PANTHER SECURITIES PLC

Annual Report &
Financial Statements 2007

The Year in Brief

	2007 £'000	2006 £'000
Revenue	**9,516**	9,722
Profit before tax	**9,089**	9,269
Profit attributable to members	**7,509**	7,387
Net assets of the Group	**78,608**	73,269
Earnings per 25p ordinary share	**44.3p**	43.5p
Dividend per ordinary share (based on those declared in the financial year)	**12.0p**	12.0p
Net assets attributable to ordinary shareholders per 25p ordinary share	**465p**	431p

Contents

Directors, Secretary and Advisors

Directors	*	Andrew Stewart Perloff (Chairman and Chief Executive)
	**	Bryan Richard Galan (Non-executive)
	**	Peter Michael Kellner (Non-executive)
		John Terence Doyle (Executive)
		John Henry Perloff (Executive)
		Simon Jeffrey Peters (Finance)
Company Secretary		Simon Jeffrey Peters
Registered Office		Panther House, 38 Mount Pleasant, London WC1X 0AP
Company number		293147
Web site		www.panthersecurities.co.uk
Auditors		Nexia Smith & Williamson Prospect House, 2 Athenaeum Road, Whetstone, London, N20 9YU
Bankers		HSBC Bank plc 31 Holborn, London EC1N 4HR
		Kaupthing Singer & Friedlander 1 Hanover Street, London W1S 1AX
		WestLB AG Woolgate Exchange, 25 Basinghall Street, London EC2V 5HA
		Anglo Irish Bank Corporation PLC 1 Marsden Street, Manchester M2 1HW
Brokers		Raymond James Investment Services 77 Cornhill, London EC3V 3QQ
Financial Advisors		John East & Partners Limited 10 Finsbury Square, London EC2A 1AD
Registrars		Capita Registrars The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU
Solicitors		Oberman Law 15 Southampton Place, London WC1A 2AJ
		Biggart Baillie Dalmore House, 310 St Vincent Street, Glasgow G2 5QR
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* Member of the Nomination Committee and Audit Committee
** Member of the Nomination Committee, Audit Committee and Remuneration Committee

Chairman's Statement

Results

Wow, it has been a great year. Our pre-tax profits for the year ending 31 December 2007 are £9.089 million compared to £9.269 million for the previous year, but that year benefited from approximately £6.081 million revaluation profits, whilst the current year reflects almost entirely realised profits.

Rental income for the current year was maintained at £7.526 million (2006 - £7.510 million) despite our continued policy of selling some of our mature investments.

The year was an extremely active one for our Group and I shall briefly mention the most significant events.

Disposals

In February 2007, we sold at auction the following properties: 191-199 Rushey Green, Catford, London; Hainton House, Hainton Square, Grimsby; 74 Kilmarnock Road, Glasgow; 63/65 High Street, Dumbarton; and Units 1 and 2, 4 High Street, Paisley. In May 2007, we also sold 107/109 George Street, Oban. These properties, which were producing £277,000 per annum, were sold for approximately £5,400,000; the profit on disposal was approximately £1,150,000. We also sold a small property held as trading stock, which was a vacant shop at 35/37 Bridge Street, Dumbarton, for £237,000, showing a good profit.

Oldfield Road, Maidenhead

This freehold property was a 15,000 sq ft single storey industrial type building that had established office use on a site of approximately half an acre and it had been vacant for some time. It was sold on 17 October 2007 for redevelopment to Henry Boot P.L.C. for £2,250,000 with a profit on disposal of £945,000.

Neil House, 1-15 Whitechapel Road and 2/10 Osborn Street, London E1

This freehold property, also sold in October, was a 1960's mixed-use building on the corner of Whitechapel Road and Osborn Street, comprising approximately 40,000 sq ft, multi let, and producing £450,000 per annum with approximately 10,000 sq ft of the offices vacant.

This property was sold to the Workspace Group plc for £10,800,000, the profit on disposal being £3,494,000.

Real Estate Investors PLC

We sold our entire ordinary shareholding in Real Estate Investors PLC for £740,000, realising a profit of £92,000. We retained the convertible loan note in this company with a face value of £325,000, repayable in about one year's time or convertible into ordinary shares in the Company.

The total amount realised from these sales was £19,026,000, £9,324,000 of which has been reinvested in property and £3,158,000 in Stock Exchange securities, mainly in listed property shares.

Acquisitions

In February 2007, we purchased three freehold factories at Boraston Lane, Burford, Tenbury Wells, Worcestershire; Picts Lane, Princes Risborough, Buckinghamshire and Valley Road, Clacton-on-Sea, Essex, all occupied by subsidiary companies of Elektron PLC. The costs (including stamp duty) were £4,600,000 and simultaneously leaseback arrangements were entered into so that a total annual rental of £343,500 was immediately receivable. These three factories have a total net lettable area of 120,000 sq ft on seven acres of land. 14,000 sq ft of which is vacant, with the potential for an additional rental income of £50,000 per annum.

In August 2007, we purchased two freehold factories at Woodland Road and Woodland Close, Torquay, Devon, which comprised approximately 68,000 sq ft on 3.5 acres, subject to a leaseback to Sifam Limited at £215,000 per annum for terms of 10 years and 7 years respectively, after a one year rent free period. The cost, including stamp duty, was £2,430,000. Sifam Limited had immediately before this transaction been purchased by Elektron PLC.

We also purchased in August three further freeholds, namely a part vacant shop investment at 86-88 High Street, Margate, producing £20,000 per annum, for £549,000, a 10,000 sq ft factory investment in Harwood Road, Littlehampton producing £45,000 per annum for £567,000 and a former branch of Lloyds Bank at 216/218 Northdown Road, Cliftonville, Margate, for £308,000. This was a vacant property and, after minor works, will be offered for letting. A freehold ground rent on 2 acres of industrial land at Newton Abbot was purchased for £170,000.

Progress Report

21/27 Guildhall Street, Folkestone

Our development of residential units above our shops in Folkestone was increased to a development of 20 units and is now completed. We are offering them for sale, but the residential market is extremely slow and they won't "fly out of the window" as we had originally hoped.

177-195 High Street, Scunthorpe

We have let approximately half of our 20,000 sq ft property in Scunthorpe, on a 25 year lease to Barracuda Pubs & Bars Limited at a commencing rental of £68,000 per annum, increasing to £72,500 in five years, and when the remaining two units in this property are let, its current value should increase considerably.

Pyewipe Industrial Estate, Grimsby

After the tenant of this 25,000 sq ft single storey factory failed, we decided to internally divide the building into smaller, individual industrial units, of 1,250 to 2,500 sq ft. There is a strong demand for small industrial units, which in turn attract higher rents per sq ft when let.

Rather surprisingly, this needed planning permission, which we obtained after spending nearly a year dealing with the local authority. Our works on the development have started and, when finished, the property should produce over £100,000 per annum income, compared to £55,000 per annum from the previous tenant. We are already receiving enquiries for some of these units.

199-205 High Street, Perth

We are currently carrying out a rear ground floor extension and major refurbishment of the property, which has been vacant for some time. We have current interest from potential occupiers wanting either to buy or rent the completed scheme.

Brackla Shopping Centre, Bridgend

This is a small out of town shopping centre which was acquired with the Northstar Group some years ago. It has always been fully let and has provided good rental growth. We have secured planning permission for five extra shop units, which we are hoping to start building soon. We are already receiving enquiries for these units from some major retailers.

Elektron PLC

Our shareholders will be aware that we are significant shareholders in this company, where we are optimistic that they will continue to prosper and that their expansion policy will enable us to occasionally acquire factory investments off-market to our mutual benefit.

Valuation of properties

Our entire portfolio was revalued by the independent valuers DTZ and although there were numerous changes to the assessed values of the approximately 80 separate individual blocks of property valuations (about 30 up and about 30 down). The result is a small increase in the overall value of our portfolio! PHEW!!

Finance

As at 31 December 2007, our Group had over £12,500,000 in cash and a further £7,500,000 of undrawn loan facilities not requiring additional security.

The £35,000,000 of our current borrowings are on a term loan at a favourable interest rate owing to our having entered into swap arrangements in December 2006 on £50,000,000. Our borrowings are currently only £35,000,000, and due to the current uncertainty, short-term money rates are disproportionately expensive and, because of this, our Group benefits more than was anticipated.

In our interim statement under the IFRS rules the capital value of our swaps had to be brought into our income statement and amounted to £2.5 million. At that time, I felt that this was inappropriate as its capital value was so volatile. This notional value has now vanished and there is currently no overall capital value to our swaps and thus included in this year's income statement as a net loss of £3,000.

General Overheads

My salary waiver has reduced overheads by over £522,000 in the period under review, compared to the year ended 31 December 2006, and I am continuing this waiver for the current year, as I am fed up with personally paying so much tax!

Dividends

An interim dividend of 6p per share was paid on 28 September 2007, and a final dividend of 6p per share is proposed for shareholder approval at the AGM.

With our substantial profits from some extremely successful sales, your Board would normally have expected to pay a special dividend. These are not normal times and the business community, property, and financial companies in particular, would be wise to adopt a cautionary stance for the near future. We feel low borrowings and high liquidity are the order of the day and therefore a special dividend is not being paid.

Political Donation

Those thieves at Westminster who seem answerable to no-one continue to feather their own nests at John Lewis while the general populace suffer. I therefore continue to propose that the Company support the Conservative party, who can't be any more profligate and must be more competent than the current bunch of "N'er do wells". Of course, I will not vote my personal interests on the resolution as one or two shareholders may disagree with me on the point of principle that companies should not involve themselves in politics. Due to a recently introduced stealth tax in the year ending 31 December 2008, we will probably have approximately £410,000 of vacant rates payable (compared to £237,000 for this year ended 31 December 2007) even when we are in the process of improving these properties, our efforts delayed by slow planning procedures and decisions.

