PANTHER SECURITIES PLC

Interim Report
Six months ended 30 June 2009

# Chairman's Statement

I am delighted to be able to announce extremely satisfactory profits for the six months to 30 June 2009. The pre-tax profits amount to £7,819,000 compared to £5,424,000 for the equivalent period last year.

Rents receivable during the period amount to £3,777,000 compared to £3,532,000 for the comparable period last year.

For the period under review, we show a net contribution to profits of £5,767,000 from our financial derivatives, which is almost a 50% write-back of the figures provided in our 31 December 2008 accounts. I repeat what I have previously stated, that I believe financial derivative profits and losses unless realised should not go through the income statement.

During the period the Group contracted to buy five vacant freehold properties, all former Woolwich branches. Of the five properties, one at 19 Queen Street, Ramsgate, was purchased for £105,000 and retained. Two others were sold at an aggregate profit of £77,000. The final two properties were purchased, let and sold for an aggregate profit of £155,000. This combined profit of £229,000, even though small, shows there is still an active market and that profits can be created by an experienced property team.

**Acquisitions**

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

Our developments at Guildhall Street, Folkestone (20 flats), Pyewipe Industrial Estate, Grimsby (20,000 sq ft factory split into seven smaller units), Brackla Shopping Centre extension (five new units) are now completed and other than Brackla, are slower to let than first expected. High Street, Perth, has experienced some building difficulties so that this is still unfinished. A substantial part of the delay has been due to the necessity in providing time for the provision of an archaeological survey.

Our share portfolio has increased in value since 31 December 2008 by £716,000 and has been written-back into our reserves.

This week we completed two extremely good lettings to Government or Government-related departments. In Scunthorpe, our remaining double shop unit, has been let for six years at £35,000 per annum to Working Links Employment Limited. At Erdington, the shop and 10,000 sq ft of offices above have been let to Birmingham East & North Primary Care Trust for 20 years at £90,000 per annum after a 15 month rent free period. This is £10,000 per annum more than the previous rent, when it was let to a different Government Department.

It is worth mentioning that although we are obviously losing some tenants because of poor market conditions, we are still managing to attract replacement tenants to maintain income.

# Chairman's Statement

continued

### Post Account Date Acquisitions

Subsequent to the end of the period under review, we acquired a freehold triple shop unit at 98-102 High Street, Margate, formerly let at £70,000 per annum. The price paid was approximately £350,000, effectively with vacant possession, as the tenant had already gone into receivership.

We have also acquired the freehold vacant shop/office/residential property at 214 High Street, Bromley, which adjoins an existing substantial property that we already own.

I wrote to shareholders on 16 July 2009, giving details of our acquisition of the GNE Group Limited. This small group of companies, purchased by Panther, owns five properties which were former petrol stations, where permissions for change of use and redevelopment have been obtained. A nominal value was paid for the shares of the holding company of the group of companies and £1.4 million was paid to acquire debt due to GNE Group at a discount.

The five properties include two recently completed freehold investments. The first is a convenience store located in Stoke-on-Trent, currently let to United Co-Operative Foodstores. The second, located in Stockton-on-Tees, is a development of three retail units and six flats, one already sold on a long lease. The commercial properties have new 15 year leases and the residential properties, on assured short-hold tenancies, produce a rental income in total of approximately £120,000 per annum.

The three undeveloped freehold sites all have residential planning permissions as detailed below:

**Nelson, South Wales** — a mixed residential planning scheme of 11 units;
**Birmingham** — a 6,000 sq ft convenience store with 18 flats above, and
**Glasgow** — outline planning for a retail unit with seven flats above.

### East Sussex Leisure Complex

Also mentioned in my letter was our acquisition of an East Sussex leisure complex. This property is let to various tenants, including JD Wetherspoon, Domino's Pizza and a triple screen cinema, having a total annual income of £240,000. Panther is acquiring the company for nominal consideration and is purchasing for £470,000 – a discounted price – the debt due to the original developer, this being the approximate net asset value of the company after adjustments. Panther values the property at approximately £2.2 million (including costs) and is taking on its term bank loan of approximately £1.7 million. The property contains two vacant units which provide an opportunity to increase the rental return, although one of the unit's rent is currently covered by way of a guarantee.

