, strictly private & confidential or personal – whoosh, whoosh, whoosh with my rapier-like letter opener – like D'Artagnan – none escaping my scrutiny. I knew all the firm's information and everybody's secrets!

From that I learnt that knowledge is a valuable commodity. Indeed, after I had been there about a year I was loitering on the third floor near Marcus' office when I heard his raised voice calling to his dragon-like secretary "I can't find the Victoria file, where is it"? I then heard him say "Ask that nosy little bastard downstairs, he knows everything". Oh how my chest swelled with

pride with such compliments from the boss. He was right. I had the file reading about a proposed small public company takeover.

I also learnt to deal with important people for although reception was not my job, being at the front, and with the reception sergeant always skiving off for a fag or a drink, people came to me.

One such day I remember well. I was slumped at my desk when an old, tall, thin, bowler-hatted, smart city type strode in front of me and announced "I have an appointment with Marcus Leaver". "Who shall I say is here"? With a loud, voice resonating self-importance he replied "Sir Dingwall Bateson".

Blimey, it's a knight of the Round Table! I thought.

I jumped up practically tugging at an imaginary forelock and genuflecting with respect "Yes, sir". I then bowed even lower not even daring to raise my eyes to his glory "Follow me, Sir" and shuffled backwards to the lift.

Over the ensuing years, I met many interesting and important people in the property profession, always observing, watching and reading about their complicated deals with enormous interest. Of course, no-one knew me, I was just the invisible 'office boy'.

Malcolm, my mentor, also taught me other important lessons of life. He took me to a restaurant called The Salad Bowl on a first floor in Oxford Street where for 5/- you could eat as much as you could fit on one medium sized plate. He taught me the art of circling the heavy foods round the plate's edge, then building a pyramid of the different foods by weight order. The Boldini Brothers could not have done a better balancing act!

He also took me to Smart Weston menswear shop where I bought a suitable blue shiny mohair suit befitting an up & coming estate agent!

Life was fun at Marcus Leaver & Co until one day Malcolm came out of his boss's office looking very glum. "What's the matter?" I asked. "I've been fired" he replied.

An existing client of the firm wanted Malcolm to take a letting instruction of a small office at a rent three times its market worth – Malcolm told the client where to stick his instruction..... which was not a comfortable place, the client told Malcolm's boss and in those days before the proliferation of HR departments Malcolm was history.

Every cloud however has a silver lining and six months later Malcolm phoned me to say he was doing so well as a house agent he wanted to start his own business with one of his new colleagues but they need an extra partner with £500.

So reluctantly I left Marcus Leaver to join him to form William Andrews & Co working from a tiny shop not much bigger than a wendy house in Field End Road, Eastcote. From there to now is a much longer story for another time.

Looking back over the years I realise that my passion for exciting deals started with a little 5/- larceny, the black market in liquorice, trading in dangerous explosives and finally having inside information (ie theft, marketeering, arms dealing and insider trading) but, as I originally said, it all started with that packet of marbles.

Andrew S Perloff

Chairman

21st May 2012

Operating and Financial Review

Key features of the year

The year ended 31 December 2011 was a busy year, completing the refinancing and drawing down some of this additional finance to purchase £21 million of investment properties. The group is benefiting from increased rental incomes up to £9 million from £7.7 million receivable in 2010 and should further increase when we reflect a full year's income on our new property purchases, as these were acquired in the last half of the year (they only reflect the income from the point of purchase). The Group will also have higher interest costs going forward, but on the undrawn £15 million revolving facility have a real opportunity to add profits to the bottom line (whilst interest rates remain at all-time lows). The revolving element interest is not fixed and the marginal cost of drawing this is very low. In the period we benefited from another year of growth in our property portfolio with valuation increases. The Group also realised almost £2.0 million profits selling available for sale equity investments which generated proceeds of £3.2 million, we reinvested £0.7 million back into equities but unfortunately we saw a deficit on the remaining portfolio of £1.0 million.

Financing

New facility

The Group has new facilities of £75.0 million with HSBC and Santander under a club loan facility. We drew down £60.0 million in July 2011, with £42.5 million being the refinancing and the balancing £17.5 million being used to assist in the purchase of the investment properties mentioned above and settle the various associated bank and legal fees.

The Group still has a £15.0 million revolving facility available (the undrawn element of the new £75 million facility) and at the year end had £5.5 million cash for future investment and trading activities.

The new facilities are significantly more expensive in terms of margin and other associated banking fees. However, when many of our competitors are constrained in terms of what they can borrow and with the overall balance in the market being sellers there are excellent opportunities to attain high yielding assets.

Financial derivative

Unfortunately we have seen a further large increase in our long term liability on these financial instruments of £10.6 million and the total long term liability on our balance sheet is £19.9 million.

These financial instruments (shown at note 30) are our interest rate swaps that were entered into to remove the

risk of interest rates increasing, by fixing our interest costs. However, in economic uncertain times, as we have seen over the last few years, there can be large swings in the accounting valuations, as small movements in the expectation of future interest rates can have a significant impact on their market value; this is partly due to their long dated nature.

These contracts were entered into in 2008 when long term interest rates were significantly higher than at the balance sheet date. In a hypothetical world if we could fix our interest at current rates and term we would overall have much lower interest rate costs. Of course we cannot undo these contracts that were entered into historically but for accounting purposes these financial instruments are compared to current market rates, with the additional liability compared to the market shown on our balance sheet.

The current increase in liability is shown as a deficit in the income statement of £10.6 million and reduces an otherwise profitable year into a loss. In reality this huge movement and balance sheet liability is one that is paid down over many years and will also be reduced by further upward movements on interest rates. The risk of cash out flow is substantially protected from upward movements on market interest rates and we are currently perfectly hedged on the HSBC/Santander £60 million loan with £60 million of interest rate swaps on these new facilities. The only current exposure to interest rate movements is due to there being no fixing on our existing £1.3 million Natwest facility.

Key Ratios

	2011	2010
Gross Profit Margin		
(Gross profit/turnover)	65%	69%
Gearing		
(debt*/(debt* + equity))	47%	38%
Interest Cover**	1.97 times	3.17 times
Finance cost rate		
(finance costs/average borrowings for the year)	5.7%	5.1%
Yield (rents investment properties/average market value investment properties)	6.7%	6.9%

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

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

Operating and Financial Review continued

Financial risk management

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

Other non financial risks

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

Risk	Impact	Action taken to mitigate
Reputation	Raise capital/deal flow reduced	Act honourably, invest well.
Regulatory changes	Transactional and holding costs increase	Seek high returns to cover additional costs. Lobby Government.
People related issues	Loss of key employees/ low morale/inadequate skills	Maintain market level remuneration packages, flexible working, training. Strong succession planning and recruitment.
Computer failure	Loss of data, debtor history	External IT consultants, backups, offsite copies.
Asset management	Wrong asset mix, asset illiquidity	Draw on wealth of experience to ensure balance between income producing and development opportunities. Continue spread of tenancies and geographical location.

Report of the Directors

Company number 293147

The Directors submit their report together with the audited financial statements of the Company and of the Group for the year ended 31 December 2011.

Directors' Responsibilities Statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 Group financial statements comply with IFRSs as adopted by the European Union.
- State that the Company financial statements comply with United Kingdom Generally Accepted Accounting Practice.
- 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 adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Directors, (refer to section of annual report containing details of Directors) confirm that, to the best of each person's knowledge and belief:

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

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

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement and Operating and Financial Review. The financial position of the Group, including key financial ratios is set out in the Operating and Financial Review. In addition, the Report of the Directors includes the Group's objectives, policies and processes for managing its capital; the corporate governance section

Report of the Directors continued

includes details financial risk management objectives; and the notes to the accounts provide details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk.

The Group is strongly capitalised, has considerable liquidity together with a number of long term contracts with its customers many of which are household names. The Group also has strong diversity in terms of customer spread, investment location and property sector.

The Group has recently refinanced and has a long term loan in place and excellent relations with its lenders.

The Directors believe the Group is very well placed to manage its business risks successfully and have a good expectation that both the Company and the Group have adequate resources to continue their operations. For these reasons they continue to adopt the going concern basis in preparing the financial statements.

Principal activities, review of business and future developments

The principal activity of the Group consists of investment and dealing in property and securities.

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

Company's objectives and management of capital

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

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

Results and dividends

The loss for the year after taxation, amounted to £(850,000) (2010 – profit of £5,869,000).

The interim dividend of £506,000 (3.0p per share) on ordinary shares was paid on 28 October 2011. The Directors recommend a final dividend of £1,518,000 (9.0p per share) payable on 31 July 2012 to

shareholders on the register at the close of business on 6 July 2012 (Ex dividend on 4 July 2012). The total dividend for the year ended 31 December 2011 being anticipated at 12p.

Financial risk management

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

Donations

During the year the Group made £24,000 political donations (2010 – £nil) 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 2011 was £4,000 (2010 – £12,000).

Directors and their beneficial interests in shares of the Company

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

	Ordinary shares of £0.25 each	
	2011	2010
A. S. Perloff (Chairman)	4,176,213	4,176,213
B. R. Galan (Non – executive)	306,239	305,039
P. M. Kellner (Non – executive)	17,000	17,000
J. T. Doyle	60,000	58,000
J. H. Perloff	105,000	105,000
S. J. Peters	170,000	150,000

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 (2010 – 7,737,336).