About 10 years ago, my favourite uncle died aged 90. He was wise from the school of life, having been taken out of education at the age of 12 to help in my grandfather's small cabinet-making factory. A life long bachelor, he lived a financially successful and comfortable life of self-centred indulgence and yet of parsimony. From his teens, his one great love was the London Theatre and he was able to attend nearly every first night production for nearly 70 years. Although extremely careful with his pennies, his one financial anomaly was his habit of regularly entertaining his friends, family, nieces and nephews, and in his earlier years, his business clients in groups of six to ten people to an evening at the theatre and afterwards to a dinner at a nice restaurant.

I was a favoured nephew and often accompanied him. Sometimes, the plays were dreadful but afterwards the meal and company were always good. In his later years after the show, his group often dined at the restaurant in the Victoria Sporting Club Casino. I knew he never gambled, so I asked him why he joined. "It was free" was his reply. He then explained how, when the Casino was seeking planning permission, they offered a number of nearby residents including him free membership and he had never refused anything that was "free". When the Casino opened, those members were invited to sample the fayre at the restaurant "free". He of course accepted. He told me not only was the size of the portions and variety of the menu excellent, but he noticed that the prices were extremely low and instantly realised that the Casino heavily subsidised the restaurant. From that moment, it became his favourite restaurant.

After dinner, on one of our family outings, I and my mother and aunt wanted to play the tables, but they were put off as the cheapest gambling chip was above their normal low self- imposed limit. I offered to give them £100 each to play, but they refused to take a gift. I then said, "Both of you, take the £100 each and **gamble for me**. If you win, you can keep half the winnings, and if you lose I'll carry all the loss". This they found acceptable and an enjoyable evening was had by all.

I cannot remember the final result of our gambling spree, but with hindsight, I now realise I had probably conceived the basic idea behind the first hedge fund.

Once again I have separated off my personal ramblings (which seem to be more rambling than usual) which follow this statement and are not strictly, as you will have gathered, related to our operations so that those shareholders who are not interested in my views may ignore them.

Finally, I would like to thank our small dedicated team of staff, our financial advisers, legal advisers, agents, accountants and, of course, our tenants – to all of whom I am most grateful.

As ever, notwithstanding the many uncertainties, I view our future with optimism and confidence.

A. S. Perloff
Chairman

28 April 2008

Chairman's Supplement

Chairman's Ramblings

In recent years, I have occasionally taken travelling holidays with my wife and young daughter. On one such occasion, we were travelling north along the coastal route from southern Spain. Rarely booking hotels in advance, we took our chances as to what was available at suitable stopping times, usually between 6.30 and 8pm. Having reached a medium sized non-tourist town, we looked in our Michelin guide to find the best of a mediocre group of possible stopover places. This found, we parked outside and leaving my wife to guard the luggage in the car, but taking my daughter inside with me I went in to enquire as to availability. The receptionist spoke passable English and explained that it was at their busy time and they only had a few small rooms available. I asked, "Have you any suites?". "No sir," came the reply. I persisted "Are you sure you haven't even one large suite that may have been cancelled". "No sir, not even one suite, only the standard room left". So we took the standard room.

As soon as we decamped into the room, our daughter as usual jumped up and down on the bed and then ran round and examined the room. She finally found the mini bar. Suddenly she was excitedly running up to me waving a packet of M&Ms, "Daddy, Daddy, that man was wrong, he does have SWEETS".

The last part of that holiday we spent a few days in Paris and hoping to instil in our daughter an appreciation of the arts, most of our last day was taken up by a visit to the Louvre. We trooped round a huge number of their galleries, seeing an unimaginable amount of masterpieces of sculpture, paintings and other works of art. The greatest moment, however, was, after queuing with hordes of people, and going through the Long Gallery, when we were able to see the "Mona Lisa". We left the Louvre much pleased with the artistic education of our daughter. We arrived back in England with some days left before school started, so my daughter, as a special treat, stayed with her adored "Nana".

Of course, "Nana" loves to spoil her, so the very next day, she asked her granddaughter "Would you like to go to the pictures?". She was astonished with the response. My daughter clasped her hands over her eyes and exclaimed very loudly, "OH NO NO, **not more pictures!**". Nana took a few moments to realise that it was not Disney or Dreamworks, but Rubens, Rembrandt and Leonardo da Vinci that the child had overdosed on.

My final child story occurred only last year.

My wife and daughter had just finished a nice afternoon on Antibes beach and packed their belongings to walk back to our holiday home. As they reached the pavement, our nine year old daughter noticed a green wine bottle that had been smashed to smithereens on the side of the road.

"That reminds me of Crystal Night" she told my wife. My wife was shocked. "Where did you hear about "Krystalnacht"" she asked. "Can't remember", came the usual reply. My wife worried about what may have been instilled in her still formative brain, went on a long and child-friendly explanation, telling how, a long time ago in Germany, those in charge of running the country did not like Jewish people who had so many shops including many book shops, and so the local leaders arranged for soldiers to smash the Jewish shop owners' windows, throw all the books into the street and make a bonfire of them. The fire made the broken glass sparkle like crystals and from that time on that terrible night was called "Krystalnacht". She then explained how terrible it is to be nasty to people because they are different to you, either by religion or colour or any other reason. My daughter, who rather surprisingly had listened quietly and patiently until then, said "Don't be silly mummy, I meant the stuff that makes Superman go weak" – for the uninitiated, that's KRYPTONITE.

Of course, these are amusing stories and have little relevance to my "Bête Noire". Except….. they are all based on verbal misunderstanding and over the last ten years or so it seems to me that our elected leaders have managed an almost Orwellian transformation of our language and often deliberately utilise words or phrases that have different meanings for each listener and thus promises can be wriggled out of. In many budgets, the words "fairer, prudent, hard working, resources, simplify, abolish" attached to changes that sounded reasonable on verbal presentation turn out to be the exact opposite upon proper detailed inspection of that which was being proposed. Whilst you can fool all of the people some of the time you cannot fool all of the people all of the time. The general public have come to realise that the spoken word from any politician is twistable. An oleaginous politician might have said, "So what?" It does, however, explain why immediately after our current chancellor said "Your money is safe in the Northern Rock" all and sundry ran to the nearest branch to withdraw their funds. Creating the first run on a British bank in over 100 years and necessitating a full blown Government guarantee on all of its deposits. Most of you will know of my antipathy for most bureaucrats, but occasionally I feel maybe, just possibly, individually they could be nice people, but I ask myself, what could possibly explain the hopeless shambles in practically everything connected to or associated with them?

Having mentioned Superman, I recall his most difficult antagonist was not really a villain, but a mischievous imp named Mr MXYZPTLK, who, having superhuman powers, somehow broke into our world from the fifth dimension. He always tried to wreak havoc everywhere, which took all of Superman's super duper abilities and efforts to remedy or prevent. Mr MXYZPTLK did it because he was bored and wanted excitement. Perhaps, we have a Mr MXYZPTLK roaming the corridors and the computers of Whitehall.

A lot of people who have read my ramblings have probably thought I'm half mad. I hate doing things by halves, so now I must try to achieve full status.

I am definitely not qualified to give an authoritative opinion on Global Warming. But with forty five years' experience of our administrators, I feel I have to comment.

Taxes have been raised substantially to improve Education, the Health Service, Transport and other services and failed miserably, the public being no longer prepared to countenance more money being spent on these matters. It is obvious those geniuses of the Treasury have had to invent a new Tax that will have general support – will raise huge amounts of money now, and will make people who oppose it look nasty and selfish; it should also be capable of producing wonderful slogans and have no possibility of being regarded as completely useless until 40 to 100 years' have passed, when all current administrators are long gone and buried, having sucked out the last of their fat pensions.

"Global Warming", "Greenhouse Gases" and "Save the Planet" and "Green Taxes" fill this role perfectly.

With the vast amount of information out there, numerous scientists, meteorologists all of whom receive huge funding grants from Central Governments for research into the troubles of the world would stop receiving grants if they stated everything was running nicely; thus long-term disaster suits them nicely – the Government mouthpiece, the BBC, whose entire livelihood is dependent on Government caprice, is happy to repeatedly show the same iceberg falling into the sea or a solitary lonely polar bear floating away on the ice-floe accompanied by a selected dose of possibly incorrect facts.

Nothing sells newspapers (other than sex scandals) like a disaster or potential disaster, and even better if it has graphics of cities under water or other huge natural disasters.

Well, of course, experts could be right that human activity may well be generating excessive amounts of carbon dioxide that will warm the planet by one, two or three degrees over the next 50 years or so.

But carbon dioxide only accounts for 0.25% of the earth's atmosphere – it is generally a very beneficial gas which can attach itself to many other elements and is vital for plant and food production. The fact is that humanity is sitting on a huge intensely hot ball of molten metal covered by a thin crust of rocks, spinning round at thousands of miles per hour with the entire planet separately spinning around our sun a gigantic ball of continually exploding unimaginably hot star, galactically not that far away yet 400,000 times bigger than earth with this star often sending off monumental bursts of heat that can affect earth. Some scientists even suggest that other uninhabited planets in our solar system have also warmed up (slightly) at the same time as earth. I could find more facts that can be unearthed which may give one cause to reconsider the current general consensus – but I won't, I am going to give the doom merchants the benefit of the doubt and look at their remedy.

The partial remedy after loads of more Green Rules, Green Regulations and Green Taxes is to produce a carbon dioxide or methane trading scheme where all producers of these greenhouse gases will be issued with green allowance certificates and will have to buy allowances from someone who is not using their full allowance, ie like wartime rationing in the past.

In short, it appears that a "load of old gasbags" will ration us (I guarantee not themselves), pretend to measure an invisible floating gas by weight, with allowances calculated by Government bureaucrats and issue certificates, possibly favourably to their friends or Government controlled enterprises. To me, the important question is: which department of Government?