### Trading Facility

Some of you will have noticed that our shares were temporarily suspended from trading on the London Stock Exchange on Tuesday 1 September 2009 due to our failure to report our interim figures for the current period by 31 August 2009, which was the new deadline set by the European Union under their Transparency Directive applicable as from 20 January 2007, which was adopted by the FSA.

The EU Transparency Directives brought in many major and substantial changes to the reporting environment. These included periodic financial reporting, management and responsibility statements and disclosure of major shareholders. Under the new rules, annual reports have to be fully completed four calendar months after the year end (previously six months) and interims within two months, as opposed to 90 days.

Unfortunately, as we had been informed of all the changes over a year ago, the interim announcement had been overlooked, the announcement not being ready before 60 days after the interim date, as we were expecting to announce within 90 days, as was the case for many years. Our auditors, when time-tabling our announcement schedule, also did not remember this change that they had informed us of over a year before.

On Friday 28 August at about 4.15 pm a representative from the FSA phoned and told our receptionist that unless our figures were announced by Tuesday 1 September, our shares would be suspended. I was abroad preparing to come home, our finance director was abroad and not due back for a week. John Doyle spoke to the FSA representative to explain that he was trying to resolve the matter and he would call them by 6.00 pm, hopefully with a solution. He was told the offices would be closed by then and obviously not open again until Tuesday – due to the Bank Holiday. He asked for a three day extension, explaining that all the figures were prepared but due to holiday absences they needed to be approved by the board and checked by the auditors, all of whom were expecting to announce our results in late September. He was told that was not possible and so on Tuesday the suspension took place. We were later told that we had been informed by them about the new deadlines and also reminded. Unfortunately, this account differs from our knowledge of the situation.

As a property company with sound finances, positive cash flow, cash in the bank and good banking relationships, it caused no more pain than minor embarrassment – it could have been a very different story had we been a manufacturing company, retail group or service industry, all of whom rely on suppliers' credit and confidence and possibly with hundreds of employees who, I suspect could have ended up on the unemployment register.

A reminder phone-call one or two weeks before the deadline would surely have been possible.

**Dividends**

We are proposing to continue payment of dividends at the rate of 12p per year by way of 3p each quarter. The next payment will be on the 16 October 2009. It is likely that this could be increased as soon as we see market conditions for general trade and stability for the financial sector returning.

As always, I consider that our prospects for the future remain favourable.

**Andrew S. Perloff**
*Chairman*

9 September 2009

# Chairman's Ramblings

I have often been asked the secret of our comparative success and this is a difficult question to answer, but I feel that the four Goods must be a major factor. They are GOOD IDEAS, GOOD LUCK, GOODWILL and occasionally GOOD RIDDANCE and of course I have a short story that helps to illustrate each one.

**GOOD IDEAS**

In about 1979, after more than five years of trying to make a success of our manufacturing optical business, we realised that because of the virtual monopoly on lens suppliers and government price controls on sales (based on two years' out of date inflation figures), our optical business had no future. The losses we were making could not be sustained and money was tight, but who would buy our business?

We were at that time one of the largest customers of our main lens supplier, who also had a small manufacturing optician's factory. I approached the chairman and offered the business for sale at book value, the assets consisted mainly of the lenses, which they had sold us. I suggested that they could re-sell them elsewhere or use the lenses themselves. They would also have direct access to the 400 small opticians we serviced. This was my GOOD IDEA. The chairman, whose father had founded their business fifty years earlier liked it but because his company was now listed, it was dependant on the board's agreement, so a meeting with the entire board was duly arranged. At that meeting the general terms were eventually agreed – they would buy our stock, plant and equipment at book value, take over our leasehold branches and rent our premises at Mount Pleasant of which we would retain the freehold. The major sticking point was cash, which at that time was in short supply. I suggested that, as they were a big company, they must have surplus freehold property they could swap for the optical assets at an agreed price. The chairman thought this was another very Good Idea, as they did, in fact own a small warehouse adjoining their Kings Cross Head Office, which was originally purchased for expansion, but never used. After the meeting, he took us round this old 13,000 square foot warehouse which was in their books at £100,000. We agreed that would be a fair price for an asset swap and in due course the deal was done. Thus two GOOD IDEAS helped us unload a loss-making business to someone who was able to make better use of its assets.