There have been no changes in Directors' shareholdings since 31 December 2011.

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.

Report of the Directors continued

Health and safety

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

Employment

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

Environment and community issues

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

Contracts of significance

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

Payment policy and practice

The Group agrees payment terms with each of its major suppliers and abides by these terms, subject to satisfactory performance by the supplier. Trade creditors of the Group at 31 December 2011 were equivalent to 56 days purchases (2010 – 62), 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 as at 31 December 2011. An independent valuation was previously undertaken as at 31 December 2010 by GL Hearn.

Capital structure

Details of the issued share capital of the Company are shown in note 24. The Company has one class of ordinary shares which carries no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

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

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

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

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

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

Status

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

Substantial Interests

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

<i>Ordinary Shares</i>	<i>Holding</i>	<i>%</i>
H M Perloff	895,000	5.3

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

Auditors

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

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

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

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

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

S. J. Peters

Company Secretary

Deneway House
88-94 Darkes Lane
Potters Bar

Dated: 25th April 2012

Hertfordshire EN6 1AQ

Corporate Governance

Panther Securities P.L.C. supports a high standard of Corporate Governance and has, during 2011, complied with the UK Corporate Governance Code issued by the Financial Services Authority, subject to the points detailed below.

UK Corporate Governance Code

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

The Board

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

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

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

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

throughout the year, the Board is strongly aware of its responsibilities to the Company's Shareholders.

Biographical details of Executive Directors:-

Andrew Perloff (Chairman)

He has 50 years' experience in the property sector, including almost 40 years' experience of being a Director of a Public Listed Company mainly as Panther's Chairman. He has significant experience of corporate activity including several contested take-over bids and has also served on the Board of Directors of 6 other public listed companies.

Simon Peters (Finance Director)

He is a full member of the Chartered Institute of Taxation and the Association of Chartered Certified Accountants and was formerly with the KPMG Corporate Tax Department and Lombard Bank Finance Department and is currently also a Non-executive director of Beale PLC. He joined Panther in 2004 and was appointed Finance Director in 2005.

John Doyle (Executive)

Previously with London Electricity plc and Chesterton International plc, and having worked in the property sector since 1989, he joined Panther in January 2001. His areas of responsibility include property acquisition and disposal, asset management and development. He was appointed Executive Director in 2005.

John Perloff (Executive)

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

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

Peter Michael Kellner (Non-executive)

Chairman of Audit and Nomination Committees. He is an Associate of the Chartered Institute of Bankers and of the Institute of Taxation. He was formerly joint General Manager of the U.K. banking operations of Credit Lyonnais Bank Nederland NV.

The non-executive Directors were appointed and reappointed on their experience in the property and related industries and their continuing advice and independence. Peter Kellner and Bryan Galan do not act as non-executive for any other company. The terms and conditions of the non-executive Directors appointments are available at the Company's registered office and can be seen by request. Neither is considered to be the senior independent Director.

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

The UK Corporate Governance 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 Directors are satisfied that the external auditors are independent.

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, excluding joint ventures and associates.

The Audit Committee has three members and includes both non-executive Directors and is chaired by P. M. Kellner, and also includes an executive Director, being the Chief Executive (this does not comply with the requirement that all members of the audit committee are non-executive Directors). However having three members prevents stalemate on decisions and adds more experience in audit and accounting to the committee. Its terms of reference, which are available from the Company's registered office, are that it meets at least twice a year to review the Group's accounting policies, financial and other reporting procedures, with the external auditors in attendance when appropriate. In 2011 the committee met three times with all members present.

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

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

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

Communication with shareholders

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

Nomination Committee

The Nomination Committee met three times in 2011 with all members present. Any changes that are required to be made are made in the best interests of the Group. In 2011 there were no changes in Directorships.

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

Internal controls and risk management systems in relation to the financial reporting process

The main features of the company's internal control and risk management systems in relation to the financial reporting process include, the Financial Controller preparing a trial balance supported by invoices, reconciling all cash movements to the bank statements. The Finance Director reviews the trial balance prepared before adjusting for all accruals and prepayments and other timing differences, and then consolidates the results. These are later reviewed by the Board before being audited by an independent external auditor.

Financial Risk Management

The Company and Group operations expose it to a variety of financial risks, the main two being the effects of changes in credit risk of tenants and interest rate movement exposure on borrowings. The Company and Group have in place a risk management programme that seeks to limit the adverse effects on the financial

performance of the Company and Group by monitoring levels of debt finance and the related finance costs. The Company and Group also use interest rate swaps to protect against adverse interest rate movements and no hedge accounting is applied. In the current and prior years, mark to market valuations on our financial instruments have been erratic, and these large swings are shown within the income statement adding to the year's financial accounting profit/(loss). However, the actual cash outlay effect is nil when considered with the loan as the instruments are used to protect increases in cash outlays.

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

Price risk

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

Credit risk

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

Liquidity risk

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

Interest rate risk

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

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

S. J. Peters

Company Secretary

Deneway House
88-94 Darkes Lane
Potters Bar

Dated: 25th April 2012

Hertfordshire EN6 1AQ

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 Directors, ensuring that salaries and benefits satisfy performance and other criteria. When setting remuneration the Committee consults with the Chairman of the Board no external third parties are consulted. In 2011 the Committee met three times with all members present.

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

The Directors do not have a Share Option Scheme.

Remuneration policy

Company policy is to reward fairly the Executive Directors sufficiently to retain and motivate these key individuals. In determining remuneration, consideration will be given to reward levels throughout the organisation as well as the external employment market. The Remuneration Committee aim to reward all Directors fairly based on their role, their performance, and salary levels in the wider market. The Remuneration Committee considers that currently the Executive Directors' remuneration is below market comparables. The only element of remuneration that reflects specific performance are the bonuses, however this element has historically been considerably adjusted to reflect

market conditions and also to take into account company results.

The proportion of the Group's basic salary bill attributable to the Executive Directors was 15% (2010: 14%).

Service contracts

No Director has a service contract or any other written agreement between the Company and the Director.

Non-executive Directors

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

Pension and other benefits

A. S. Perloff is the sole member and beneficiary of a non-contributory Director's pension scheme. The Group ceased contributions in 1997 and accordingly made no contributions to the pension fund in 2011 and does not anticipate making further contributions.

S. J. Peters had pension contributions paid in the year by the Company of £24,000 (2010 – £17,000) into his personal stake holders' contribution pension scheme.

No other payments were paid in respect of any other Director during the year (2010 – £Nil).

Directors' emoluments

Directors' emoluments of £254,000, (2010 – £229,000) are made up as follows:

Director	Salary/Fees £'000	Bonus £'000	Taxable Benefit £'000	Pension Contribution £'000	Total 2011 £'000	Total 2010 £'000
<i>Executive</i>						
A. S. Perloff	—	—	6	—	6	7
J. T. Doyle	71	10	5	—	86	74
J. H. Perloff	46	6	1	—	53	48
S. J. Peters	55	10	—	24	89	80
<i>Non-executive</i>						
B. R. Galan	10	—	—	—	10	10
P. M. Kellner	10	—	—	—	10	10
	192	26	12	24	254	229

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

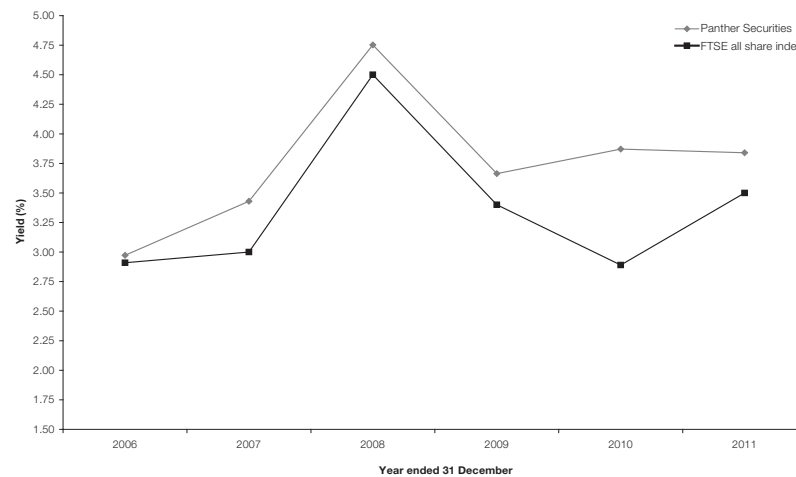
Total shareholder return

The following graphs show:

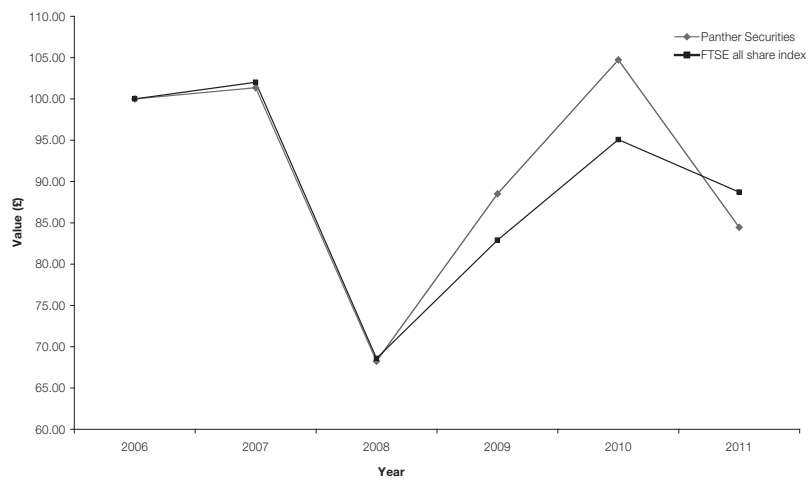
- (1) The value by the end of 2011 of £100 invested in Panther Securities P.L.C. on 31 December 2006 compared with the value of £100 invested in the FTSE all share index.
- (2) The dividend yield compared with the FTSE all share index for the same period as in (1) above.