Will it be the department who organised the Millennium Dome, or the one now in control of the cost of our forthcoming Olympic Games. Perhaps, it will be the department which calculated that 7,000 immigrants might arrive from an Extended Europe, when over 700,000 people actually arrived. Perhaps, it will be the Home Office dealing with prisons, who haven't the slightest idea of who should be in or out of prison or who found out that over 25,000 British overseas convicted felons had no record when they came home. Perhaps, the Treasury, who deal with the Tax Dis-Credit system, when over 50% of payments and receipts are wrong, or those that have made the system so complex that even their own specialist tax inspectors do not understand the rules. Maybe the DHSS who regularly make payments to 2,500,000 disabled when most of us know over half aren't. Perhaps, it will be the department that destroyed the private sector pensions, with their financial rape and "simplification", or those bureaucrats who negotiated the doctors' funding arrangements so generously that doctors no longer need to work so hard. Or maybe they will pass the licensing to our unelected European overlords, whose accounts are never signed off because they are too fraudulent; who managed to create "wine lakes, butter mountains, olive oil lagoons" also paying grants to farmers not to grow anything, whilst a good proportion of the world is starving. Already the encouragement to use and produce bio-fuels has pushed up the prices of basic foods to allow more of the poor to starve.

In fact, to my mind there is not one endeavour that our present political leaders (elected or unelected) have attempted that has been successful.

If the current bunch of leaders think they are capable of SAVING THE WORLD, they've not yet recovered from the excessive use of cannabis in their earlier years, and I'm going to stock up my larder with long life tinned food and sit back and remember some more sensible years.

In 1969, I was negotiating to buy a parade of four large shops in High Street, Bromley, held by an old-fashioned grocery company on a long lease at a nominal ground rent. The company was in voluntary liquidation. Simultaneously, I was negotiating with the Prudential Assurance Society via their area manager to buy the freehold interest. Eventually, it was verbally agreed that if I could increase my last offer by £5,000, he would recommend his board to accept. I said I would probably be able to reach his figure, but I needed a little more time to progress my leasehold acquisition from the receivers. When at last I wrote to him saying I was ready to proceed, I was disappointed to receive a reply from a new fund manager saying he had taken over the South East area from his colleague and he no longer felt it was likely they would sell at the price previously discussed.

In earlier years, when I had dealt with the "Pru", first as an estate agent and subsequently as a property investor, on a number of occasions I dealt with one particular property investment manager who had gradually been promoted to become the "Head" of the entire property department. I wrote to him complaining that I had spent a long time working on the transaction and verbally agreed terms with the predecessor manager. As is usual with my letters, despite my irritation I finished off in a slightly humorous vein with "Surely the Pru does not need me to value their properties".

His response was prompt; the very next day he phoned me. After the usual pleasantries, he explained that the previous manager who dealt with me had left the organisation. He then asked me, and I definitely remember his words "Did you agree terms or <u>even believe</u> that you had agreed terms to purchase?". I, of course said yes. He then said, "In that case, we will proceed with the sale to you as our reputation for straight dealings is important." The purchases were completed shortly thereafter and we still hold these properties, which have proved a wonderful investment.

In the early 70s, my then wife invited a girlfriend from "up North" to live with us until she found a job in Central London and then suitable living accommodation. She stayed with us for about six months. It certainly was no hardship as she was beautiful, good-natured and always cheerful. Whilst I can't remember any of her job interviews, she certainly had a succession of suitors and one such suitor I remember well.

One Sunday morning, I heard a noise like Concorde taking off, looked out of the door and saw a car, such a bright red, I needed sunglasses and so low one could have driven it under my gates. That day's beau sprang out of his car and came in. He was of medium height, slim, remarkably good-looking with long black hair, dressed immaculately in a sharp dark suit, shirt and tie. I invited him in to wait as my house-guest was not yet ready, having after all had only three and a half hours to do so.

I considered myself in "loco parentis" and so, I questioned him about his prospects and where and what he did for a living. He was very amiable and talked about his dress shop off Bond Street where he sold designer dresses at a discount, explaining that all women love designer clothes and everybody likes a discount. He told us (my business partner Malcolm was there at the time) how well he was doing and that he was about to take his second shop also in the West End. He was also looking for lots more shops and said "one day I will be the biggest retailer in the country". After this flashy young lad left with his date, Malcolm and I laughed and joked about how from one short leasehold shop he was going to be the biggest retailer in the country.

Over the next 20 years I began to read about him and his many business successes and failures until on one such occasion I read he had acquired a small retail group which included freehold ownership of some properties that interested me. Via a mutual friend, I arranged to meet him. He did not recall our original meeting. However, since that meeting he had put on about two stone in weight, had slightly thinning hair going grey at the temples, and wore his shirt open-necked. We once again, due to our mutual interest in business and property, got on quite well and discussed the subject for nearly two hours. It was obvious, however, that he was too "on the ball" for me to acquire any bargains. So eventually, we said our goodbyes.

A few years later I was out with my wife who was shopping in Oxford Street. It was a nice sunny summer day and whilst my wife was foraging in a large shop near the corner of New Bond Street, I was casually standing in the street outside watching the world go by.

I suddenly noticed amongst the crowds of pedestrians my successful retailer friend, who was then a little heavier with a little less hair, walking at a tremendous pace towards me with grim determination on his face. I stopped him "What's the rush, are you late for a date?" This time he recognised me, broke into a big smile and stopped for a general business chat. He explained he had just bought a very large countrywide group of shoe shops and from his two big shops at either end of Oxford Street, he could tell what stock sold well. If the style of shoes did not sell well, he arranged for all shops throughout the country to immediately halve the price until they started to sell. He explained the stock that came with the group purchased had been written down prior to his purchase by so much that practically any selling price was a profit.

We chatted for about half an hour until my wife had finished examining the complete contents of the shop and returned. Business conversation over, he then had to rush off to his other shop. That was about seven or eight years ago, and I have not met him since as he has gone onto much bigger and better deals way out of my league.

The person in my first story was a Mr Peter Green, who with great property knowledge and integrity over the years had worked his way up to the top property position in the Pru and jealously guarded the integrity and reliability and trustworthiness of his institution.

I often admire people who can work their way up a huge organisation to achieve success and someone else I have never met but who fits the bill perfectly and has succeeded over 26 years doing a magnificent job in one of my favourite banks of steering it through troubled times is Stephen Green, Group Chairman of HSBC PLC.

The person in my second story was Britain's own home grown favourite, billionaire Phillip Green, whose early and continual dedication, determination, energy and love of the cut and thrust of business life has helped him achieve what he said he would do some 34 years ago.

Now these are the type of "Greens" this country needs more of, not the "Namby Pamby" selective fact stating, fact bending, self proclaimed do-gooders, rule-makers, rubbish-separators, environmentalist, world-saving, bossy-boots, who seem to have infected all areas of public life, whose usually publicly-paid income appears to be directly related to the amount of rubbish they spout forth.

OH, FOR A FEW THOUSAND MORE OF THE USEFUL GREENS.

A. S. Perloff

28 April 2008

Operating and Financial Review

Key features of the year

The year ended 31 December 2007 was another good year for the Group. Significant cash flow of £9m arose from combined trading and net investment activities, some of which was used to further reduce the Group's gearing by £2m (2006 - £8m), with the balance (after dividends paid to equity holders) being held for future potential investment opportunities.

Financing

The Group benefited from its fixed rate derivative financial instruments entered into in late December 2006 (see note 30) and from the repayment of loans. These measures resulted in a saving of finance costs of £0.8m in 2007 compared to 2006.

Key Ratios

	2007	2006
Net Profit Margin (Net profit*/ turnover)	**50%**	46%
Gearing (debt/(debt + equity))	**31%**	34%
Interest Cover	**5.82 times**	2.19 times
Finance cost rate (finance costs/average borrowings for the year)	**5.1%**	6.4%
Yield (rents investment properties/ MV investment properties)	**6.5%**	6.5%

*Net profit is 'Profit before interest, investment income and tax'

Financial risk management

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

Other non financial risks

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

Report of the Directors

The Directors submit their report together with the audited financial statements of the Company and of the Group for the year ended 31 December 2007.

Statement of Directors' Responsibilities
UK Company law requires the Directors to prepare Group accounts in accordance with International Financial Reporting Standards (IFRS). As permitted by company law, the Directors have chosen to prepare accounts for the Company in accordance with United Kingdom Accounting Standards. Company law requires the Directors to prepare the Group accounts in accordance with IFRS, the Companies Act 1985 and Article 4 of the IAS Regulation and those of the Company in accordance with United Kingdom Accounting Standards.

Relevant company law and accounting standards require that the Directors prepare accounts for each financial year which give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that year. In preparing the accounts the Directors are required to:

- select suitable accounting policies and apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS or United Kingdom Accounting Standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance.

The Directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and which enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that the Directors' Report and other information included in the annual report is prepared in accordance with Company Law in the United Kingdom. They are also responsible for ensuring that the Annual Report includes information required by the Listing Rules of the Financial Services Authority.

The Directors confirm that the financial statements comply with the above requirements.

In the case of each of the Directors of the Company at the date this report was approved: so far as each of the Directors is aware there is no relevant audit information (as defined in the Companies Act 1985) of which the Company's auditors are unaware, and each of the Directors has taken all steps that he ought to have taken as a Director to make himself aware of any relevant audit information (as defined) and to establish that the Company's auditors are aware of that information.

Going concern
The Directors have a reasonable expectation that both the Company and the Group have adequate resources to continue their operations for the foreseeable future. For this reason 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 Group's share of the results of an undertaking in which the Group had a participating interest, M.R.G. Systems Limited, has been included in these financial statements; in the prior year the company was an associate for part of the year until the time control was obtained.

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

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

Results and dividends
The profit for the year after taxation, amounted to £7,443,000 (2006 - £7,345,000).

An interim dividend of £1,020,000 (6.0p per share) on ordinary shares was paid on 28 September 2007. The Directors recommend a final dividend of £1,020,000 (6.0p per share) payable on 27 June 2008 to shareholders on the register at the close of business on 26 May 2008.

Donations
During the year the Group made a £25,000 political donation (2006 - £25,000) to the Conservative Party. The Group also makes donations to charities through advertisements at charity events and in the diaries of charities, the total of which in 2007 was £4,000 (2006 - £4,000).

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

	Ordinary shares of £0.25 each	
	2007	2006
A. S. Perloff (Chairman)	**4,351,213**	4,351,213
B. R. Galan (Non - executive)	**300,039**	300,039
P. M. Kellner (Non - executive)	**12,000**	12,000
J. T. Doyle	**7,500**	5,000
J. H. Perloff	**70,000**	70,000
S. J. Peters	**70,000**	62,500

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 (2006 - 7,737,336).