**GOOD LUCK**

As soon as the vacant factory was acquired, we put up our own boards on it. We were planning to ask either £175,000 freehold or £20,000 per annum rent, a figure that was slightly optimistic, but left a lot of room for negotiation. Within a few days, Malcolm received an enquiry and here I must explain that Malcolm, Harold and I had sat together in a small room for some time and had developed a technique which allowed the others to fully follow the conversation. I could of course hear what Malcolm said, but for me to follow the caller's conversation, Malcolm would repeat the substance of what the caller had said. I recall the conversation went something like this:

Malcolm: "Hello."

Caller: "XXX"

Malcolm: "You're interested in the Kings Cross factory? You want between 10,000-15,000 square foot?"

Caller: "XXX"

Malcolm: "Yes, we're asking £175,000 for the freehold with vacant possession."

Caller: "XXX"

Malcolm: "You have to be able to purchase quickly because you have agreed to sell your building, which houses your wholesale shoe company to a property developer who wants to buy your site for a massive office scheme at a fantastic price. Therefore cash would be no problem. This property is perfect, as it is within 250 yards of your warehouse so all staff can be retained."

Caller: "XXX"

Malcolm: "You like the sound of the property and want to look over today or tomorrow?"

You can imagine I was getting very excited I could not have looked for a better scenario. Finally I heard

Malcolm: "You will now contact your local surveyor to value the property and negotiate on your behalf. It's J B of Ha Ha & co."

This surveyor was well-known to us as both a friend and someone who was reasonable to deal with. Malcolm then put the phone down – and I suddenly realised that this was one of Malcolm's typical jokes, and I was sure he was pulling my leg. I shouted at him "You Stinker! You got me really excited – I thought we had a great deal!"

He laughed "It's true – it's true – every word I've said is true!" And so it was. We struck a deal at £170,000 and the transaction was completed within weeks. The purchaser sold his site for over £1 million and we received cash, which we needed desperately, and everyone was happy. Now that's what I call GOOD LUCK.

# Chairman's Ramblings

continued

**GOODWILL**

About six years ago I was trying to increase my already sizeable shareholding in a small quoted property company, where as commonly happens, the management fared much better than the shareholders. I approached one of the significant shareholders to see if they would sell their shares. We met and discussed the matter and we both agreed that the net assets per share were way above the share price, but under the existing regime shareholders could never benefit. I agreed to buy his shares at slightly above market price and to pay a further price per share if we successfully bid for the company within two years and furthermore as an extra incentive I agreed if someone else outbid us and we made a good profit on his block of shares, I would split this profit with him (after interest costs).

I was finally out-manoeuvred in my attempted takeover by a supposed "White Knight", who I suspected would eventually turn out to be a Trojan Horse. Some people felt our pride may have been dented by our losing the takeover bid, but we received a substantial profit on our holding and a large profit is always a balm to a dented pride.

The final sale of our shareholding was about three months before my two year agreement for profit supplement expired. I contacted the former investor, explained he was due another £27,500 and asked where to send it. He was very pleasantly surprised because he mainly lived abroad and was unaware of the outcome of my efforts.

During our conversation, I asked if he had anything else to sell. He mentioned his development in East Grinstead, which sounded like an extremely attractive investment. I went to see the property and afterwards discussed price. I told him I would not pay what he wanted. I suggested he might receive his price if he fully marketed the property, as I felt buyers were currently overpaying.

Fast forward to the beginning of this year. I contacted my friend and asked him what was happening with his East Grinstead property. He explained he was having a "little bit of trouble" – as two tenants had gone bust, collecting the service charges had become more difficult and he felt he was getting too old to manage the property himself. In short, he was prepared and keen to sell. I explained that the property investment market was a different world to when we last spoke, which he fully understood. I agreed to purchase the company that owned the properties and left it to the lawyers to complicate matters. The owner told a colleague he only dealt with us because he trusted us because of our previous share deal. This is called GOODWILL and we have many people with whom we have carried out more than one transaction because of our reliability, straight-dealing and integrity – ie GOODWILL.