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.

Dividend yield



Total shareholder return



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: 25th April 2012

Independent Auditors' Report

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

We have audited the Consolidated and Parent Company accounts ("the accounts") of Panther Securities P.L.C. for the year ended 31 December 2011 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position and the Parent Company Balance Sheet, the Consolidated Statement of Cash Flows and the Parent Company Cash Flow Statement, the Consolidated Statement of Changes in Equity and the related notes 1 to 50. The financial reporting framework that has been applied in the preparation of the Consolidated accounts is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company accounts is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

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

Scope of the audit of the accounts

A description of the scope of an audit of accounts is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on accounts

In our opinion:

- the accounts give a true and fair view of the state of the Consolidated and Parent Company's affairs as at 31 December 2011 and of the Consolidated loss for the year then ended;
- the Consolidated accounts have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company accounts have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the accounts have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Consolidated accounts, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Directors' Report for the financial year for which the accounts are prepared is consistent with the accounts;
- the information given in the Corporate Governance Statement with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the accounts.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

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

Under the Listing Rules we are required to review:

- the directors' statement, on pages 18 to 21, in relation to going concern;
- the part of the Corporate Governance Statement, on pages 22 to 25, relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to the shareholders by the Board on directors' remuneration.

Michael Bishop

Senior Statutory Auditor, for and on behalf of

Nexia Smith & Williamson

Statutory Auditor

Chartered Accountants

25 Moorgate

London

EC2R 6AY

21st May 2012

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

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

Consolidated Income Statement

For the year ended 31 December 2011

	Notes	31 December 2011 £'000	31 December 2010 £'000
Revenue	4	11,940	10,085
Cost of sales	4	(4,148)	(3,133)
Gross profit		7,792	6,952
Other income		76	238
Administrative expenses		(3,230)	(2,694)
		4,638	4,496
Movement in fair value of investment properties	15	5,671	4,039
		10,309	8,535
Share of trading loss from associate undertaking	18	(171)	(23)
Finance costs	9	(2,954)	(2,265)
Investment income	8	58	230
Profit on disposal of available for sale investments (shares)		2,007	2,473
Impairment of available for sale investments (shares)		(926)	—
Fair value loss on derivative financial liabilities	30	(10,635)	(2,549)
(Loss)/profit before income tax		(2,312)	6,401
Income tax credit/(expense)	10	1,462	(532)
(Loss)/profit for the year	5	(850)	5,869
Attributable to:			
Equity holders of the parent		(865)	5,864
Non-controlling interest		15	5
(Loss)/profit for the year		(850)	5,869
(Loss)/earnings per share			
Basic and diluted	13	(5.1)p	34.8p

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2011

		31 December 2011 £'000	31 December 2010 £'000
	Notes		
(Loss)/profit for the year		(850)	5,869
Other comprehensive income			
Movement in fair value of available for sale investments (shares) taken to equity	19	(517)	833
Realised fair value on disposal of available for sale investments (shares) previously taken to equity		(2,366)	(81)
Realised fair value on impairment of available for sale investments (shares) previously taken to equity		476	—
Deferred tax relating to movement in fair value of available for sale investments (shares) taken to equity	28	355	(199)
Other comprehensive (loss)/income for the year, net of tax		(2,052)	553
Total comprehensive (loss)/income for the year		(2,902)	6,422
Attributable to:			
Equity holders of the parent		(2,917)	6,417
Non-controlling interest		15	5
		(2,902)	6,422

Consolidated Statement of Financial Position

Company number 293147

As at 31 December 2011

	Notes	31 December 2011 £'000	31 December 2010 £'000
ASSETS			
Non-current assets			
Plant and equipment	14	489	552
Investment property	15	136,491	108,960
Goodwill		8	8
Interest in associate	18	—	127
Available for sale investments (shares)	19	2,597	6,452
		139,585	116,099
Current assets			
Inventories	20	321	321
Stock properties	20	7,015	7,985
Trade and other receivables	22	3,815	2,775
Cash and cash equivalents		5,482	6,587
		16,633	17,668
Total assets		156,218	133,767
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Capital and reserves			
Share capital	24	4,217	4,217
Share premium account	25	2,886	2,886
Capital redemption reserve	25	604	604
Retained earnings	26	59,248	63,515
		66,955	71,222
Non-controlling interest		111	96
Total equity		67,066	71,318
Non-current liabilities			
Long-term borrowings	27	60,252	1,325
Derivative financial liability	30	19,928	9,293
Deferred tax liabilities	28	151	2,648
Obligations under finance leases	33	1,205	1,207
		81,536	14,473
Current liabilities			
Trade and other payables	29	7,228	5,336
Short-term borrowings	27	140	42,640
Current tax payable		248	—
		7,616	47,976
Total liabilities		89,152	62,449
Total equity and liabilities		156,218	133,767

The accounts were approved by the Board of Directors and authorised for issue on 25th April 2012. They were signed on its behalf by:

A. S. Perloff
Chairman

Consolidated Statement of Changes in Equity

For the year ended 31 December 2011

	Share capital £'000	Share premium £'000	Capital Redemption £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2010	4,217	2,886	604	60,303	68,010
Total comprehensive income for the year	—	—	—	6,417	6,417
Dividends paid	—	—	—	(3,205)	(3,205)
Balance at 1 January 2011	4,217	2,886	604	63,515	71,222
Total comprehensive income for the year	—	—	—	(2,917)	(2,917)
Dividends paid	—	—	—	(1,350)	(1,350)
Balance at 31 December 2011	4,217	2,886	604	59,248	66,955

Within retained earnings are unrealised gains of £170,000 and deferred tax credit of £423,000 (2010 – unrealised gains of £2,578,000 and a deferred tax expense of £164,000) relating to fair value of available for sale investments (shares).

Consolidated Statement of Cash Flows

For the year ended 31 December 2011

	Notes	31 December 2011 £'000	31 December 2010 £'000
Cash flows from operating activities			
Profit from operating activities		4,638	4,496
Add: Depreciation charges for the year	14	122	137
Profit before working capital change		4,760	4,633
Increase in inventory		—	(107)
Decrease in stock properties		60	113
(Increase)/decrease in receivables		(1,046)	237
Increase in payables		1,304	1,062
Cash generated from operations		5,078	5,938
Interest paid		(2,545)	(2,266)
Income tax paid		(511)	(1,389)
Net cash generated from operating activities		2,022	2,283
Cash generated from/(used in) investing activities			
Purchase of plant and equipment	14	(59)	(796)
Purchase of investment properties	15	(20,952)	(8,454)
Purchase of available for sale investments (shares)	19	(693)	(1,749)
Purchase of equity in associate undertaking	18	—	(150)
Proceeds from sale of fixed assets		—	202
Proceeds from sale of investment property		—	345
Proceeds from the disposal of available for sale investments (shares)		3,222	3,172
Dividend income received		39	154
Interest income received		20	78
Net cash used in investing activities		(18,423)	(7,198)
Financing activities			
Repayments of loans		(49,640)	(140)
Payment of loan arrangement fees and associated costs		(714)	—
New loans received		67,000	—
Dividends paid		(1,350)	(3,205)
Net cash generated from/(used in) financing activities		15,296	(3,345)
Net decrease in cash and cash equivalents		(1,105)	(8,260)
Cash and cash equivalents at the beginning of year		6,587	14,847
Cash and cash equivalents at the end of year		5,482	6,587

Notes to the Consolidated Accounts

For the year ended 31 December 2011

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 report of the Directors.

2. New and revised International Financial Reporting Standards

New and amended standards adopted by the Group

None of the new standards, interpretations and amendments, effective for the first time from 1 January 2011, have had a material effect on the financial statements of the Group or the Company.

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group or Company's accounting periods beginning on or after 1 January 2012 or later periods and have not been early adopted. It is anticipated that these new standards, interpretations and amendments currently in issue at the time of preparing the financial statements (April 2012) will have a material effect on the consolidated financial statements of the Group, however the extent of this has not yet been assessed.

- IFRS 9 – Financial Instruments*
- IFRS 13 – Fair Value Measurement*

* Not yet endorsed by the EU

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, the critical accounting judgements made by management which have had a material effect on the financial statements are as follows:

Impairment of available for sale equity investments

The Group follows the guidance of IAS 39 to determine when an available for sale equity investment is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, the financial health and short-term business outlook for the investee, including factors such as industry and market sector performance, and operational and financing cash flow.