There have been no changes in Directors' shareholdings since 31 December 2007.

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

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

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

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

Environment
A small part of the Group's business involves the development of 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 services to communities. The Group also participates in a recycling programme for some of the office waste it generates.

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 2007 were equivalent to 64 days purchases (2006 - 45), based on the average daily amount invoiced by suppliers during the year.

Investment Properties
The Group's investment portfolio was independently revalued at market value at 31 December 2007 by DTZ Chartered Surveyors. The Directors previously had revalued the property investment portfolio for the year ended 31 December 2006.

Share Capital
The only changes to the Company's share capital during the year relate to 79,500 ordinary shares that were purchased for cancellation. At the year end there were 16,918,651 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.

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

Auditors
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
Dated: 28 April 2008

Panther House
38 Mount Pleasant
London WC1X 0AP

Corporate Governance

Panther Securities P.L.C. supports a high standard of Corporate Governance and has, during 2007, complied with the Combined Code on Corporate Governance issued by the Financial Services Authority, subject to the points detailed below.

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

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

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

The Combined Code requires that there should be sufficient division of duties between Board members and that the Company should have at least 3 non-executive Directors, however the Board has carefully considered the division of the duties of the Chairman and Chief Executive, together with the number of non-executive Directors and has concluded, given the size of the Company and Group, that the present arrangements are appropriate.

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

The performance of the Board, its Committees and individual Directors 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 cogniscent of its responsibilities to the Company's Shareholders.

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

Peter Michael Kellner (Non-executive)
Chairman of Audit and Nomination Committees. He is an Associate of the Chartered Institute of Bankers and of the Institute of Taxation. He was formerly joint General Manager of the 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 does not act as non-executive for any other company, but Bryan Galan is a non-executive for Rugby Estates Investment Trust Plc.

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

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

Auditor Independence and Objectivity

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

Internal Controls and Audit Committee

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

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

The Audit Committee has three members and includes both non-executive Directors and is chaired by P. M. Kellner. Its terms of reference are that it meets at least twice a year to review the Group's accounting policies, financial and other reporting procedures, with the external auditors in attendance when appropriate. In 2007 the committee met twice with all members present.

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

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

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

Communication with shareholders

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

Nomination Committee

The Nomination Committee met twice in 2007 with all members present. Any changes that are required to be made are made in the best interests of the Group. In 2007 there were no changes in Directorships.

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

Financial Risk Management

The Company and Group operations expose it to a variety of financial risks the main two being the effects of changes in credit risk of tenants and interest rate movement exposure on borrowings. The Company and Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company and Group by monitoring levels of debt finance and the related finance costs. The Company and Group also use interest rate swaps to protect against adverse interest rate movements, no hedge accounting is applied.

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 the Company and Group has sufficient available funds for operations and planned expansions.

Interest rate risk

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

Directors' Remuneration Report

Remuneration Committee

The Remuneration Committee consists solely of the two non-executive Directors, B. R. Galan (Chairman) and P. M. Kellner. It reviews the terms and conditions of service of the Chairman and Executive Director ensuring that salaries and benefits satisfy performance and other criteria. In 2007 the Committee met twice with all members present.

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

The Directors do not have a Share Option Scheme.

Remuneration policy

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

Service contracts

No Director has a service contract.

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 2007 and does not anticipate making further contributions.

S. J. Peters had pension contributions paid in the year by the Company of £6,000 (2006 - £6,000) into his personal stake holders' contribution pension scheme.

No other payments were paid in respect of any other Director during the year (2006 - £Nil).

Directors' emoluments

Directors' emoluments of £198,500 (2006 - £632,000) are made up as follows:

Director	Salary / Fees £'000	Bonus £'000	Taxable Benefit £'000	Pension Contribution £'000	**Total 2007 £'000**	Total 2006 £'000
Executive						
A. S. Perloff	–	–	4	–	**4**	463
J. T. Doyle	49	20	9	–	**78**	56
J. H. Perloff	34	4	2	–	**40**	37
S. J. Peters	52	20	–	6	**78**	56
Non-executive						
B. R. Galan	10	–	–	–	**10**	10
P. M. Kellner	10	–	–	–	**10**	10
	155	44	15	6	**220**	632

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:

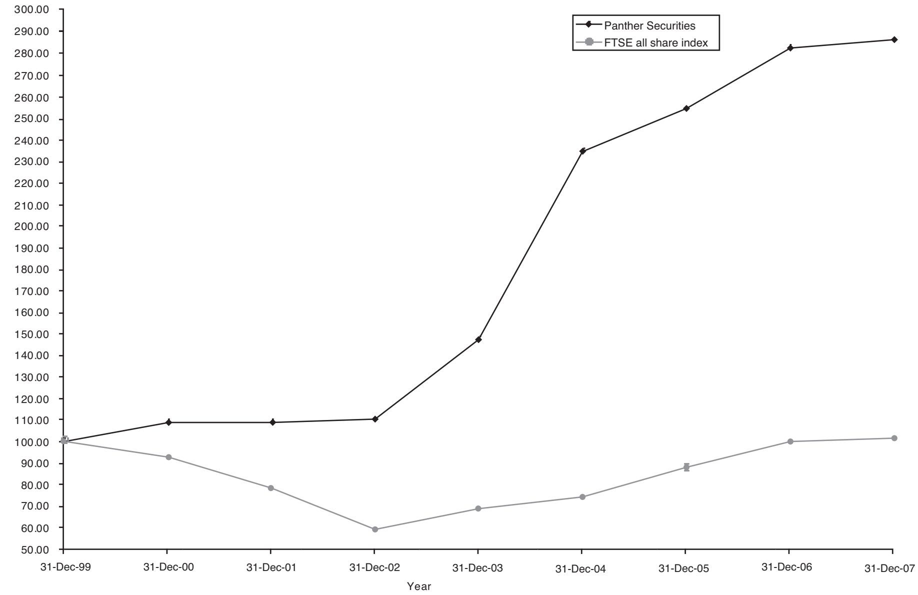
(1) The value by the end of 2007 of £100 invested in Panther Securities P.L.C. on 31 December 1999 compared with the value of £100 invested in the FTSE all share index.

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

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

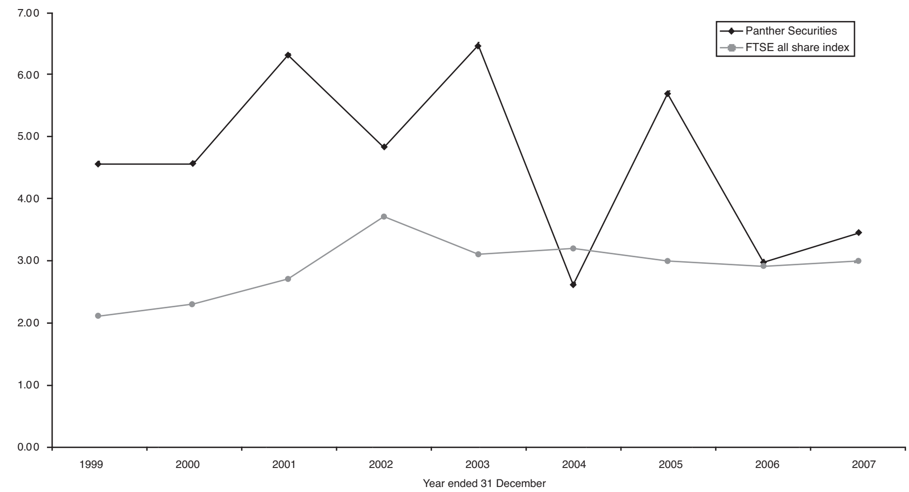
Total shareholder return

Value (£)



Dividend yield

Yield (%)



The Directors Remuneration report was approved and authorised for issue by the board and signed on its behalf by:

B. R. Galan

Chairman – Remuneration Committee

Dated: 28 April 2008

Independent Auditors’ Report

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

We have audited the Group and Parent Company accounts (the ‘accounts’) of Panther Securities P.L.C. for the year ended 31 December 2007 which comprise the Consolidated Income Statement, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Cash Flow Statements, the Consolidated Statement of Recognised Income and Expense, and the related notes 1 to 53. These accounts have been prepared under the accounting policies set out therein. We have also audited the information in the Directors’ Remuneration Report that is described as having been audited.

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

Respective responsibilities of Directors and Auditors

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

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

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

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

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

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

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

Basis of audit opinion

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

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

Opinion

In our opinion:

- the Group accounts give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31 December 2007 and of its profit for the year then ended;

- the Group accounts have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation;

- the Parent Company accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Parent Company's affairs as at 31 December 2007;

- the Parent Company accounts and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985; and

- the information given in the Directors' Report is consistent with the accounts.