## GOOD RIDDANCE

Nearly 40 years ago we bought a small package of shop investments from the then growing British Land Co. These investments were in a very secondary location in South London, an area we knew well. One of the properties in Lower Addisscombe Road, Croydon, had a flat above the shop that was let separately. In those days, many flats were occupied on a controlled tenancy, the terms of which were most disadvantageous to the landlord, ie rent fixed at £2/12/6p per week, with the landlord required to carry out structural repairs, roof, windows, drains etc. Our tenant was particularly awkward, wanting repairs all the time. He stopped paying rent and we stopped asking for it and, after about three years or so, his arrears amounted to over £500. One day our shop tenant phoned us to say he had seen the upstairs tenant leaving the flat with all his furniture and he was certain our tenant had "done a runner". We only had one thing to say – "GOOD RIDDANCE!"

The property was now worth an extra £4,000, which we realised by incorporating the flat into the shop tenant's lease and then selling the investment. Sometimes "GOOD RIDDANCE" can be a great benefit.

## IT'S A DOG'S LIFE

A few months ago my sister-in-law was walking her character-filled, by that I mean lively, delightful but very excitable, Yorkshire Terrier along the sea front near Southend. A walk they had done many times before. Suddenly the dog, having noticed a bird, dashed across the road to investigate, only to be hit by an oncoming car. She bounced to the side of the road and while laying mortally wounded – she appeared to wag her tail goodbye before passing up to dog heaven. Obviously my sister-in-law was upset and traumatised.

Whilst dining out with my mother a few days later I relayed this unfortunate incident to her and after she expressed a suitable degree of upset over the traumatic shock the accident would have caused, she told me of a similar story, occurring nearly 60 years previously. Rather surprisingly it was one I had not heard before.

We used to live on a busy main road in Sutton, just south of London, when one day our friend and neighbour, Mrs Cohen, came running in crying "My Latka, my Latka has been run over – he's dead." Latka was her dog. My father rushed out to the main road and saw the dog lying by the side of the road inert – it certainly looked dead. He knelt down, felt the dog's chest and noticed there was still a slight pitter patter of a heartbeat. He took off his jacket, wrapped it around the dog, rushed to his car with Latka and drove to the local vet. The local vet took it in, checked it over and said it needed lots of “liquidity” and put it on a drip. Against the odds, three or four days later the dog was still alive. My father and Mrs Cohen visited frequently and the vet said “we are giving him a large quantity of drugs which will “quantitively” ease his pain.” The next week he was off the danger list, but still needing extra special nursing and care. Three weeks later, Mrs Cohen phoned my father to tell him that “Latka” was home, and said “pop round and see him”. This he did, and he saw “Latka” looking as lively as ever with wagging tail and bright eyes. Mrs Cohen addressed the dog “Look Latka, here’s the man who saved your life.” My father was pleased to see that the dog obviously recognised him, for it bounded up to him only to give him a massive bite on my father’s outstretched hand.

*The moral of this story is be wary of any creature that lives by its animal instincts.*

We never could recall what breed of dog it was, but I suspect it might have been a “Banker”.

**Andrew S. Perloff**
*Chairman*

9 September 2009

# Consolidated Income Statement

For the six months ended 30 June 2009

| | Notes | **Unaudited Six months ended 30 June 2009 £'000** | Unaudited Six months ended 30 June 2008 £'000 | Audited Year ended 31 December 2008 £'000 |
|---|---|---|---|---|
| **Revenue** | 2 | **4,771** | 4,673 | 9,296 |
| Cost of sales | 2 | **(1,234)** | (1,307) | (2,551) |
| **Gross profit** | | **3,537** | 3,366 | 6,745 |
| Other income | | **26** | 92 | 311 |
| Administrative expenses | | **(808)** | ( 945) | (2,328) |
| | | **2,755** | 2,513 | 4,728 |
| Profit on the disposal of investment properties | | **229** | 1,344 | 1,400 |
| Movement in fair value of investment properties | | **–** | – | (6,062) |
| | | **2,984** | 3,857 | 66 |
| Finance costs | | **(1,011)** | (850) | (1,897) |
| Investment income | | **79** | 377 | 683 |
| Profit or loss on the disposal of available for sale investments (shares) | | **–** | 20 | (64) |
| Premium received on disposal of derivative financial asset | 9 | **–** | 1,120 | 2,360 |
| Fair value gain/(loss) on derivative financial assets | | **5,767** | 900 | (12,018) |
| **Profit or loss before income tax** | | **7,819** | 5,424 | (10,870) |
| **Income tax expense** | 3 | **(2,091)** | (109) | 3,680 |
| **Profit or loss for the period** | | **5,728** | 5,315 | (7,190) |
| **Attributable to:** | | | | |
| Equity holders of the parent | | **5,699** | 5,278 | (7,218) |
| Minority interest | | **29** | 37 | 28 |
| **Profit or loss for the period** | | **5,728** | 5,315 | (7,190) |
| **Earnings per share** | | | | |
| Basic and diluted | 5 | **33.8p** | 31.2p | (42.7)p |