In respect of available for sale equity investments held by the Group as at 31 December 2011, if all of the declines in fair value below cost were considered as prolonged, the Group would suffer an additional loss of £69,000 through the income statement.

Additionally there were sources of estimation and uncertainty as noted under the accounting policy for Investment Properties, 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.

Notes to the Consolidated Accounts continued

For the year ended 31 December 2011

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

Basis of consolidation

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

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

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

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

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, 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 (revised 2008) are recognised at their fair values at the acquisition date.

The interest of non-controlling interest shareholders in the acquiree is initially measured as the non-controlling interest 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 (revised 2008) 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 statement of financial position date. When the Directors revalue the properties they make judgements based on the covenant strength of tenants, remainder of lease term of tenancy, location, and other developments which have taken place in the form of open market lettings, rent reviews, lease renewals and planning consents. Gains or losses arising from changes in the fair value of investment property are included in the income statement in the period in which they arise.

In the current year, the properties were valued by the Directors.

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

Taxation

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

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

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

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that have been substantially enacted on or before the balance sheet date. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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

Corporation tax for the period is charged at 26.5% (2010 – 28.0%), representing the best estimate of the weighted average annual corporation tax rate expected for the full financial year.

Segment reporting

An operating segment is a component of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. M.R.G. Systems Limited and Tunnel Limited are classified as separate operating segments to the activities of the rest of the Group, where M.R.G Systems Limited's principal activity is that of electronic designers, engineers and consultants and Tunnel Limited being a value shoe retailer. The impact of their activities on the income statement is shown in note 4. Their impact on the statement of financial position and statement of cash flows 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.

Notes to the Consolidated Accounts continued

For the year ended 31 December 2011

Revenue recognition

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 Limited and Tunnel Limited, both representing amounts receivable for work undertaken and goods sold 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 the income statement.

Impairment of property, plant and equipment

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

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 the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss up to value of previous revaluation is treated as a revaluation decrease.

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

Leasing

All leases are operating leases.

The Group as lessor

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

The Group as lessee

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

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

Financial instruments

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

Trade receivables

Trade receivables are 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 the income statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents

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

Financial liabilities and equity

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

Trade payables

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

Bank borrowings

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

Derivative financial instruments

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

Notes to the Consolidated Accounts continued

For the year ended 31 December 2011

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

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

Available for sale investments

Under IAS 39, these investments are carried at fair value and classified in the statement of financial position as available for sale investments (shares). Fair values of these investments are based on quoted market prices where available. The fair value of the available for sale investments in unquoted equity securities cannot be measured reliably and they have therefore been measured at the lower of cost and net realisable value. Movements in fair value are taken directly to equity and recycled through the income statement when the investments are realised. When these investments are considered impaired in accordance with the requirements of IAS 39, the impairment losses are recognised in the income statement. On realisation of the available for sale investments, the cumulative gain or loss previously recognised through equity is reclassified from reserves to the income statement.

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

Impairment of available for sale investments

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

Provisions

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

Stock properties

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

Inventories

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

Investments in associates and jointly controlled entities

Associates are those entities in which the Group has the ability to exert significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power, unless it can be shown otherwise, such as other stakeholders having greater influence reducing the Groups influence so that it is not significant. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement or voting power.

Investments in associates are accounted for using the equity method and are recognised initially at cost. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income. When the Group's share of losses exceeds its interest (being equity interest and long term loans) in an equity-accounted investee, the carrying amount of that interest is reduced to zero and the recognition of further losses is discontinued.

Jointly controlled ventures are accounted for through proportional consolidation on a line by line basis.

4. Revenue and cost of sales

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

M.R.G. Systems Limited is an operating business segment whose principal activity is that of electronic designers, engineers and consultants. 70% of its revenues arose in the United Kingdom and 100% of its cost of sales.

Tunnel Limited was an operating segment whose principal activity was that of value shoe retailer. Its activities were discontinued in the year. 100% of its revenues arose in the United Kingdom. 50% of the company was owned by the Group as a joint venture and only the Group's share was represented in these accounts.

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 or Tunnel Limited.

Turnover arose as follows:	2011	2010
	£'000	£'000
Rental income	8,961	7,717
Income from trading (Tunnel Limited) – 50% share	224	231
Income from trading (M.R.G. Systems Limited)	2,755	2,137
	11,940	10,085
Cost of sales arose as follows:	2011	2010
	£'000	£'000
Cost of sales from rental income	2,346	1,856
Cost of sales from trading (Tunnel Limited) – 50% share	131	122
Cost of sales from trading (M.R.G. Systems Limited)	1,671	1,155
	4,148	3,133

Notes to the Consolidated Accounts continued

For the year ended 31 December 2011

	2011	2010
	£'000	£'000
Profit/(loss) before income tax:		
Profit/(loss) from investment and dealing in properties	(2,332)	6,407
Profit/(loss) from trading (Tunnel Limited) –50% share	(41)	(5)
Profit/(loss) from trading (M.R.G. Systems Limited)	61	(1)
	(2,312)	6,401
5. Profit or loss for the year		
	2011	2010
	£'000	£'000
The profit or loss for the year is stated after charging:		
Depreciation of tangible fixed assets – owned by the Group	122	137
Fees payable to the Group's auditor for the audit of both the parent company and the Group's annual report and accounts	13	14
Fees paid to the Group's auditor and its associates for other services:		
The audit of the parent's subsidiaries, pursuant to legislation	56	53
6. Staff costs		
	2011	2010
	£'000	£'000
Staff costs, including Directors' remuneration, were as follows:		
Wages and salaries	1,435	1,439
Social security costs	134	154
Pension contributions	35	49
	1,604	1,642
The average monthly number of employees, including Directors, during the year was as follows:		
Directors	6	6
Other employees	41	42
	47	48
7. Directors remuneration		
	2011	2010
	£'000	£'000
Emoluments for services as Directors	254	229

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 and in respect of individual Directors emoluments.

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

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

	2011	2010
	£'000	£'000
Short term employee benefits (salaries and benefits)	285	251

8. Investment income

	2011	2010
	£'000	£'000
Interest on bank deposits	19	76
Dividends from equity investments	39	154
	58	230

9. Finance costs

	2011	2010
	£'000	£'000
Interest payable on bank overdrafts and loans	2,953	2,265
Other interest payable	1	—
	2,954	2,265

10. Income tax expense

The charge for taxation comprises the following:

	2011	2010
	£'000	£'000
Current year UK corporation tax	678	798
Prior year UK corporation tax	2	(45)
	680	753
Current year deferred tax credit	(2,142)	(221)
Income tax (credit)/expense for the year	(1,462)	532

Domestic income tax is calculated at 26.5% (2010 – 28.0%) of the estimated assessable profit or loss for the year. The future provision for deferred tax has been calculated on the basis of 25% (2010 – 27%).

Notes to the Consolidated Accounts continued

For the year ended 31 December 2011

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

	2011	2011	2010	2010
	£'000	%	£'000	%
Profit or loss before taxation	(2,312)		6,401	
Profit or loss on ordinary activities before tax multiplied by the average of the standard rate of UK corporation tax of 26.5% (2010 – 28.0%)	(613)	26.5	1,792	28
Tax effect of expenses that are not deductible in determining taxable profit	21	—	16	—
Dividend income not allowable for tax purposes	(10)	—	(43)	—
Capital allowances for the year in excess of depreciation	22	—	(41)	—
Non taxable movement in fair value of investment properties	(847)	36.5	(824)	(13)
Non deductible movement in fair value of available for sale investments (shares)	13	—	—	—
Non deductible movement in fair value of financial instruments	252	(10)	185	3
Tax effect of non deductible loss in associate	45	(2)	8	—
Tax losses utilised	—	—	(486)	(8)
Marginal relief/taxed at small companies rate	(4)	—	—	—
Disposal of properties or shares	(343)	16	(30)	—
Prior year UK corporation tax	2	—	(45)	(2)
Tax charge	(1,462)	67	532	8

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

	2011	2010
	£'000	£'000
Dealt with in the accounts of:		
– the parent undertaking	(13,863)	(3,153)
– subsidiary undertakings	13,013	9,022
	(850)	5,869

12. Dividends

Amounts recognised as distributions to equity holders in the period:

	2011	2010
	£'000	£'000
Interim dividend (quarterly) for the year ended 31 December 2009 of 5p per share	—	844
Final dividend for the year ended 31 December 2010 of 5p* per share (2009 of 4p per share)	844	675
Interim dividend for the year ended 31 December 2011 of 3p per share (2010 of 10p per share)	506	1,686
	1,350	3,205

The Directors recommend a payment of a final dividend of 9p per share (2010 – 5p *including a 3p special dividend), following the interim dividends paid on 28 October 2011 of 3p per share. The final dividend of 9p will be payable on 31 July 2012 to shareholders on the register at the close of business on 6 July 2012 (Ex dividend on 4 July 2012). The full dividend for the year ended 31 December 2011 is anticipated to be 12p.

13. Earnings per ordinary share (basic and diluted)

The calculation of earnings per ordinary share is based on earnings, after excluding non-controlling interests, being a loss of £865,000 (2010 – profit of £5,864,000) and on 16,869,000 ordinary shares being the weighted average number of ordinary shares in issue during the year (2010 – 16,869,000). There are no potential ordinary shares in existence.