Nexia Smith & Williamson
Chartered Accountants
Registered Auditors
London

Dated: 30 April 2008

Notes:

(a) The maintenance and integrity of the Panther Securities plc website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the accounts since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Consolidated Income Statement

For the year ended 31 December 2007

	Notes	31 December 2007 £'000	31 December 2006 £'000
Revenue	4	**9,516**	9,722
Cost of sales	4	**(2,576)**	(2,930)
Gross profit		**6,940**	6,792
Other income		**86**	153
Administrative expenses		**(2,291)**	(2,503)
		4,735	4,442
Profit on the disposal of investment properties		**5,457**	438
Movement in fair value of investment properties	16	**182**	6,081
		10,374	10,961
Finance costs	10	**(1,847)**	(2,669)
Investment income	9	**488**	490
Profit on disposal of available for sale investments (shares)		**77**	497
Fair value loss on derivative financial assets	30	**(3)**	–
Surplus of assets acquired over consideration given	18	**–**	15
Share of results from Associate	18	**–**	(25)
Profit before income tax		**9,089**	9,269
Income tax expense	11	**(1,646)**	(1,924)
Profit for the year	6	**7,443**	7,345
Attributable to:			
Equity holders of the parent		**7,509**	7,387
Minority interest		**(66)**	(42)
Profit for the year		**7,443**	7,345
Earnings per share			
Basic and diluted	14	**44.3p**	43.5p

Consolidated Balance Sheet

As at 31 December 2007

Assets	Notes	31 December 2007 £'000	31 December 2006 £'000
Non-current assets			
Property, plant and equipment	15	**24**	21
Investment property	16	**101,200**	104,521
Derivative financial asset	30	**572**	–
Available for sale investments (shares)	19	**5,209**	2,051
		107,005	106,593
Current assets			
Inventories	20	**376**	269
Stock properties	20	**9,165**	9,374
Available for sale investments (shares)	19	**–**	423
Trade and other receivables	22	**2,992**	3,369
Cash and cash equivalents		**12,572**	7,736
		25,105	21,171
Total assets		**132,110**	127,764
Equity and liabilities			
Equity attributable to equity holders of the parent			
Capital and reserves			
Share capital	24	**4,230**	4,250
Share premium account	25	**2,886**	2,886
Capital redemption reserve	25	**591**	571
Retained earnings	26	**70,901**	65,562
		78,608	73,269
Minority interest		**27**	93
Total equity		**78,635**	73,362
Non-current liabilities			
Long-term borrowings	27	**35,011**	36,989
Derivative financial liability	30	**575**	–
Deferred tax liabilities	28	**9,321**	12,272
		44,907	49,261
Current liabilities			
Trade and other payables	29	**4,696**	4,364
Short-term borrowings	27	**–**	135
Current tax payable		**3,872**	642
		8,568	5,141
Total liabilities		**53,475**	54,402
Total equity and liabilities		**132,110**	127,764

The accounts were approved by the Board of Directors and authorised for issue on 28 April 2008. They were signed on its behalf by:

A.S. Perloff
Chairman

Consolidated Statement of Recognised Income and Expense

For the year ended 31 December 2007

	Notes	31 December 2007 £'000	31 December 2006 £'000
Movement in fair value of available for sale investments (shares) taken to equity	19	**227**	276
Deferred tax relating to movement in fair value of available for sale investments (shares) taken to equity	28	**(60)**	(156)
Net income taken directly to equity		**167**	120
Profit for the year		**7,443**	7,345
Total recognised income and expense for the year		**7,610**	7,465
Attributable to:			
Equity holders of the parent		**7,676**	7,507
Minority interest		**(66)**	(42)
		7,610	7,465

Consolidated Cash Flow Statement

For the year ended 31 December 2007

	Notes	**31 December 2007 £'000**	31 December 2006 £'000
Cash flows from operating activities			
Profit before interest, investment income and tax		**4,735**	4,442
Add: Depreciation charges for the year	15	**12**	9
Less: Profit on sale of non current assets		**(4)**	–
Add: (Less)/add provisions against available for sale investments (shares) – current assets	19	**–**	(12)
Profit before working capital change		**4,743**	4,439
(Increase) in inventory		**(107)**	(70)
Decrease in available for sale investments (shares)		**99**	–
Decrease in stock properties		**209**	160
Decrease in receivables		**377**	25
(Decrease) / increase in payables		**565**	(203)
Cash generated from operations		**5,886**	4,351
Interest paid		**(2,080)**	(2,730)
Income tax paid		**(1,427)**	(1,424)
Net cash from operating activities		**2,379**	197
Cash flows from investing activities			
Purchase of plant and equipment	15	**(15)**	(10)
Purchase of investment properties	16	**(9,324)**	(1,648)
Purchase of available for sale investments (shares)			
– current assets	19	**–**	(1)
– non current assets	19	**(3,158)**	(200)
Net cash acquired with subsidiary	18	**–**	361
Proceeds from sale of investment property		**18,284**	3,527
Proceeds from sale of fixed assets		**4**	–
Proceeds from the disposal of available for sale investments (shares) – non current assets		**628**	1,969
Dividend income received		**53**	45
Interest income received		**435**	445
Net cash from investing activities		**6,907**	4,488
Financing activities			
Repayments of loans		**(2,113)**	(9,625)
Purchase of own shares for cancellation		**(297)**	–
Dividends paid		**(2,040)**	(1,870)
Net cash used in financing activities		**(4,450)**	(11,495)
Net increase/(decrease) in cash and cash equivalents		**4,836**	(6,810)
Cash and cash equivalents at the beginning of year		**7,736**	14,546
Cash and cash equivalents at the end of year		**12,572**	7,736

Notes to the Consolidated Accounts

For the year ended 31 December 2006

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

2. **New and revised International Financial Reporting Standards**
During the year the Group adopted IFRS 7 'Financial Instruments; Disclosures' which has affected disclosure only and not the accounting policies.

New standards and interpretations

Standards, amendments and interpretations effective for the year ended 31 December 2007 but have had no effect on the Group's statutory accounts:

IFRIC 7	Applying the restatement approach under IAS 29, Financial reporting in hyperinflationary economies
IFRIC 8	Scope of IFRS 2
IFRIC 9	Reassessment of embedded derivatives
IFRIC 10	Interim Financial Reporting and Impairment

The following are published standards and interpretations with an effective date after the date of these financial statements. They have not been adopted early by the Group and the Directors' do not anticipate that the adoption of these standards and interpretations will have a material impact on the Group's reported income or net assets in the period of adoption.

IFRS 8	Operating Segments
IFRIC 11	Group and Treasury Share Transactions
IFRIC 12	Service concession arrangements
IFRIC 13	Customer loyalty programmes
IFRIC 14	The limit on a defined benefit asset
IAS 23	(Amendment) Borrowing costs

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

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

Significant accounting policies

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

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

Basis of consolidation

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

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

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

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

Business combinations

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

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

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

Investment Properties

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

Investments in Associate

An Associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over these policies.

The Group had no associate companies within the year ended 31 December 2007.

Taxation

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

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

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

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

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

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

Corporation tax for the period is charged at 30% (2006 - 30%), representing the best estimate of the weighted average annual corporation tax rate expected for the full financial year.

Segment reporting

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

Retirement benefit costs

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

Revenue recognition

All revenue arises in the United Kingdom.

Revenue comprises:

(1) Rental income from tenancy occupied properties net of Value Added Tax where appropriate: The income is recognised on an arising basis.

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

(3) Trading income (MRG) represents amounts invoiced for work undertaken during the year, exclusive of Value Added Tax.

(4) Sale of current asset investments: This is recognised on the sale becoming unconditional.

(5) Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated cash receipts through the expected life of the financial assets to that asset's net carrying amount.

(6) Dividend income from investments is recognised when the company's rights to receive payment have been established.

Plant and equipment

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

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

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

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

Impairment of tangible assets

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

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

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

Leasing

All leases are operating leases.

The Group as lessor

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

The Group as lessee

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

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

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

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

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

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

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

Derivative financial instruments
The Group uses derivative financial instruments, such as interest rate swaps, to hedge its risks associated with interest rate fluctuations. The Group does not hold or issue derivatives for trading purposes. Such derivatives financial instruments are initially recognised at fair value on the date at which a derivative contract is entered into and are subsequently remeasured at fair value at each reporting date.

For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to the income statement for the year. For derivatives that qualify for hedge accounting, the effective portions of the gains or losses arising from changes in fair value are recognised in equity as net unrealised gains or losses, while any ineffective portion is recognised immediately in profit or loss.

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

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

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

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

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

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

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

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

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

4. Revenue and cost of sales

The Group's main business segment is investment and dealing in property and securities. The majority of the revenue, cost of sales and profit 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. 70% of its revenues arose in the United Kingdom and 100% of its cost of sales. Its net contribution to profits in the year was a loss of £(240,000) (2006 - £(152,000)).

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 Limited.

Turnover arose as follows:	**2007 £'000**	2006 £'000
Rental income from investment properties	**6,673**	6,648
Rental income from stock properties	**853**	862
Income from sale of stock shares	**114**	–
Income from sale of stock properties	**237**	1,007
Income from trading (M.R.G. Systems Ltd)	**1,639**	1,205
	9,516	9,722

Cost of sales arose as follows:	**2007 £'000**	2006 £'000
Cost of sales – from rental income	**1,340**	1,695
Stock shares recognised as an expense	**99**	–
Stock properties recognised as an expense	**138**	514
Cost of sales – trading (M.R.G. Systems Ltd)	**999**	721
	2,576	2,930

5. Business and geographical segments

Business segments

The Group's business segments are shown in note 4.

Geographical segments

The Group's operations are located in the United Kingdom.

6. Profit for the year

The operating profit is stated after charging:	**2007 £'000**	2006 £'000
Depreciation of tangible fixed assets – owned by the Group	**12**	9
Fees payable to the Group's auditor for the audit of both the parent company and the Group's annual report and accounts	**11**	13
Fees paid to the Group's auditor and its associates for other services:		
The audit of the Parent's subsidiaries, pursuant to legislation	**54**	50
Operating lease charges – properties	**–**	275

7. Staff costs

	2007 £'000	2006 £'000
Staff costs, including Directors' remuneration, were as follows:		
Wages and salaries	**1,220**	1,568
Social security costs	**134**	114
Pension contributions	**6**	6
	1,360	1,688
The average monthly number of employees, including Directors, during the year was as follows:		
Directors	**6**	6
Other employees	**25**	27
	31	33

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

8. Directors remuneration

	2007 £'000	2006 £'000
Emoluments for services as Directors	**220**	632

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

9. Investment income

	2007 £'000	2006 £'000
Interest on bank deposits	**435**	440
Other interest receivable	**–**	5
Dividends from equity investments	**53**	45
	488	490

10. Finance costs

	2007 £'000	2006 £'000
Interest payable on bank overdrafts and loans	**1,843**	2,669
Other interest payable	**4**	–
	1,847	2,669

11. Income tax expense

The charge for taxation comprises the following:

	2007 £'000	2006 £'000
Current year UK corporation tax	**4,562**	1,108
Prior year UK corporation tax	**95**	(290)
Current year deferred tax	**(3,011)**	1,106
Income tax expense for the year	**1,646**	1,924

Domestic income tax is calculated at 30% (2006 - 30%) of the estimated assessable profit for the year. The future provision for deferred tax has been calculated on the basis of 28% (2006 - 30%) the movement in the reduced provision has been made in the current year, this has resulted in a lower effective tax rate for the year.