# Consolidated Statement of Financial Position

As at 30 June 2009

| | Notes | **Unaudited 30 June 2009 £'000** | Unaudited 30 June 2008 £'000 | Audited 31 December 2008 £'000 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | | **26** | 19 | 21 |
| Investment property | 7 | **97,814** | 100,802 | 97,092 |
| Derivative financial assets | | **–** | 1,314 | – |
| Available for sale investments (shares) | | **5,431** | 5,715 | 3,794 |
| | | **103,271** | 107,850 | 100,907 |
| **Current assets** | | | | |
| Inventories | | **390** | 143 | 159 |
| Stock properties | | **8,863** | 9,167 | 8,863 |
| Trade and other receivables | | **2,535** | 5,421 | 3,278 |
| Cash and cash equivalents | | **13,829** | 7,300 | 13,922 |
| | | **25,617** | 22,031 | 26,222 |
| **Total assets** | | **128,888** | 129,881 | 127,129 |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity attributable to equity holders of the parent** | | | | |
| **Capital and reserves** | | | | |
| Share capital | | **4,217** | 4,217 | 4,217 |
| Share premium account | | **2,886** | 2,886 | 2,886 |
| Capital redemption reserve | | **604** | 604 | 604 |
| Retained earnings | | **63,774** | 73,912 | 58,139 |
| | | **71,481** | 81,619 | 65,846 |
| Minority interest | | **88** | 68 | 58 |
| **Total equity** | | **71,569** | 81,687 | 65,904 |
| **Non-current liabilities** | | | | |
| Long-term borrowings | | **42,500** | 35,011 | 42,500 |
| Derivative financial liability | | **6,254** | 417 | 12,021 |
| Deferred tax liabilities | | **3,927** | 7,387 | 2,290 |
| | | **52,681** | 42,815 | 56,811 |
| **Current liabilities** | | | | |
| Trade and other payables | | **4,184** | 3,958 | 4,414 |
| Current tax payable | | **454** | 1,421 | – |
| | | **4,638** | 5,379 | 4,414 |
| **Total liabilities** | | **57,319** | 48,194 | 61,225 |
| **Total equity and liabilities** | | **128,888** | 129,881 | 127,129 |

# Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2009

| | **Unaudited Six months ended 30 June 2009 £'000** | Unaudited Six months ended 30 June 2008 £'000 | Audited Year ended 31 December 2008 £'000 |
|---|---|---|---|
| **Profit or loss for the period** | **5,728** | 5,315 | (7,190) |
| **Other comprehensive income** | | | |
| Movement in fair value of available for sale investments (shares) taken to equity | **716** | (1,545) | (4,681) |
| Deferred tax relating to movement in fair value of available for sale investments (shares) taken to equity | **(201)** | 463 | 1,334 |
| **Other comprehensive income for the period, net of tax** | **515** | (1,082) | (3,347) |
| **Total comprehensive income for the period** | **6,243** | 4,233 | (10,537) |
| Attributable to: | | | |
| Equity holders of the parent | **6,214** | 4,196 | (10,565) |
| Minority interest | **29** | 37 | 28 |
| | **6,243** | 4,233 | (10,537) |