14. Plant and equipment

	Fixtures and Equipment £'000	Motor Vehicles £'000	Total £'000
Cost			
At 1 January 2010	266	27	293
Additions	795	1	796
Disposals	(202)	—	(202)
At 1 January 2011	859	28	887
Additions	59	—	59
Disposals	(62)	—	(62)
At 31 December 2011	856	28	884
Accumulated depreciation			
At 1 January 2010	183	15	198
Depreciation charge for the year	134	3	137
At 1 January 2011	317	18	335
Depreciation charge for the year	119	3	122
Disposals	(62)	—	(62)
At 31 December 2011	374	21	395
Carrying amount			
At 31 December 2011	482	7	489
At 31 December 2010	542	10	552

Notes to the Consolidated Accounts continued

For the year ended 31 December 2011

15. Investment property

	Investment Properties £'000
Fair value	
At 1 January 2010	96,658
Additions	8,454
Fair value adjustment on property held on operating leases	154
Disposals	(345)
Revaluation increase	4,039
At 1 January 2011	108,960
Additions	20,952
Transferred from stock	910
Fair value adjustment on property held on operating leases	(2)
Revaluation increase	5,671
At 31 December 2011	136,491
Carrying amount	
At 31 December 2011	136,491
At 31 December 2010	108,960

At 31 December 2011, £123,791,000 (2010 – £89,020,000) and £21,700,000 (2010 – £19,940,000) included within investment properties relates to freehold and leasehold properties respectively.

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

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

	2011 £'000	2010 £'000
Cost of investment properties	96,233	74,371

Costs relating to ongoing and potential developments are included in additions to investment properties and in the year ended 31 December 2011 amounted to £59,000 (2010 – £49,000).

The Group did have contractual obligations at the statement of financial position date to purchase investment properties, including a balance to pay of £1,257,000 (see note 21) and also a commitment to spend £180,000 on developing investment property.

The market value shown at 31 December 2011 was valued internally by the Directors. As at 31 December 2010, the investment properties were valued independently at their open market value, by GL Hearn, Chartered Surveyors.

The property rental income earned by the Group from its investment property, all of which is leased out under operating leases, amounted to £8,253,000 (2010 – £7,051,000).

16. Subsidiaries

Details of the Company's subsidiaries at 31 December 2011 are as follows;

<i>Name of subsidiary</i>	<i>Country of incorporation and operation</i>	<i>Activity</i>	<i>Proportion of ownership interest %</i>	<i>Proportion of voting power held %</i>
Panther Trading Limited	Great Britain	Property	100	100
Panther (Dover) Limited (*)	Great Britain	Property	100	100
Panther Developments Limited	Great Britain	Property	100	100
Panther Shop Investments Limited	Great Britain	Property	100	100
Panther Shop Investments (Midlands) Limited	Great Britain	Property	100	100
Panther Investment Properties Limited	Great Britain	Property	100	100
Panther (Bromley) Limited (***)	Great Britain	Property	100	100
Snowbest Limited	Great Britain	Property	100	100
Surrey Motors Limited (****)	Great Britain	Property	100	100
Westmead Building Company Limited (*)	Great Britain	Property	100	100
Multitrust Property Investments Limited	Great Britain	Property	100	100
Etonbrook Properties PLC	Great Britain	Non-trading	100	100
Northstar Property Investment Limited	Great Britain	Property	100	100
Panther (VAT) Properties Limited	Great Britain	Property	100	100
Northstar Land Limited	Great Britain	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	75	75
Panther AL Limited	Great Britain	Property	100	100
Panther AL (VAT) Limited	Great Britain	Property	100	100
Melodybright Limited	Great Britain	Property	100	100
TRS Developments Limited	Great Britain	Property	100	100
Abbey Mills Properties Limited	Great Britain	Property	100	100

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

** – 100% subsidiaries of Eurocity Properties PLC

*** – 100% subsidiary of Surrey Motors Limited

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

All companies have a 31 December year end.

Notes to the Consolidated Accounts continued

For the year ended 31 December 2011

17. Investment in joint venture

Until November 2011, the Group owned 50% of the 2 £1 issued equity shares in Tunnel Limited, a company incorporated in England and Wales, which is a retailer of value shoes.

As well as the £1 equity investment, the Group originally invested £85,000 by way of an interest free intercompany loan which was mainly used for the purchase of stock. During the year, the Company made a further loan of £100,000 (which was to be repaid in priority to the other joint venture partner loans) and paid for £44,000 salary costs on behalf of the management of Tunnel Limited.

The joint venture company traded out of some of the Group's premises which were provided on rent free terms with the intention that once the business was established, market rents would be payable.

In November 2011, the Company's equity holding in Tunnel Limited was sold for £1 and the Group granted four month licenses on three of the shops to enable the business to continue trading at no rent for this period. Prior to the disposal of its equity interest, the Group received £40,000 from the cash balances of Tunnel Limited in part payment of its superior loan and all remaining intercompany debt was written off as part of the disposal.

The Group's share of joint venture revenue, expenses and losses excluding the loan write off are shown at note 4.

Whilst the Group's overall loss for the year on the joint venture was £224,000, it estimates that it saved £92,000 in costs of holding vacant properties (mainly in rates and insurance paid).

The disposal of Tunnel Limited has not been disclosed as a discontinued operation as it is not considered to be material to the Financial Statements.

18. Investment in associate undertaking

The Group purchased 25% of this entity being 150,000 ordinary shares of £1 each (newly issued share capital for cash) in Wimbledon Studios Limited for £150,000 in August 2010. The company operates as an independent film studio letting out sets and offices to media and television organisations. The entity operates out of a Group wholly owned property for which a market rental has been agreed (with one year's rent free).

In accordance with IAS 28 (revised 2008) – Investments in Associates, the Group has equity accounted for its share of the profits and losses and assets and liabilities of this entity.

The aggregated financial information of Wimbledon Studios Limited for the period ended 31 December 2011 is set out below:

	2011 £'000	2010 £'000
Profit and loss account:		
Revenue	1,093	40
Net loss for entity	(685)	(93)
Panther Securities PLC's share of net loss	(171)	(23)
Balance sheet:		
Non-current assets	1,033	627
Current assets	407	641
	1,440	1,268
Non-current liabilities	(891)	(189)
Current liabilities	(726)	(573)
	(1,617)	(762)
Net (liabilities)/assets	(177)	506
Panther Securities PLC's share of net (liabilities)/assets	(44)	127

In accordance with IAS 28 (revised 2008) Investment in Associates, where the Group's share of losses in the associate exceeds its equity investment, the carrying value of that equity investment is reduced to £nil and the remaining loss is taken against any further long term interest that in substance forms part of the investors net investment in the associate. Accordingly, the £44,000 share of net liabilities referred to above has been allocated against the carrying value of the overdraft provided by the Group to the associate as discussed below.

The Group has also provided a £400,000 overdraft to the associate undertaking. As at the year end, this was fully drawn down but the associate also had £238,000 of cash at bank. This loan is included in other receivables in note 22.

During the year £351,000 rent receivable was recognised by the Group in respect of the Associate. At the Statement of Financial Position date, the Group was owed rent and insurance of £142,000. Additionally during the year £111,000 was recognised by the Group as rental receivable in relation to equipment and fixtures. At the Statement of Financial Position date the Group was owed £108,000, which has been provided against in full.

19. Available for sale investments (shares)

	Non-current assets £'000
Cost or valuation	
At 1 January 2010	4,651
Additions	1,749
Disposals	(700)
Recycling of revaluation through equity on disposal	(81)
Revaluation increase through equity (unrealised)	833
At 1 January 2011	6,452
Additions	693
Disposals	(1,215)
Impairment on revaluation through income statement	(926)
Movement in fair value taken to equity	(517)
Realised fair value on disposal previously taken to equity	(2,366)
Realised fair value on impairment previously taken to equity	476
At 31 December 2011	2,597
Comprising at 31 December 2011:	
At cost	529
At valuation /net realisable value	2,068
Carrying amount	
At 31 December 2011	2,597
At 31 December 2010	6,452

Notes to the Consolidated Accounts continued

For the year ended 31 December 2011

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

Panther Securities PLC holds 19.9% of the issued share capital of Beale PLC at the year end. This has been treated as an investment rather than as an associate under IAS 28, since, apart from holding less than 20% of the issued share capital, the Group could not exercise significant influence.

Price risk

For the year ended 31 December 2011 if the average share price of the portfolio was 10% lower there would be a further impairment charge in the year of £106,000 to the Income Statement and £101,000 valuation movements charged to equity. Corresponding gains would be seen for a 10% uplift.

20. Inventories

	2011 £'000	2010 £'000
Stock properties	7,015	7,985

The market value of stock properties is £9,455,000 (2010 – £11,040,000).

The market value shown as at 31 December 2011 was valued internally by the Directors. At 31 December 2010, the stock properties were valued independently at their open market value by GL Hearn, Chartered Surveyors. The stock properties are held at the lower of cost and market value and as such any uplift is not recognised in the accounts.