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

	2007 £'000	2007 %	2006 £'000	2006 %
Profit before taxation	**9,089**		9,269	
Profit on ordinary activities before tax multiplied by the average of the standard rate of UK corporation tax of 30%	**2,727**	**30**	2,780	30
Tax effect of expenses that are not deductible in determining taxable profit	**93**	**1**	98	1
Dividend income not allowable for tax purposes	**(15)**	**–**	(13)	–
Associate's share of results not allowable for tax purposes	**–**	**–**	7	–
Capital allowances for the year in excess of depreciation	**(31)**	**–**	(39)	–
Non taxable movement in fair value of investment properties	**(55)**	**–**	(1,824)	(20)
Tax losses carried forward in subsidiary	**72**	**1**	–	–
Disposal or transfer of properties/investment shares	**1,773**	**20**	102	1
Marginal relief	**(2)**	**–**	(3)	–
Current year UK corporation tax	**4,562**	**52**	1,108	12
Prior year UK corporation tax	**95**	**(1)**	(290)	(3)
Current year deferred tax	**(3,011)**	**(33)**	1,106	12
Tax expense and effective tax rate for the year	**1,646**	**18**	1,924	21

12. Profit attributable to members of the parent undertaking

	2007 £'000	2006 £'000
Dealt with in the accounts of:		
– the parent undertaking	**(2,587)**	(2,920)
– subsidiary undertakings	**10,030**	10,290
– undertakings in which there is a participating interest	**–**	(25)
	7,443	7,345

13. Dividends

Amounts recognised as distributions to equity holders in the period:

	2007 £'000	2006 £'000
Final dividend for the year ended 31 December 2006 of 6p (2005 - 5p) per share	**1,020**	850
Interim dividend for the year ended 31 December 2007 of 6p (2006 - 6p) per share	**1,020**	1,020
	2,040	1,870

The Directors recommend payment of a final dividend of 6p per share (2006 - 6p). The final dividend will be payable on 27 June 2008 to shareholders on the register at the close of business on 23 May 2008.

14. Earnings per ordinary share (basic and diluted)

The calculation of earnings per ordinary share is based on earnings, after excluding minority interests, of £7,509,000 (2006 - £7,345,000) and on 16,958,402 ordinary shares being the weighted average number of ordinary shares in issue during the year (2006 - 16,998,151).

15. Plant and equipment

	Fixtures and Equipment £'000	Motor Vehicles £'000	Total £'000
Cost			
At 1 January 2006	144	25	169
Additions	10	–	10
Additions on purchase of subsidiary	11	–	11
At 1 January 2007	165	25	190
Additions	15	–	15
Disposals	(12)	–	(12)
Assets no longer in use	–	(14)	(14)
At 31 December 2007	**168**	**11**	**179**
Accumulated depreciation			
At 1 January 2006	135	25	160
Depreciation charge for the year	9	–	9
At 1 January 2007	144	25	169
Disposals	(12)	–	(12)
Assets no longer in use	–	(14)	(14)
Depreciation charge for the year	12	–	12
At 31 December 2007	**144**	**11**	**155**
Carrying amount			
At 31 December 2007	**24**	**–**	**24**
At 31 December 2006	21	–	21

16. Investment property

	Investment Properties £'000
Fair value	
At 1 January 2006	99,881
Additions	1,648
Disposals	(3,089)
Revaluation increase	6,081
At 1 January 2007	104,521
Additions	9,324
Disposals	(12,827)
Revaluation increase	182
At 31 December 2007	**101,200**
Carrying amount	
At 31 December 2007	**101,200**
At 31 December 2006	104,521

At 31 December 2007, £78,080,000 (2006 - 79,256,000) and £23,120,000 (2006 - £25,265,000) included within the net book value of land and buildings relates to freehold and leasehold land and buildings respectively.

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

	2007 £'000	2006 £'000
Cost	**58,567**	54,652
Cumulative depreciation	**–**	–
Net book amount	**58,567**	54,652

Costs relating to potential developments are included in additions to investment properties and in the year ended 31 December 2007 amounted to £484,000 (2006 - £180,000).

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

The property rental income earned by the Group from its investment property, all of which is leased out under operating leases, amounted to £6,673,000 (2006 - £6,648,000).

17. Subsidiaries
Details of the Company's subsidiaries at 31 December 2007 are as follows;

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

* 100% subsidiaries of Panther Shop Investment (Midlands) Limited
** 100% subsidiaries of Eurocity Properties PLC
*** 100% subsidiary of Surrey Motors Limited
**** 95% owned by Panther Securities PLC / 5% owned by Panther (Bromley) Limited
***** M.R.G Systems Limited became a subsidiary in the year ended 31 December 2006 due to M.R.G Systems Limited purchasing shares for cancellation which increased Panther Securities PLC's relative holding. Previously M.R.G Systems Limited was an associated company.

All companies have a 31 December year end.

18. Interests in Associate

	M.R.G. Systems Limited £'000
At 1 January 2006	339
Transfer from associate to subsidiary undertaking	(339)
At 1 January 2007 and 31 December 2007	–

M.R.G. Systems Limited is incorporated in Great Britain. At 31 December 2005, Panther Securities P.L.C. had a 37.5% holding in M.R.G. Systems Limited. The principal activity of M.R.G. Systems Limited is that of electronic engineering.

M.R.G. Systems Limited became a 72.34% subsidiary of Panther Securities P.L.C. on 1 April 2006 following a share buy back by M.R.G Systems Limited which was treated as a deemed acquisition. The associate results relate up to the 3 month period ending 31 March 2006.

The balance sheet at the date of acquisition of M.R.G. Systems Limited was as follows:

	2006 £'000
Property, plant and equipment	11
Inventories	199
Trade and other receivables	198
Cash and cash equivalents	361
Trade and other payables	(279)
	490
Minority interest	(136)
Carrying value	(339)
Surplus of assets acquired over consideration	15

19. Available for sale investments (shares)

	Non-current assets £'000	Current assets £'000
Cost or valuation		
At 1 January 2006	3,047	410
Additions	200	1
Disposals	(1,472)	–
Revaluation increase	276	12
At 1 January 2007	2,051	423
Additions	3,158	–
Transferred	324	(324)
Disposals	(551)	(99)
Revaluation increase	227	–
At 31 December 2007	**5,209**	**–**
Comprising at 31 December 2007:		
At cost	529	–
At valuation / net realisable value	4,680	–
Carrying amount		
At 31 December 2007	**5,209**	**–**
At 31 December 2006	2,051	423

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

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

20. Inventories

	2007 £'000	2006 £'000
Stock properties	**9,165**	9,374

The market value of stock properties is £14,420,000 (2006 - £13,621,000).

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

Inventories (MRG)

	2007 £'000	2006 £'000
Inventories	**376**	269

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

21. Capital commitments

	2007 £'000	2006 £'000
Capital expenditure that has been contracted for but has not been provided for in the accounts	**712**	284

22. Trade and other receivables

	2007 £'000	2006 £'000
Trade debtors	**2,629**	2,475
Bad debt provision	**(757)**	(631)
Other debtors	**924**	1,179
Corporation tax	**–**	47
Prepayments and accrued income	**196**	299
	2,992	3,369

The Directors consider that the carrying amount of trade and other receivables approximates their fair value. Trade debtors and the bad debt provision are financial assets. Debts are provided once they are over due and attempts have been made to recover them. There are no material unprovided debts passed their due date.

23. Other financial assets

Bank balances and cash

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

Credit risk

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

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

24. Share capital

	2007 £'000	2006 £'000
Authorised		
30,000,000 ordinary shares of £0.25 each	**7,500**	7,500
Allotted, called up and fully paid		
16,918,651 (16,998,151 - 2006) ordinary shares of £0.25 each	**4,230**	4,250

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

During the year 79,500 (2006 - nil) ordinary shares of 25p were purchased by the company for cancellation for £297,000.

25. Capital reserves

	2007 £'000	2006 £'000
Share premium account		
At 31 December	**2,886**	2,886
Capital redemption reserve		
At 31 December	**591**	571

The movement on the capital redemption reserve of £20,000 (2006 - nil) is in respect of the purchase of own shares for cancellation.

26. Retained earnings

	2007 £'000	2006 £'000
At 1 January	**65,562**	59,925
Retained profit for the year	**7,509**	7,387
Purchase of own shares for cancellation	**(297)**	–
Movement in fair value of available for sale investments (shares)	**227**	276
Deferred tax relating to the movement in fair value of available for sale investments (shares)	**(60)**	(156)
Dividends paid	**(2,040)**	(1,870)
At 31 December	**70,901**	65,562

Within retained earnings are £1,220,000 (2006 - £1,019,000) reserves relating to gains on fair value of available for sale investments (shares).

27. Bank overdrafts and loans

	2007 £'000	2006 £'000
Building society loans due in less than one year	**–**	135
Building society loans due within more than one year	**–**	1,978
Bank loans due within more than one year	**35,011**	35,011
	35,011	36,989

Analysis of debt maturity	2007 £'000	2006 £'000
Repayable:		
On demand or within one year	**–**	135
In the second year	**–**	139
In the third year to the fifth year	***35,011**	*35,450
After five years	**–**	1,400
Less: Amount due for settlement within 12 months (shown under current liabilities)	**–**	(135)
Amount due for settlement after 12 months	**35,011**	36,989

* £35,011,000 of the debt is repayable on 30 November 2011.

27. Bank overdrafts and loans – *continued*

At 31 December 2007 £7,489,000 (2006 – £39,989,000) had not been drawn down from facilities available until November 2011. On 10 December 2006 Panther Securities PLC reduced their available loan facility from £75,000,000 to £42,500,000 to reduce bank charges. Bank loans are secured by fixed and floating charges over the assets of the Group.

Interest that is contractually due on bank loans due within one year is approximately £2,244,000 and within 2-5 years is £6,546,000 excluding any adjustments for the interest rate swaps (based on current floating rate of 6.41% including margin).