# Consolidated Statement of Changes in Equity

For the six months ended 30 June 2009

| | Share Capital £'000 | Share Premium £'000 | Capital Redemption £'000 | Retained Earnings £'000 | Total £'000 |
|---|---|---|---|---|---|
| **Balance at 1 January 2008 (audited)** | 4,230 | 2,886 | 591 | 70,901 | 78,608 |
| Total comprehensive income for the period | – | – | – | 4,196 | 4,196 |
| Shares purchased for cancellation | (13) | – | 13 | (173) | (173) |
| Dividends paid | – | – | – | (1,012) | (1,012) |
| **Balance at 30 June 2008 (unaudited)** | 4,217 | 2,886 | 604 | 73,912 | 81,619 |
| **Balance at 1 January 2008 (audited)** | 4,230 | 2,886 | 591 | 70,901 | 78,608 |
| Total comprehensive income for the period | – | – | – | (10,565) | (10,565) |
| Shares purchased for cancellation | (13) | – | 13 | (173) | (173) |
| Dividends paid | – | – | – | (2,024) | (2,024) |
| **Balance at 1 January 2009 (audited)** | 4,217 | 2,886 | 604 | 58,139 | 65,846 |
| Total comprehensive income for the period | – | – | – | 6,214 | 6,214 |
| Dividends paid | – | – | – | (579) | (579) |
| **Balance at 30 June 2009 (unaudited)** | 4,217 | 2,886 | 604 | 63,774 | 71,481 |

# Consolidated Statement of Cash Flows

For the six months ended 30 June 2009

| | Notes | **Unaudited 30 June 2009 £'000** | Unaudited 30 June 2008 £'000 | Audited 31 December 2008 £'000 |
|---|---|---|---|---|
| **Cash flows generated from operating activities** | | | | |
| Profit before interest, investment income and tax | | **2,755** | 2,513 | 4,728 |
| Add: Depreciation charges for the year | | **7** | 5 | 13 |
| Less: Profit on appropriation of stock to fixed assets | | **–** | – | (12) |
| Profit before change in working capital | | **2,762** | 2,518 | 4,729 |
| Decrease/(increase) in inventories | | **(231)** | 233 | 217 |
| (Increase)/decrease in stock properties | | **–** | (2) | 302 |
| (Increase)/decrease in receivables | | **743** | (42) | 183 |
| Decrease in payables | | **(238)** | (798) | (409) |
| Cash generated from operations | | **3,036** | 1,909 | 5,022 |
| Interest paid | | **(1,014)** | (787) | (1,767) |
| Income tax paid | | **(200)** | (4,031) | (6,358) |
| **Net cash generated from/(used in) operating activities** | | **1,822** | (2,909) | (3,103) |
| **Cash generated from/(used in) investing activities** | | | | |
| Purchase of plant and equipment | | **(12)** | – | (10) |
| Purchase of investment properties | 7 | **(1,271)** | (952) | (4,442) |
| Purchase of available for sale investments (shares) – non current assets | | **(909)** | (3,550) | (6,532) |
| Premium received on cancellation of financial derivative | | **–** | 1,120 | 2,360 |
| Proceeds from sale of investment properties | | **776** | 308 | 3,900 |
| Proceeds from disposal of available for sale investments (shares) – non current assets | | **–** | 1,519 | 3,202 |
| Dividend income received | | **15** | 114 | 234 |
| Interest income received | | **65** | 263 | 449 |
| **Net cash used in investing activities** | | **(1,336)** | (1,178) | (839) |
| **Financing activities** | | | | |
| Loan received | | **–** | – | 7,489 |
| Purchase of own shares for cancellation | | **–** | (173) | (173) |
| Dividends paid | 4 | **(579)** | (1,012) | (2,024) |
| **Net cash (used in)/generated from financing activities** | | **(579)** | (1,185) | 5,292 |
| **Net (decrease)/increase in cash and cash equivalents** | | **(93)** | (5,272) | 1,350 |
| **Cash and cash equivalents at the beginning of period** | 8 | **13,922** | 12,572 | 12,572 |
| **Cash and cash equivalents at the end of period** | | **13,829** | 7,300 | 13,922 |

# Notes to the Interim Financial Report

For the six months ended 30 June 2009

**1. Basis of preparation of accounts**

The results for the year ended 31 December 2008 have been audited whilst the results for the six months ended 30 June 2008 and 30 June 2009 are unaudited and this interim report does not constitute statutory accounts.

The interim financial report has been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS) as adopted by the European Union. IFRS is subject to amendment and interpretation by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee and there is an ongoing process of review and endorsement by the European Commission. The financial information has been prepared on the basis of IFRS that the Directors expect to be adopted by the European Union and applicable as at 31 December 2009 and in accordance with IAS 34 'Interim Financial Reporting'.

