PANTHER SECURITIES PLC

Annual Report &

Financial Statements 2010

The Year in Brief

	2010 £'000	2009 £'000
Revenue	**10,085**	9,251
Profit or (loss) before tax	**6,401**	2,953
Total comprehensive income for the year	**6,422**	3,720
Net assets of the Group	**71,318**	68,010
Earnings per 25p ordinary share	**34.8p**	14.7p
Dividend per ordinary share (based on those proposed in relation to the financial year)	**15p***	12p
Net assets attributable to ordinary shareholders per 25p ordinary share	**422p**	403p

* Includes 3p special dividend (also of the 15p – 10p is declared and 5p proposed)

Contents

Directors, Secretary and Advisers

Directors	*	Andrew Stewart Perloff (Chairman and Chief Executive)
	†	Bryan Richard Galan (Non-executive)
	†	Peter Michael Kellner (Non-executive)
		John Terence Doyle (Executive)
		John Henry Perloff (Executive)
		Simon Jeffrey Peters (Finance)
Company Secretary		Simon Jeffrey Peters
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Company number		293147
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Bankers		HSBC Bank plc 31 Holborn, London EC1N 4HR
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		Alliance and Leicester Commercial Bank PLC Carlton Park, Narborough, Leicester LE19 0AL
		Arbuthnot and Latham Private Bankers Arbuthnot House, 20 Ropemaker Street, London EC2Y 9AR
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Financial Advisors		Merchant Securities Limited 51-55 Gresham Street, London EC2V 7HQ
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Solicitors		Oberman Law 15 Southampton Place, London WC1A 2AJ
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* Member of the Nomination Committee and Audit Committee
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Chairman's Statement

Results

I am delighted to be able to present extremely satisfactory results for the year ended 31st December 2010. Our pre tax profits under the International Financial Reporting Standards were £6,401,000 compared to last year's pre tax £2,953,000.

Our rental income receivable during the year was £7,717,000 compared to £7,380,000 the previous year and after taking account of our many recent purchases is currently running at a rate of nearly £8,500,000 per annum.

Our entire property portfolio was independently valued by G L Hearn Chartered Surveyors as at 31st December 2010 and produced a surplus of £4,039,000 compared to last year's deficit of £6,216,000. However, this revaluation surplus was counter-balanced by a further deficit of £2,549,000 in our financial derivatives liability compared to the credit of £5,277,000 last year. You all know my view that none of these figures should be brought into the consolidated 'trading' income statement and I will not bore you again with the reasons why.

During the year we invested £8,450,000 in new acquisitions which are detailed below and a further £750,000 in the equipment that came with the film studio purchase although a small part of this equipment was sold soon after the purchase for £200,000. As mentioned above, these purchases, mostly made late in the year, should eventually add over £1,000,000 per annum to our rent roll.

During the year we sold 9,252,000 ordinary shares in Elektron PLC netting £3,172,000 giving us a profit on cost of £2,473,000. We still hold 2,367,000 ordinary shares and subsidiaries of Elektron PLC remain valued tenants at four of our factories.

During the year we purchased just under 20% of the equity, at a cost of £1,642,000, in Beale PLC which is a department store group established in 1881. This purchase, together with a strong increase in some of our other quoted holdings, led to the portfolio having a year end market value of £6,452,000 (compared to £4,651,000 at 31st December 2009) even after the substantial disposal of Elektron PLC's shares mentioned above.

We were particularly active in property acquisitions during the year 2010.

13-18 Skinnergate, Darlington

In April we acquired a 9,000 sq ft freehold retail investment at a cost of £515,000. This was let to Argos at £54,000 per annum and although the lease had expired, Argos continues to trade from the unit and we believe they will continue as tenants for the foreseeable future.

204-205 High Street, Burton-upon-Trent

In July the company purchased for £295,000 this vacant freehold double retail unit with a basement and two self contained floors above in a prime pedestrianised retail position. Tunnel Shoes, our joint venture company, is trading successfully from the unit.

Charles House, Premier House and 78 Darlington Street, Wolverhampton

In August the company purchased the freehold of this mixed use, retail, office and leisure property of approximately 70,000 sq ft standing on 1.2 acres of land, at a cost of £1,500,000, excluding incidental costs of acquisition. It is currently producing a rental of £278,000 per annum gross (net approximately £195,000) from 16 tenants and has potential to increase the income.