The Directors estimate the fair value of the Group's borrowings, by discounting their future cash flows at the market rate, to be as follows:

	2007 £'000	2006 £'000
Long term borrowings		
Building society loans		
Repayable by quarterly instalments until December 2013 when a final capital payment of £274,500 falls due. Interest is charged at 1.3% above LIBOR	**–**	1,143
Repayable by quarterly instalments until July 2020. Interest is charged at 1.5% above LIBOR	**–**	592
Repayable by quarterly instalments until August 2019. Interest is charged at 7.22% fixed until August 2006 when it reverts to 1.5% above LIBOR	**–**	395
	–	2,130

The fair value of bank and building society loans is not considered to be materially different to the book value. Bank and building society 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 2006	11,010
Credit to equity for the year	156
Charge to profit and loss for the year	1,106
At 1 January 2007	12,272
Credit to equity for the year	60
Credit to profit and loss for the year	(3,011)
At 31 December 2007	**9,321**

Deferred taxation arises in relation to potential capital gains on the Investment Properties (£8,955,000) and on the Available for Sale Investments (shares) – non current assets (£366,000).

29. Trade and other payables

	2007 £'000	2006 £'000
Trade creditors	**1,326**	627
Social security and other taxes	**625**	366
Other creditors	**600**	677
Accruals and deferred income	**2,145**	2,694
	4,696	4,364

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

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

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

30. Derivative financial instruments

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

Bank loans	2007 £'000	2007 %	2006 £'000	2006 %
Interest is charged as to:				
Fixed/Hedged				
HSBC Bank plc *	**25,000**	**5.90%**	25,000	5.90%
HSBC Bank plc *	**25,000**	**5.63%**	25,000	5.63%
Floating element				
HSBC Bank plc	**(14,989)**		(14,989)	
	35,011		35,011	

* New fixed rates came into effect on 15 December 2006. Rate includes 1% margin.

Bank loans totalling £50,000,000 (2006 - £50,000,000) are fixed using interest rate swaps interest rates reducing the Group exposure to fair value interest rate risk. Other borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

30. Derivative financial instruments – *continued*

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'	**2007 Fair value £'000**	2006 Fair value £'000
Derivative Financial Asset					
Interest rate swap	25,000	4.90%	3.9	**123**	–
Interest rate swap	25,000	4.63%	13.2	**449**	–
				572	
Derivative Financial Liability					
Interest rate swaption**	25,000	4.63%	N/a**	**(575)**	–
Net fair value loss on derivative financial assets				**(3)**	

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

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

The above fair values are based on quotations from the Group's bank.

Interest rate risk

For the year ended 31 December 2007, if on average the 3 month LIBOR over the year had been 25 basis points (1/4%) higher/lower with all other variables held constant, post-tax profits for the year would been approximately £26,000 higher/lower. This analysis excludes any effect this rate adjustment might have on expectations of future interest rates movements which is likely to effect the estimation of the fair value of the derivative financial assets/liabilities (as this movement would also be shown within the income statement effecting post-tax profits), but indicates the likely cash saving/(cost) a 25 basis points movement would have for the Group.

31. Parent Company Profit and Loss Account

As permitted under Section 230 of the Companies Act 1985, no profit and loss account is presented for the holding Company. The profit for the year after taxation for the holding Company before inter company adjustments amounted to £10,096,000 (2006 - £9,317,000) and after inter company adjustments amounted to a loss of £2,587,000 (2006 - loss of £2,997,000).

32. Contingent liabilities

There were no contingent liabilities at the year end.

33. Operating lease arrangements

The Group as lessee	**2007** **£'000**	2006 £'000
Minimum lease payments under operating leases recognised as an expense in the year	**–**	275

Operating lease payments represent rentals payable by the Group for its office properties.

The above detailed rent is for the rent paid on the Group's headquarters Panther House. At the balance sheet date the Group had no outstanding commitment on the lease of Panther House, since the break clause within the lease which took effect on 31 August 2006.

The Group as lessor
The Group rents out its investment properties under operating leases. Rental income for the Group is disclosed in note 4.

34. Events after the balance sheet date
There were no material transactions after the balance sheet date.

35. Related party transactions
Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on Consolidation and are not disclosed in this note. Details of transactions within the Group and with other related parties are disclosed below.

	2007 **£'000**	2006 £'000
Price guarantee – Victoria Street future disposal	**–**	350

The price guarantee was undertaken with Wenhedge Ltd (a personal investment vehicle of A S Perloff). Please see the 2006 accounts for full details of this transaction.

36. Net assets per share

	2007 **£'000**	2006 £'000
Total equity attributable to shareholders per 25p ordinary share	**465p**	431p

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 16,918,651 ordinary shares being number of ordinary shares in issue at 31 December 2007 (16,998,151 for 31 December 2006).

37. Reconciliation of the changes in equity

	Share capital £'000	Share premium £'000	Capital Redemption £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2006	4,250	2,886	571	59,925	67,632
Movement in fair value of available for sale investments (shares)	–	–	–	276	276
Deferred tax relating to movement on fair value of available for sale investments (shares)	–	–	–	(156)	(156)
Profit for the year	–	–	–	7,387	7,387
Dividends paid	–	–	–	(1,870)	(1,870)
Balance at 1 January 2007	4,250	2,886	571	65,562	73,269
Movement in fair value of available for sale investments (shares)	–	–	–	227	227
Deferred tax relating to movement on fair value of available for sale investments (shares)	–	–	–	(60)	(60)
Shares purchased for cancellation	(20)	–	20	(297)	(297)
Profit for the year	–	–	–	7,509	7,509
Dividends paid	–	–	–	(2,040)	(2,040)
Balance at 31 December 2007	**4,230**	**2,886**	**591**	**70,901**	**78,608**

38. Approval of financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 28 April 2008.

Parent Company Balance Sheet

As at 31 December 2007

	Notes	2007 £'000	2007 £'000	2006 £'000	2006 £'000
Fixed assets					
Tangible fixed assets	40		**2,828**		2,289
Derivative financial asset	30		**572**		–
Investments	41		**20,481**		15,779
			23,881		18,068
Current assets					
Debtors	42	**46,220**		46,249	
Investments	44	**–**		423	
Cash at bank and in hand		**11,560**		4,197	
		57,780		50,869	
Creditors: amounts falling due within one year	45	**(11,787)**		(9,155)	
Net current assets			**45,993**		41,714
Total assets less current liabilities			**69,874**		59,782
Creditors: amounts falling due after more than one year	46		**(35,011)**		(35,011)
Derivative financial liability	30		**(575)**		–
Net assets			**34,288**		24,771
Capital and reserves					
Called up Share Capital	48		**4,230**		4,250
Share Premium Account	49		**2,886**		2,886
Revaluation Reserve	49		**1,655**		1,115
Capital Redemption Reserve	49		**591**		571
Profit and Loss Account	49		**24,926**		15,949
Shareholders' funds	53		**34,288**		24,771

The accounts were approved by the Board of Directors and authorised for issue on 28 April 2008. They were signed on its behalf by:

A.S. Perloff
Chairman

Parent Company Cash Flow Statement

For the year ended 31 December 2007

	Notes	2007 £'000	2006 £'000
Net cash (outflow)/inflow from operating activities		**1,718**	(11,162)
Returns on investments and servicing of finance	50	**11,268**	10,291
Taxation		**(129)**	138
Capital expenditure and financial investment	50	**(3,157)**	1,965
Equity dividends paid		**(2,040)**	(1,870)
Cash (outflow)/inflow before use of liquid resources and financing		**7,660**	(638)
Cash outflow from financing	50	**(297)**	(8,001)
Decrease in cash in the year		**7,363**	(8,639)

	2007 £'000	2006 £'000
Reconciliation of operating loss to net cash flow from operating activities		
Operating loss	**(1,043)**	(1,587)
Depreciation of tangible fixed assets	**1**	1
Write back of investments in shares previously impaired	**–**	(12)
Decrease in current assets investment (shares)	**99**	–
Decrease/(increase) in debtors	**29**	(2,602)
Increase/(decrease) in creditors	**2,632**	(6,962)
Net cash inflow/(outflow) from operating activities	**1,718**	(11,162)
Reconciliation of net cash flow to movement in net debt		
Increase/(decrease) in cash in the year	**7,363**	(8,639)
Cash outflow from decrease in debt	**–**	8,001
Change in net debt resulting from cash flows	**7,363**	(638)
Net debt at 1 January	**(30,814)**	(30,176)
Net debt at 31 December	**(23,541)**	(30,814)

39. Accounting policies for the Parent Company

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

39.1 **Basis of preparation of financial statements**

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

39.2 **Revenue recognition**

Turnover comprises:

(1) Rental income from tenancy occupied properties net of Value Added Tax where appropriate: The income is recognised on an arising basis.

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

(3) Sale of current asset investments: This is recognised on the sale becoming unconditional.

(4) 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.

(5) Dividend income from investments is recognised when the Company's rights to receive payment have been established.

39.3 **Deferred taxation**

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

39.4 **Investments**

Investments in subsidiaries and associated undertakings are started at cost less any provisions for impairment. Current asset investments are valued at the lower of cost and net realisable value.

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

39.5 **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

40. Property, plant and equipment

	Investment Properties £'000	Fixtures and Equipment £'000	Motor Vehicles £'000	Total £'000
Cost or valuation				
At 1 January 2007	2,286	60	14	2,360
Revaluations	540	–	–	540
Fully written down	–	–	(14)	(14)
At 31 December 2007	**2,826**	**60**	**–**	**2,886**
Depreciation				
At 1 January 2007	–	57	14	71
Depreciation charge for the year	–	1	–	1
Fully written down	–	–	(14)	(14)
At 31 December 2007	**–**	**58**	**–**	**58**
Net book value				
At 31 December 2007	**2,826**	**2**	**–**	**2,828**
At 31 December 2006	2,286	3	–	2,289

At 31 December 2007, £2,626,000 (2006 - £1,866,000) and £200,000 (2006 - £420,000) included within the net book value of land and buildings relates to freehold and leasehold land and buildings respectively.

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

	2007 £'000	2006 £'000
Cost	**1,170**	1,170
Cumulative depreciation	**–**	–
Net book amount	**1,170**	1,170

If the investment properties had been sold at their valuation at 31 December 2007, there would be a liability to tax of £451,000 (2006 - £325,000).