The financial information for the year ended 31 December 2008 set out in this interim report does not constitute statutory accounts for that period. The statutory accounts for the year ended 31 December 2008 have been delivered to the Registrar of Companies. The auditors' opinion on these accounts was unqualified and did not contain a statement made under s237(2) or s237(3) of the Companies Act 1985 and did not include references to any matters to which the auditor drew attention by way of emphasis. Copies of the report are available from the address shown in note 11.

There is no material seasonality associated with the Group's activities.

To the best of the Directors' knowledge, the half yearly interim financial report which has been prepared in accordance with applicable accounting standards gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and were approved by the board on 9 September 2009.

Except as described below, the Interim figures are prepared on the basis of the accounting policies set out in the last annual report to 31 December 2008.

The presentation of the primary financial statements has been modified in order to comply with IAS 1(revised). However the revised standard has no impact on the reported results or financial position of the Group.

1. **Basis of preparation of accounts** continued

***Principal risks and uncertainties for the remaining six months of the financial year***

The most significant risks to the Group's business relate to either property or financing.

Over the remaining six months of the year, a significant risk is the future value to be placed on property assets. However the Group's spread of property types and locations should help to mitigate any downward movement. Further to this the Group is lowly geared with surplus cash and loan funds available, so being in a strong position to take advantage of situations arising out of the current economic environment.

Financing within the Group is not considered a significant risk or uncertainty due to the high liquidity, low gearing and the financial derivatives which have been entered into to fix the rate of a substantial amount of the Group loans. However, the fair value accounting treatment of financial derivatives can create an accounting risk, with increases in any liability being shown as a write down in the income statement, however this is preferential to an actual cash flow risk which could arise if the loans were not mainly fixed with these financial instruments.

**Statement of Directors' responsibilities**

The Directors' confirm that this condensed consolidated interim financial information has been prepared in accordance with IAS 34 as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- An indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- Material related party transactions in the first six months and any material changes in the related party transactions described in the last annual report.

The directors of Panther Securities PLC are listed in the Panther Securities PLC Annual Report for the year ended 31 December 2008 and a list of current directors is maintained on the Panther Securities PLC website: www.panthersecurities.com.

By order of the board

**Andrew S. Perloff** *Chairman*
Dated: 9 September 2009

**Simon Peters** *Finance Director*

# Notes to the Interim Financial Report

continued

**2. Revenue and cost of sales**

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

M.R.G. Systems Ltd is a separate business segment whose principal activity is that of electronic designers, engineers and consultants. The split of assets and tax effect of each segment is not shown as these are not material in relation to M.R.G. Systems Ltd.

| Turnover arose as follows: | **Unaudited 30 June 2009 £'000** | Unaudited 30 June 2008 £'000 | Audited 31 December 2008 £'000 |
|---|---|---|---|
| Rental income from investment properties | **3,357** | 3,109 | 6,236 |
| Rental income from stock properties | **420** | 423 | 828 |
| Income from sale of stock properties | **–** | – | 390 |
| Income from trading (M.R.G. Systems Ltd) | **994** | 1,141 | 1,842 |
| | **4,771** | 4,673 | 9,296 |

| Cost of sales arose as follows: | **Unaudited 30 June 2009 £'000** | Unaudited 30 June 2008 £'000 | Audited 31 December 2008 £'000 |
|---|---|---|---|
| Cost of sales – from rental income | **803** | 714 | 1,310 |
| Stock properties recognised as an expense | **–** | – | 378 |
| Cost of sales – trading (M.R.G. Systems Ltd) | **431** | 593 | 863 |
| | **1,234** | 1,307 | 2,551 |

### 3. Income tax expense

The charge for taxation comprises the following:

| | **Unaudited 30 June 2009 £'000** | Unaudited 30 June 2008 £'000 | Audited 31 December 2008 £'000 |
|---|---|---|---|
| Current period UK corporation tax | **654** | 1,732 | 2,316 |
| Prior period UK corporation tax | **–** | (152) | (299) |
| | **654** | 1,580 | 2,017 |
| Current period deferred tax | **1,437** | (1,471) | (5,697) |
| Income tax expense for the period | **2,091** | 109 | (3,680) |