Trading stock

	2011 £'000	2010 £'000
Inventories	321	321

Inventories relates to stock and work in progress for M.R.G Systems Limited's trade of electronic designers, engineers and consultants and for 2010 also included Tunnel Limited in relation to trading stock (shoes).

21. Capital commitments

	2011 £'000	2010 £'000
Capital expenditure that has been contracted for but has not been provided for in the accounts	180	—

The above relates to building works.

However, also at the year end the Group had entered into agreements to purchase investment properties, including exchanging on a property with a balance to pay of £1,140,000 (as this was subject to conditions as at 31 December 2011, it had not been included in these financial statements). The Group also had exchanged to purchase unconditionally a property with £117,000 commitment left to pay.

22. Trade and other receivables

	2011	2010
	£'000	£'000
Trade receivables	3,155	2,953
Bad debt provision	(851)	(914)
Other receivables	514	443
Corporation tax	—	80
Prepayments and accrued income	997	213
	3,815	2,775

The Directors consider that the carrying amount of trade and other receivables approximates their fair value. Net trade receivables are financial assets. The total of financial assets included within the financial statements at amortised cost is £8,300,000 (which relates to £2,818,000 included in the above and the Group's cash or cash equivalents).

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

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

	Trade receivables £'000	Cash and Cash Equivalents £'000	Total bad debt provisions £'000
Balance at 1 January 2010	652	117	769
Amount written off as uncollectable	(67)	—	(67)
Charge/(credit) to income statement	329	—	329
Balance at 1 January 2011	914	117	1,031
Amounts written off as uncollectable	(487)	—	(487)
Charge to income statement	424	—	424
Balances at 31 December 2011	851	117	968

The cash and cash equivalents balances provided against related to balances on account with Kaupthing Singer and Friedlander before they went into administration. The Group at the statement of financial position date had received 63p in the pound from an original balance of £343,000.

Amounts past due but not impaired:

	2011	2010
	£'000	£'000
Current debtors (rental)	1,743	1,337
Overdue (rental)*	147	378
MRG Systems Limited**	414	324
	2,304	2,039

* More than one month

** Various terms up to 90 days

Notes to the Consolidated Accounts continued

For the year ended 31 December 2011

23. Other financial assets

Cash and cash equivalents

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

Credit risk

The Group's principal financial assets are bank balances/cash and debtors.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. Materially all of the credit risk is with three counterparties in the United Kingdom. Kaupthing Singer and Friedlander went into administration and some of its balances are provided against (see note 22). Further information on the general Group's credit risk is detailed within the corporate governance section.

The credit risk on debtors is reduced due to 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 and market sectors.

24. Share capital

	2011	2010
	£'000	£'000
Allotted, called up and fully paid		
16,869,000 ordinary shares of £0.25 each	4,217	4,217

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

During 2011 and 2010 no ordinary shares of 25p were purchased by the company.

25. Capital reserves

	2011	2010
	£'000	£'000
Share premium account		
At 31 December	2,886	2,886
Capital redemption reserve		
At 31 December	604	604

There was no movement on the capital redemption reserve in the year (2010 – no movement) in respect of the purchase of own shares for cancellation.

26. Retained earnings

	2011 £'000	2010 £'000
At 1 January	63,515	60,303
Retained profit or loss for the year	(865)	5,864
Movement in fair value of available for sale investments (shares) taken to equity	(517)	833
Realised fair value on disposal of available for sale investments (shares) previously taken to equity	(2,366)	(81)
Realised fair value on impairment of available for sale investments (shares) previously taken to equity	476	—
Deferred tax relating to the movement in fair value of available for sale investments (shares)	355	(199)
Dividends paid	(1,350)	(3,205)
At 31 December	59,248	63,515

27. Bank loans

	2011 £'000	2010 £'000
Bank loans due within one year <i>(within current liabilities)</i>	140	42,640
Bank loans due within more than one year <i>(within non-current liabilities)</i>	60,252	1,325
Total bank loans	60,392	43,965

	2011 £'000	2011 £'000	2011 £'000	2010 £'000
<i>Analysis of debt maturity</i>	Interest*	Capital	Total	Total
On demand or within one year	1,856	140	1,996	43,363
In the second year	1,856	140	1,996	166
In the third year to the fifth year	4,531	60,420	64,951	498
After five years	156	624	780	947
	8,399	61,324	69,723	44,974

* based on current 3 month LIBOR floating rate – 1.05%, and bank rate of 0.50%

In July 2011 the Group completed and drew down the £60,000,000 fixed term element of its club loan facilities with HSBC and Santander, with the full facility totalling £75,000,000, where the banks are equal lenders. The Group has undrawn at the year end a further £15,000,000 which is a revolving facility. At 31 December 2010 the facilities available to November 2011 were fully drawn down.

The HSBC/Santander loan is perfectly hedged for the first three years up to July 2014 so the total amount payable per year (interest and swap interest element) should be £4,129,000 (see note 30). The loan has repayments of £3,000,000 that are due on the third, fourth and fifth anniversaries of drawdown and is fully repayable in July 2016.

Notes to the Consolidated Accounts continued

For the year ended 31 December 2011

The Natwest bank loan was £1,324,000 at the year end and is repayable over its life to September 2022.

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

These estimates are based on market expectation of future interest rates and as such, are subject to change.

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

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 2010	2,670
Debit to equity for the year	199
Credit to profit and loss for the year	(221)
At 1 January 2011	2,648
Credit to equity for the year	(355)
Credit to profit and loss for the year	(2,142)
At 31 December 2011	151
Deferred taxation arises in relation to:	

Deferred tax

	2011 £'000	2010 £'000
Deferred tax liabilities:		
Investment properties	5,687	5,030
Available for sale investments (shares)	—	164
Deferred tax assets:		
Tax allowances in excess of book value	(131)	(130)
Available for sale investments (shares)	(423)	—
Derivative financial liability	(4,982)	(2,416)
	151	2,648

The aggregate amount of temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, for which deferred tax liabilities may arise, have not been recognised.

29. Trade and other payables

	2011	2010
	£'000	£'000
Trade creditors	2,434	2,104
Social security and other taxes	518	139
Other creditors	871	830
Obligations under finance leases (see note 33)	95	95
Accruals and deferred income	3,310	2,168
	7,228	5,336

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

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

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

Liabilities included within the financial statements at amortised cost total £67,620,000 (includes payables above and the long term and short term borrowings).

30. Derivative financial instruments

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

Bank loans	2011	2011	2010	2010
Interest is charged as to:	£'000	Rate	£'000	Rate
Fixed/Hedged				
HSBC Bank plc*	35,000	7.06%	35,000	6.06%
HSBC Bank plc**	25,000	6.63%	—	
Unamortised loan arrangement fees	(932)	—	—	
Floating element				
HSBC Bank plc	—		7,500	
Natwest Bank plc	1,324		1,465	
	60,392		43,965	

Bank loans totalling £60,000,000 (2010 – £35,000,000) are fixed using interest rate swaps removing 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.

Notes to the Consolidated Accounts continued

For the year ended 31 December 2011

Financial instruments for Group and Company

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

	Hedged amount £'000	Average rate	Duration of contract remaining 'years'	2011 Fair value £'000	2010 Fair value £'000
Derivative Financial Liability					
Interest rate swap	35,000	5.06%	28.75	(14,261)	(7,312)
Interest rate swap	25,000	4.63%	9.92	(5,667)	(1,981)
				(19,928)	(9,293)
Net fair value loss on derivative financial assets				(10,635)	(2,549)

* Fixed rate came into effect on 1 September 2008. Rate includes 2% margin (2010 1% margin). The contract includes mutual breaks, the first one being on 23 November 2014 (and every 5 years thereafter).

** This arrangement came into effect on 1 December 2011 when HSBC exercised an option to enter the Group into this interest swap arrangement. The rate shown includes a 2% margin. This contract includes a mutual break on the fifth anniversary and its duration is until 1 December 2021.

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

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

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

Interest rate risk

For the year ended 31 December 2011, if on average the 3 month LIBOR over the year had been 100 basis points (1%) higher with all other variables held constant, under the financing structure in place at the year end, post-tax profit for the year would have been approximately £84,000 higher (2010 – the profit would have been lower by £90,000). This analysis excludes any affect this rate adjustment might have on expectations of future interest rates movements which is likely to affect the estimation of the fair value of the derivative financial assets/liabilities (as this movement would also be shown within the income statement affecting post-tax profit or loss), but indicates the likely cash saving/(cost) a 100 basis points (1%) movement would have had for the Group. Going forward this is minimal due to the hedging of the HSBC/Santander loan.

Treasury management

The long-term funding of the Group is maintained by three main methods, all with their own benefits. The Group has equity finance, has surplus profits and cash flow which can be utilised, and also has loan facilities with financial institutions. The various available sources provide the Group with more flexibility in matching the suitable type of financing to the business activity and ensure long-term capital requirements are satisfied. Please also see the Financial Risk management: Objectives, policies and processes for managing risk, of the Corporate Governance Report.

31. Parent company profit and loss account

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

Reconciliation of parent company profit and loss

	2011 £'000	2010 £'000
Profit of parent company before intercompany adjustments	(9,669)	1,522
Less: intercompany dividends (removed on consolidation)	(4,194)	(4,675)
Profit or loss attributable to members of the Parent undertaking as per note 11	(13,863)	(3,153)

32. Contingent liabilities

There were no contingent liabilities at the year end.