Costs relating to potential developments are included in additions to investment properties and in the year ended 31 December 2007 amounted to £Nil (2006 - £Nil).

The investment properties held at 31 December 2007 were revalued by DTZ independent Chartered Surveyors revaluation at their open market value at 31 December 2007. The property rental income earned by the Company from its investment property, all of which is leased out under operating leases, amounted to £28,000 (2006 - £28,000).

41. Fixed asset investments

	Shares in Group undertakings £'000	Other investments £'000	Total £'000
Cost or valuation			
At 1 January 2007	15,272	507	15,779
Additions	–	3,157	3,157
Revaluations	–	1,221	1,221
Transfer – from current asset investments	–	324	324
At 31 December 2007	**15,272**	**5,209**	**20,481**
Investments			
Listed	–	4,680	4,680
Unlisted	15,272	529	15,801
	15,272	**5,209**	**20,481**

The above investments are shown at market value where these are readily available. For details of the Company's subsidiaries at 31 December 2007, see note 17.

42. Debtors

	2007 £'000	2006 £'000
Due within one year		
Trade debtors	**8**	8
Amounts owed by Group undertakings	**46,130**	46,188
Other debtors	**12**	27
Prepayments and accrued income	**70**	26
	46,220	46,249

43. Investments in Associate

For details of the Company's associated undertaking in the year ended 31 December 2006 (M.R.G. Systems Limited) see note 18.

44. Current assets investments

	2007 £'000	2006 £'000
Listed investments	**–**	99
Other unlisted investments	**–**	324
	–	423

45. Creditors:
Amounts falling due within one year

	2007 £'000	2006 £'000
Trade creditors	**25**	27
Amounts owed to Group undertakings	**11,530**	8,753
Social security and other taxes	**70**	54
Other creditors	**86**	102
Accruals and deferred income	**76**	219
	11,787	9,155

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

	2007 £'000	2006 £'000
Bank loans and overdrafts	**35,011**	35,011

The above loan is the drawn down element of the maximum £42,500,000 arranged loan facility available with HSBC Bank PLC (this was previously decreased from £75,000,000 to reduce bank charges on unutilised loan facility). Under the current arrangement any drawn down element of the facility is due to be repaid on 30 November 2011. Prior to this date it is likely that the Company would look for alternative financing or renegotiate its facility with HSBC Bank PLC.

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

47. Deferred taxation

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

	2007 £'000	2006 £'000
Potential capital gains	**451**	292

48. Called up share capital

	2007 £'000	2006 £'000
Authorised		
30,000,000 ordinary shares of £0.25 each	**7,500**	7,500
Allotted, called up and fully paid		
16,918,651 (2006 - 16,998,151) ordinary shares of £0.25 each	**4,230**	4,250

The Company has one class of ordinary shares which carry no right to fixed income. During the year 79,500 (2006 - nil) ordinary share of 25p were purchased by the Company for cancellation for £297,000.

49. Reserves

	Share premium £'000	Capital Redemption £'000	Revaluation Reserve £'000	Retained earnings £'000
Balance at 1 January 2006	**2,886**	**571**	**1,005**	**8,502**
Profit for the year	–	–	–	9,317
Revaluation on investment properties	–	–	110	–
Dividends paid	–	–	–	(1,870)
Balance at 1 January 2007	**2,886**	**571**	**1,115**	**15,949**
Profit for the year	–	–	–	10,093
Shares bought in for cancellation	–	20	–	(297)
Revaluation of equity investments	–	–	–	1,221
Revaluation on investment properties	–	–	540	–
Dividends paid	–	–	–	(2,040)
Balance at 31 December 2007	**2,886**	**591**	**1,655**	**24,926**

50. Reconciliation of operating profit to operating cash flows

	2007 £'000	2006 £'000
Analysis of cash flows for headings netted in the cash flow statement		
Returns on investments and servicing of finance		
Interest received	**342**	402
Interest paid	**(1,808)**	(2,470)
Income from investments	**12,734**	12,359
Net cash inflow for returns on investments and servicing of finance	**11,268**	10,291
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**–**	(4)
Purchase of fixed asset investments	**(3,157)**	–
Sale of fixed assets investments	**–**	1,969
Net cash inflow for capital expenditure	**(3,157)**	1,965
Financing		
Purchase of own shares for cancellation	**(297)**	–
Decrease in debt	**–**	(8,001)
Net cash outflow from financing	**(297)**	(8,001)

50. Reconciliation of operating profit to operating cash flows – continued

	At 1 January 2007 £'000	Cash flow £'000	At 31 December 2007 £'000
Net cash:			
Cash at bank and in hand	4,197	7,363	**11,560**
Debt:			
Due after more than one year	(35,011)	–	**(35,011)**
	(30,814)	7,363	**(23,541)**

51. Other commitments

At 31 December 2007 the Company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2007 £'000	2006 £'000
Expiry date:		
Between 1 and 5 years	**4**	4

52. Related party transactions

There were no related party transactions during the period.

53. Reconciliation of movements in shareholders' funds

	2007 £'000	2006 £'000
Profit for the year	**10,093**	9,317
Dividends	**(2,040)**	(1,870)
Shares bought in for cancellation	**(297)**	–
Other recognised gains and losses during year	**1,761**	110
Opening shareholders' funds	**24,771**	17,214
Closing shareholders' funds	**34,288**	24,771

Ten Year Review

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Rental income	**7,526**	7,510	8,099	9,194	9,125	7,951	6,020	5,518	4,961	4,735
Revenue/turnover	**9,516**	9,722	8,498	9,194	9,791	8,240	9,428	6,519	5,861	5,510
Profit before tax	**9,089**	9,269	26,549	7,632	3,413	2,956	3,531	2,396	2,056	3,396
Earnings per ordinary share	**44.3p**	43.5p	121.3p	35.8p	15.0p	11.8p	16.0p	10.1p	8.6p	9.5p
Dividend per ordinary share*	**12.0p**	12.0p	20.0p**	8.0p	12.5p**	7.0p	9.0p	6.5p	6.0p	6.0p
Employment of finance:										
Non current assets/Fixed assets	**107,005**	106,593	103,301	91,500	93,426	79,166	62,232	53,619	52,843	41,467
Current assets less current liabilities	**16,537**	16,030	21,903	24,544	12,344	12,593	12,183	9,021	10,526	6,077
Total assets less current liabilities	**123,542**	122,530	125,204	115,950	105,680	91,493	74,343	62,543	63,254	47,413
Financed by:										
Shareholders' funds (Net assets of the Group)	**78,608**	73,269	67,632	49,871	50,104	38,240	37,186	32,285	32,875	28,500
Long-term borrowings	**35,011**	36,989	46,562	58,925	55,576	53,253	37,137	30,258	30,379	18,913
Deferred tax	**9,321**	12,272	11,010	7,154	N/a	N/a	N/a	N/a	N/a	N/a
Net assets attributable to ordinary shares per 25p ordinary share	**465p**	431p	398p	293p	295p	226p	219p	191p	182p	158p

Note: 2007, 2006, 2005 and 2004 prepared under IFRS
2003 to 1998 prepared under UK GAAP

* Based on those declared in respect of the financial year

** Includes special dividend

Notice of Annual General Meeting

PLEASE NOTE CHANGE OF VENUE

Notice is hereby given that the 74th Annual General Meeting of Panther Securities P.L.C. will be held at the offices of Nexia Smith & Williamson, 25 Moorgate, London EC2R 6AY on 18 June 2008 at 11.30 for the following purposes:–

As Ordinary Business

1. To receive and adopt the Directors' Report, Remuneration Report and Financial Statements for the year ended 31 December 2007.

2. To authorise the payment of a final dividend of 6.0p per ordinary share.

3. To re-elect:
   i. S. J. Peters who is retiring by rotation, as a Director.
   ii. J. T. Doyle 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.

As Special Business

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

That:

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

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

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

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

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

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

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

and shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or the date which falls 15 months from the date of passing of this resolution, whichever is the earlier, save that the Company may before such expiry make an offer or an agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred by this resolution had not expired and that on this authority coming into effect all existing authorities conferred on the Directors pursuant to section 95 of the Act be cancelled (such cancellation not to have retrospective effect).

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

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

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

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

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

By order of the Board

S. J. Peters
Company Secretary

Panther House
38 Mount Pleasant
London WC1X 0AP

Dated: 28 April 2008

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.

Shareholder Notes

Shareholder Notes

Panther Securities

Form of Proxy

I/We ....

of ....

being (a) members(s) of the above-named Company, HEREBY APPOINT Mr. Andrew Stewart Perloff, whom failing Mr. Simon Jeffrey Peters, whom failing the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 18 June 2008 and at every adjournment thereof. (if you desire someone else to act as your proxy delete these names and insert the name of the proxy desired). This form is to be used.

Ordinary Resolutions		**For**	**Against**
1.	To adopt the report of the Directors and report of the Auditors and financial statements for the year ended 31 December 2007.	☐	☐
2.	To authorise the payment of a final dividend of 6.0p per ordinary share.	☐	☐
3i.	To approve the re-election of Mr. S. J. Peters as a Director.	☐	☐
3ii.	To approve the re-election of Mr. J. T. Doyle as a Director.	☐	☐
4.	To re-appoint the auditors Nexia Smith & Williamson as auditors.	☐	☐
Special Business			
5.	To authorise the directors to exercise all the powers of the Company to allot relevant securities in accordance with Section 80 of the Companies Act 1985.	☐	☐
6.	To authorise the directors to disapply the pre-emption provisions of Section 89 of the Companies Act 1985.	☐	☐
7.	To authorise the directors to exercise the Company's powers to purchase its own shares by way of market purchase in accordance with the Companies Act 1985.	☐	☐
8.	That the directors be authorised to make a payment of £25,000 by way of donation to the Conservative party.	☐	☐

As witness my/our hand this .... day of 2008

Signatures(s) ....

Notes:

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

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

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

A proxy need not be a member of the Company.

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

SECOND FOLD

BUSINESS REPLY SERVICE
Licence No. MB 122

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

FIRST FOLD

THIRD FOLD

Panther Securities P.L.C.
Panther House
38 Mount Pleasant
London WC1X 0AP