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

### 4. Dividends

Amounts recognised as distributions to equity holders in the period:

| | **Unaudited 30 June 2009 £'000** | Unaudited 30 June 2008 £'000 | Audited 31 December 2008 £'000 |
|---|---|---|---|
| Final dividend for the year ended 31 December 2007 of 6p per share | **–** | 1,012 | 1,012 |
| Interim dividend for the year ended 31 December 2008 of 6p per share | **–** | – | 1,012 |
| Interim dividend (quarterly) for the year ended 31 December 2008 of 3p per share | **506** | – | – |
| Final dividend (quarterly) for the year ended 31 December 2008 (see note) of 3p per share* | **73*** | – | – |
| | **579** | 1,012 | 2,024 |

* This relates to the element of the 3p dividend which was paid electronically. The registrars require this element to be in hand prior to the payment date (3/7/09). The remainder was paid just after the period end by cheque.

The Directors have proposed an interim dividend of 3p per share that will be paid on 16 October 2009 to shareholders on the register at 18 September 2009 being the first quarterly interim dividend on account for the year ending 31 December 2009.

# Notes to the Interim Financial Report

continued

**5. Earnings per ordinary share (basic and diluted)**

The calculation of earnings per ordinary share is based on earnings, after minority interests, of £5,699,000 (30 June 2008 – profit of £5,278,000 and 31 December 2008 – loss of £7,218,000) and on 16,869,000 (30 June 2008 – 16,894,500, and 31 December 2008 – 16,893,826) ordinary shares being the weighted average number of ordinary shares in issue throughout the six months ended 30 June 2009.

**6. Net assets per share**

| | **Unaudited 30 June 2009** | Unaudited 30 June 2008 | Audited 31 December 2008 |
|---|---|---|---|
| Net assets per share | **424p** | 484p | 390p |

The calculation of net asset per ordinary share is based on the equity attributable to shareholders of the equity in the parent company and on 16,869,000 (30 June 2008 and 31 December 2008 – 16,869,000) ordinary shares being the number of ordinary shares in issue at 30 June 2009.

**7. Investment Properties**

| | **Unaudited 30 June 2009 £'000** | Unaudited 30 June 2008 £'000 | Audited 31 December 2008 £'000 |
|---|---|---|---|
| **Fair value of investment property** | | | |
| At 1 January | **97,092** | 101,200 | 101,200 |
| Additions | **1,271** | 952 | 4,454 |
| Disposals | **(549)** | (1,350) | (2,500) |
| Revaluation decrease | **–** | – | (6,062) |
| | **97,814** | 100 ,802 | 97,092 |

The Directors do not consider there to be an overall material change in value as at 30 June 2009 compared to the Directors' valuation as at 31 December 2008.

There will be a directors' revaluation as at 31 December 2009.

## 8. Reconciliation of net cash flow to movement in net debt

| | **Unaudited 30 June 2009 £'000** | Unaudited 30 June 2008 £'000 | Audited 31 December 2008 £'000 |
|---|---|---|---|
| Cash at bank and in hand | **13,922** | 12,572 | 12,572 |
| Bank and building society loans | **(42,500)** | (35,011) | (35,011) |
| **Net debt at start of period** | **(28,578)** | (22,439) | (22,439) |
| Net (decrease)/increase in cash flow | **(93)** | (5,272) | 1,350 |
| Increase of loans | **–** | – | (7,489) |
| | **(28,671)** | (27,711) | (28,578) |
| Cash at bank and in hand | **13,829** | 7,300 | 13,922 |
| Bank and building society loans | **(42,500)** | (35,011) | (42,500) |
| **Net debt at period end** | **(28,671)** | (27,711) | (28,578) |

## 9. Issuance and repayment of debt in the period

No debt was repaid or issued in the period.

Note 30 of the statutory accounts for the year ended 31 December 2008 detailed the financial instruments entered into by the Group.

## 10. Related party transactions

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

**11**. Copies of this report are to be sent to all shareholders and are available from the Company's registered office at Panther House, 38 Mount Pleasant, London WC1X 0AP.

# Shareholder Notes

Panther Securities PLC
Panther House
38 Mount Pleasant
London WC1X 0AP

## We are moving!

From 19 October 2009, the Panther Group will be located at
Deneway House, 88-94 Darkes Lane, Potters Bar, Hertfordshire EN6 1AQ
Tel: 01707 667 300 / Fax: 01707 667 301
email addresses will remain the same