33. Operating lease arrangements and obligations under finance leases

The Group as lessor

The Group rents out its investment properties under operating leases. Rental income for the Group is disclosed in note 4. The Group paid rent under non-cancellable operating leases in the year of £376,000 (2010 – £348,000).

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

The average lease length is 68 years. The minimum rental payment obligations due under these operating leases and anticipated rental income derived from these investments are shown below. The difference between the rents payable in the year of £376,000 and the minimum for the year of £95,000 is related to the contingent element only payable out of rents receivable.

Minimum future payments under non-cancellable operating leases

(Lessee)

	2011 £'000	2010 £'000
Payable within one year	95	95
Payable between one year and five years	680	380
Payable in more than five years	5,920	6,315
	6,695	6,790

Notes to the Consolidated Accounts continued

For the year ended 31 December 2011

Anticipated rental income derived under non-cancellable operating leases

(Lessor)

	2011 £'000	2010 £'000
Payable within one year	1,885	1,868
Payable between one year and five years	7,540	7,472
Payable in more than five years	140,543	139,160
	149,968	148,500

Obligations under finance leases

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

	2011 £'000	2010 £'000
Obligations under finance leases due within one year <i>(included within current liabilities)</i>	95	95
Obligations under finance leases due within one to five years	321	321
Obligations under finance leases due in more than five years <i>(included within non-current liabilities)</i>	884	886
	1,205	1,207
Total obligations under finance leases	1,300	1,302

34. Events after the statement of financial position date

There were no material transactions after the statement of financial position date.

35. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

The compensation of the Group's key management personnel is shown in note 7 to the accounts and Directors' emoluments are shown in note 7 and the Directors' Remuneration Report.

Notes 17 and 18 detail the Group's transactions with joint ventures and associated undertakings.

In respect of Wimbledon Studios Limited, during the year the Group provided a £400,000 overdraft facility to the company. As discussed in note 18, the Groups £44,000 share of net liabilities has been allocated against the carrying value of the overdraft therefore showing a receivable of £356,000. At the Statement of Financial Position date, the Group was also owed rent and insurance of £142,000 and was also owed £108,000 in relation to the rental of equipment and fixtures which has been provided against.

Included in other receivables Panther Securities PLC had made advances to the two independent directors of Wimbledon Studios Limited of £62,500 each, in order for them to be able to purchase their shareholdings in that company. Both loans are unsecured for a maximum term of 3 years and attract interest of 4% per annum. One of these was repaid in the year as the director stepped down and the other remains fully outstanding. Fair value of this loan is assessed to be the same as its carrying value.

Portnard Limited provided Panther Securities PLC with a £7,000,000 interest free, unsecured bridging loan in July 2011 for a two week period. The loan assisted the Group in performing a verbal commitment (but not a contractual one) in respect of the acquisition of certain properties and was repaid when the refinancing was completed with HSBC/Santander. Portnard Limited is the Group's largest shareholder and A S Perloff and his family trusts have a beneficial interest in the company, as detailed in the Directors report.

There were no further transactions with other related parties.

36. Net assets per share

	2011	2010
Total equity attributable to shareholders per 25p ordinary share	397p	422p

The calculation of net asset per ordinary share is based on the equity attributable to share holders of the equity in the parent company, and on 16,869,000 ordinary shares being number of ordinary shares in issue at 31 December 2011 and 31 December 2010.

37. Approval of financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 25th April 2012.

Parent Company Balance Sheet

Company number 293147

As at 31 December 2011

	Notes	2011 £'000	2010 £'000
Fixed assets			
Tangible fixed assets	39	—	1
Investments	40	18,072	21,927
		18,072	21,928
Current assets			
Debtors	41	95,190	77,524
Cash at bank and in hand		4,939	4,332
		100,129	81,856
Creditors: amounts falling due within one year	42	(10,841)	(52,701)
Net current assets		89,288	29,155
Total assets less current liabilities		107,360	51,083
Creditors: amounts falling due after more than one year	43	(59,068)	—
Derivative financial liability	30	(19,928)	(9,293)
Net assets		28,364	41,790
Capital and reserves			
Called up Share Capital	45	4,217	4,217
Share Premium Account	46	2,886	2,886
Capital Redemption Reserve	46	604	604
Profit and Loss Account	46	20,657	34,083
Shareholders' funds	50	28,364	41,790

The accounts were approved by the Board of Directors and authorised for issue on 25th April 2012. They were signed on its behalf by:

A.S. Perloff

Chairman

Parent Company Cash Flow Statement

For the year ended 31 December 2011

	Notes	2011 £'000	2010 £'000
Net cash outflow from operating activities		(19,081)	(10,839)
Returns on investments and servicing of finance	47	1,723	2,637
Cash inflow from refinancing	47	16,786	—
Capital expenditure and financial investment	47	2,529	3,844
Equity dividends paid		(1,350)	(3,205)
Increase/(decrease) in cash in the year		607	(7,563)
		2011 £'000	2010 £'000
Reconciliation of operating loss to net cash flow from operating activities			
Operating loss		(1,428)	(1,039)
Depreciation of tangible fixed assets		1	1
Increase in debtors		(17,666)	(9,516)
Increase /(decrease) in creditors		12	(285)
Net cash outflow from operating activities		(19,081)	(10,839)
Reconciliation of net cash flow to movement in net debt			
Increase in cash in the year		607	(7,563)
Cash inflow from increase in debt		(16,786)	—
Change in net debt resulting from cash flows		(16,179)	(7,563)
Net debt at 1 January		(38,168)	(30,605)
Net debt at 31 December		(54,347)	(38,168)

Notes to the Parent Company Accounts

For the year ended 31 December 2011

38. Accounting policies for the Parent Company

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

38.1 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 report of the Directors and all of which are continuing.

In preparing the Financial Statements of the Parent Company the Directors have taken advantage of the exemption offered under FRS 29 to disclose information in regard to the Company's financial instruments as they are included in the Consolidated Financial Statements of the Group.

38.2 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.

38.3 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.

38.4 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 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 profit and loss account for the year. None of the Company's derivative financial instruments qualify for hedge accounting.

38.5 Investments

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

38.6 Tangible fixed assets, investment properties and depreciation

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

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

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

Fixtures & fittings – 10% Straight line

39. Plant and equipment

	Fixtures and Equipment £'000
Cost or valuation	
At 1 January 2011	62
Disposal	(62)
At 31 December 2011	—
Depreciation	
At 1 January 2011	61
Depreciation charge for the year	1
Disposal	(62)
At 31 December 2011	—
Net book value	
At 31 December 2011	—
At 31 December 2010	1

Notes to the Parent Company Accounts continued

For the year ended 31 December 2011

40. Fixed asset investments

	Shares in Group undertakings £'000	Associate undertaking £'000	Other investments £'000	Total £'000
Cost or valuation				
At 1 January 2011	15,325	150	6,452	21,927
Additions	—	—	693	693
Disposals	—	—	(1,215)	(1,215)
Impairment through income statement	—	—	(926)	(926)
Movement in fair value taken to equity	—	—	(517)	(517)
Realised fair value on disposal previously taken to equity	—	—	(2,366)	(2,366)
Realised fair value on impairment previously taken to equity	—	—	476	476
At 31 December 2011	15,325	150	2,597	18,072
Investments:				
Listed	—	—	2,068	2,068
Unlisted	15,325	150	529	16,004
	15,325	150	2,597	18,072

The above investments are shown at market value where there is an active market for these shares.

For details of the Company's subsidiaries at 31 December 2011, see note 16.

41. Debtors

	2011 £'000	2010 £'000
Due within one year		
Trade debtors	—	33
Amounts owed by Group undertakings	94,670	76,408
Corporation tax recoverable	—	800
Other debtors	491	260
Prepayments and accrued income	29	23
	95,190	77,524

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

The total financial assets included within the financial statements of the Company at amortised cost are £6,392,000 (which includes items within debtors above and the Company's cash).

**42. Creditors:
Amounts falling due within one year**

	2011 £'000	2010 £'000
Trade creditors	105	474
Amounts owed to Group undertakings	9,656	9,375
Bank loans	—	42,500
Social security and other taxes	47	44
Other creditors	109	100
Accruals and deferred income	924	208
	10,841	52,701

For further details on the Company's policy for creditors see note 29. Liabilities included within the financial statements of the Company at amortised cost total £69,909,000 (includes certain items within creditors shown above and the long term borrowings).

Further information on the bank loan facility is available in note 27.

**43. Creditors:
Amounts falling due after more than one year**

	2011 £'000	2010 £'000
Bank loans	59,068	—

44. Deferred taxation

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

	2011 £'000	2010 £'000
Potential capital gains	—	630

45. Called up share capital

	2011 £'000	2010 £'000
Authorised		
30,000,000 ordinary shares of £0.25 each	7,500	7,500
Allotted, called up and fully paid		
16,869,000 ordinary shares of £0.25 each	4,217	4,217

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

There were no purchases of ordinary shares for cancellation in the year ending 31 December 2011 or 2010.

Notes to the Parent Company Accounts continued

For the year ended 31 December 2011

46. Reserves

	Share premium £'000	Capital Redemption £'000	Revaluation Reserve £'000	Retained earnings £'000
Balance at 1 January 2010	2,886	604	1,307	33,707
Profit for the year	—	—	—	1,522
Realisation of revaluation reserves on disposal	—	—	(1,307)	1,307
Movement in fair value equity investments taken to equity	—	—	—	752
Dividends paid	—	—	—	(3,205)
Balance at 1 January 2011	2,886	604	—	34,083
Profit for the year	—	—	—	(9,669)
Movement in fair value of equity investments taken to equity	—	—	—	(517)
Realised fair value on disposal of equity investments previously taken to equity	—	—	—	(2,366)
Realised fair value on impairment of equity investments previously taken to equity	—	—	—	476
Dividend paid	—	—	—	(1,350)
Balance at 31 December 2011	2,886	604	—	20,657

Within retained earnings are unrealised gains of £170,000 and a deferred tax credit of £423,000 (2010 – unrealised gains of £2,578,000 and a deferred tax expense of £164,000) reserves relating to fair value of available for sale investments (shares).

47. Analysis of cash flows for line items in the cash flow statement

	2011 £'000	2010 £'000
Returns on investments and servicing of finance		
Interest received	10	49
Interest paid	(2,519)	(2,239)
Income from investments	4,232	4,827
Net cash inflow for returns on investments and servicing of finance	1,723	2,637
Cash flows from refinancing		
Repayments of loans	(49,500)	—
Payment of loan arrangement fees and associated costs	(714)	—
New loans received	67,000	—
	16,786	—
Capital expenditure and financial investment		
Sale of tangible fixed assets	—	2,570
Purchase of fixed asset investments	(693)	(1,898)
Sale of fixed asset investments	3,222	3,172
Net cash inflow for capital expenditure	2,529	3,844

	At 1 January 2011 £'000	Cash flow £'000	Non- cash items £'000	At 31 December 2011 £'000
Net cash:				
Cash at bank and in hand	4,332	607	—	4,939
Debt:				
Due within one year	(42,500)	42,500	—	—
Due after more than one year	—	(59,286)	218	(59,068)
	(38,168)	(16,179)	218	(54,129)

Notes to the Parent Company Accounts continued

For the year ended 31 December 2011

48. Other commitments

At 31 December 2011 the Company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2011	2010
	£'000	£'000
Expiry date:		
Between 1 and 5 years	22	22

49. Related party transactions

The compensation of the Company's key management personnel is shown in note 7 to the accounts and Directors' emoluments are also shown in note 7 and the Directors' Remuneration Report.

Notes 17 and 18 detail the Company's transactions with joint ventures and associate undertakings.

In respect of Wimbledon Studios Limited, during the year the Company provided a £400,000 overdraft facility to the company. As discussed in note 18, the Company's £44,000 share of net liabilities has been allocated against the value of the overdraft therefore showing a receivable of £356,000.

Additionally, Panther Securities PLC had made advances to the two independent directors of Wimbledon Studios Limited of £62,500 each, in order for them to be able to purchase their shareholdings in that company. Both loans are unsecured for a maximum term of 3 years and attract interest of 4% per annum. One of these was repaid in the year as the director stepped down and the other remains fully outstanding.

Portnard Limited provided Panther Securities PLC with a £7,000,000 interest free, unsecured bridging loan in July 2011 for a two week period. The loan assisted the Company in performing a verbal commitment (but not a contractual one) in respect of the acquisition of certain properties and was repaid when the refinancing was completed with HSBC/Santander. Portnard Limited is the Groups largest shareholder and A S Perloff and his family trusts have a beneficial interest in the company, as detailed in the Directors report.

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

50. Risk management

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

Notice of Annual General Meeting

PLEASE NOTE CHANGE OF VENUE

Panther Securities P.L.C.

Notice is hereby given that the 78th Annual General Meeting of Panther Securities P.L.C. will be held at Wimbledon Studios, 1 Deer Park Road, London SW19 3TL on 19 June 2012 at 11.30 a.m. 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 2011.
2. To authorise the payment of a final dividend of 9.0p per ordinary share.
3. To re-elect (biographical details are available in the Corporate Governance report):
 - i. A. S. Perloff who is retiring by rotation, as a Director.
 - ii. J. H. Perloff who is retiring by rotation, as a Director.
4. To re-appoint the auditors Nexia Smith & Williamson and to authorise the Directors to determine their remuneration.

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

5. That for the purposes of section 551 Companies Act 2006 (and so that expressions used in this resolution shall bear the same meaning as in the said section 551):
 - (i) the Directors be and are generally and unconditionally authorised to allot equity securities (as defined in section 560 of the Companies Act 2006) up to a maximum aggregate nominal amount of £2,400,000 to such persons and at such times and on such terms as they think proper during the period expiring at the conclusion of the Annual General Meeting of the Company to be held in 2012 (unless previously revoked or varied by the Company in general meeting); and
 - (ii) This authority shall (unless previously revoked or renewed) expire two years after the date of the passing of this resolution.
 - (iii) this resolution revokes and replaces all unexercised authorities previously granted to the directors pursuant to section 80 Companies Act 1985 but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to made pursuant to such authorities.

As Special Business

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

6. That, subject to the passing of resolution 1 set out in the Notice convening this Meeting, the Directors are empowered in accordance with section 571 Companies Act 2006 to allot equity securities (as defined in section 560 Companies Act 2006) for cash, pursuant to the authority conferred on them to allot equity securities (as defined in section 560 of the Act) by that resolution, as if section 561 (1) Companies Act 2006 did not apply to any such allotment, provided that the power conferred by this resolution shall be limited to:
 - (i) the allotment of equity securities in connection with an issue or offering in favour of holders of equity securities and any other persons entitled to participate in such issue or offering where the equity securities respectively attributable to the interests of such holders and persons are proportionate (as nearly as may be) to the respective number of equity securities held by or deemed to be held by them on the record date of such allotment, subject only to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws or requirements of any recognised regulatory body or stock exchange in any territory;

Notice of Annual General Meeting continued

- (ii) the allotment (otherwise than pursuant to paragraph 2.1 above) of equity securities up to an aggregate nominal value not exceeding £211,838; and
 - (iii) the power granted by this resolution, unless renewed, shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2013 but shall extend to the making, before such expiry, of an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.
7. That the Company is generally and unconditionally authorised for the purpose of section 701 Companies Act 2006 to make market purchases (as defined in section 693 (4) of the said Act) of ordinary shares of 25p each in the capital of the Company ("ordinary shares") provided that the Company be and is hereby authorised to purchase its own shares by way of market purchase upon and subject to the following conditions:–
- (i) The maximum number of shares which may be purchased is 2,500,000 ordinary shares;
 - (ii) The maximum price (exclusive of expense) at which any share may be purchased is the price equal to 5 per cent. above the average of the middle market quotations of an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days preceding the date of such purchase, and the minimum price at which any share may be purchased shall be the par value of such share; and
 - (iii) The authority to purchase conferred by this Resolution shall expire at the conclusion of the next Annual General Meeting of the Company provided that any contract for the purchase of any shares as aforesaid which was concluded before the expiry of the said authority may be executed wholly or partly after the said authority expires.
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

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

Dated: 25th April 2012

Notes:

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

Ten Year Review

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Rental income	8,961	7,717	7,380	7,064	7,526	7,510	8,099	9,194	9,125	7,951
Revenue/turnover	11,940	10,085	9,251	9,296	9,516	9,722	8,498	9,194	9,791	8,240
Profit or (loss) before tax	(2,312)	6,401	2,953	(14,331)	9,089	9,269	26,549	7,632	3,413	2,956
Earnings or (loss) per ordinary share	(5.1)p	34.8p	14.7p	(57.3)p	44.3p	43.5p	121.3p	35.8p	15.0p	11.8p
Dividend per ordinary share*	12.0p	15.0p**	12.0p	12.0p	12.0p	12.0p	20.0p**	8.0p	12.5p**	7.0p
Employment of finance:										
Non current assets/Fixed assets	139,585	116,099	101,412	100,907	107,005	106,593	103,301	91,500	93,426	79,166
Current assets less current liabilities	9,017	(30,308)	21,123	21,808	16,532	16,030	21,903	24,544	12,344	12,593
Total assets less current liabilities	148,602	85,791	122,535	122,715	123,542	122,530	125,204	115,950	105,680	91,493
Financed by:										
Shareholders' funds (net assets of the group)	66,955	71,222	68,010	65,846	78,608	73,269	67,632	49,871	50,104	38,240
Long-term borrowings	60,252	1,325	43,970	42,500	35,011	36,989	46,562	58,925	55,576	53,253
Derivative financial liability	19,928	9,293	6,744	12,021	575	—	—	—	—	—
Deferred tax	151	2,648	2,670	2,290	9,321	12,272	11,010	7,154	N/a	N/a
Net assets attributable to ordinary shares per 25p ordinary share	397p	422p	403p	390p	465p	431p	398p	293p	295p	226p

Note: 2011 to 2004 prepared under IFRS

2003 to 2002 prepared under UK GAAP

* Based on those declared in the financial year

** Includes special dividend

Shareholder Notes



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