79 High Street, Ramsgate

In August we purchased this small freehold vacant retail unit with upper parts at a cost of £78,000. There is potential for additional site development as it is adjacent to 81-85 High Street, which we already own, and which has full planning permission for 20 flats.

Merton Studios

In August the Company acquired the freehold site at Merton Studios, Bosun House, South Wimbledon, SW19 from FremantleMedia Limited which encompasses over 200,000 sq ft of brick built warehouse on 4.5 acres of land.

Until recently this building was used as a film studio for the production of the television series 'The Bill'. The entire contents of the property were included with the deal and includes numerous sets, all related equipment and also an estimated 45,000 costumes previously used between 1970s to date in the television series which are available for hire. The purchase price for the freehold site, together with the stock, equipment and fixed assets contained within was £4,750,000 paid in cash plus stamp duty.

The Group has invested £150,000 for a 25% minority interest in the equity of a new company (outside the Group), Wimbledon Studios Limited, which will run the former Merton Studios business as an independent film studio. The other equity shareholders include myself, the management team of the film studios and other outside investors. The management company structure was arranged so that the management company had separate risk capital and allowed the entrepreneurial team who introduced the proposal sufficient equity to make them work with the unbounded enthusiasm that an owner manager usually has. This management company has been granted a 10 year lease on the studio buildings at a rent of £490,000 p.a., the initial year being rent free. They also lease the stock and fixed assets contained within the building on a finance lease that is at a commercial rate to us. The Group believes Wimbledon Film Studios will provide a good long term property investment, with considerable potential.

60 High Street, Sittingbourne

In September the Group purchased this vacant freehold from receivers for £230,000. The property is a former bank sited in the main shopping area in the centre of the town and benefits from a rear storage building which was formerly a cottage.

59/61 High Street, Sittingbourne

In October we acquired from a mortgagee, a freehold double frontage retail shop and upper parts for £223,000 in the main shopping area of the town. This was purchased vacant and will be suitable, after minor works, to lease to our joint venture retailer, Tunnel Shoes, who will take about one third of the property.

Union Street, Glasgow

In October we purchased a feuhold multi-let retail and leisure building for £540,000, from an L.P.A. receiver. The gross rental is £71,000 and the net rental is approximately £65,000.

49/61 High Street, Croydon

In November the Group purchased this long-leasehold property from the receiver for £562,000. It is a large leisure unit formerly used as a bar/club with 12,000 sq ft over three floors, of which 7,350 sq ft is on the ground floor. This was purchased vacant and could be let to one user or split into 4 or 5 retail units. It is currently under offer to a substantial tenant who is currently seeking planning permission for a different use.

90 Market Street, Eastleigh

In December we acquired a freehold vacant shop and upper part in the central trading position in this town. The cost was approximately £200,000 and the property is now let at £25,000 per annum with an option for the tenant to purchase.

Disposals

Tenbury Wells

This is a small site adjoining a 50,000 sq ft vacant factory standing on 4 acres. This land was surplus to the potential use of the factory and was sold at approximately book cost of £350,000.

Development Progress

Our development application for **High Street, Broadstairs** **received consent** in January 2011 and we are now marketing the shop unit. When we secure a pre let we will begin development of both the shop unit and ten flats.

The **Southend** application for a renovated quadruple shop with 45 student units above was refused on grounds that minor amendments were required. As is usual for these self-serving useless bureaucrats, they failed to contact either us or the architects during the period beforehand when the amendments could have easily been made before going before the committee. The application therefore has to be resubmitted amidst more long delays to the detriment of the owner and the community at large. Additionally, whilst the vacant building is waiting to be reused, vacant rates are now chargeable. This is disgraceful.

However, of more importance is our outline planning application on our **Holloway Head, Birmingham** site which at long last has been **approved**.

The outline approval is for a mixed use development totalling 450,000 sq ft which includes a car showroom, casino, restaurants, 100,000 sq ft offices and a new headquarters building for the Girl Guides, 131 bedroom three star hotel and a maximum number of 303 flats plus appropriate car parking.

Almost a year ago our scheme application had to be withdrawn as the Planning Officer had insufficient time to prepare her report. Of course, new regulations came in and various minor changes had to be made which meant waiting another year to obtain approval.

As always the developers and local community suffer most, Birmingham suffering more than most under their politically correct yet management incorrect style of government.

This development site is about 85% owned by us and the majority of the remaining area is owned by the Girl Guides Association, with whom we have agreed to provide a new, larger and more suitable modern day headquarters as part of the scheme.

We consider this development is probably too large for us to carry out on our own and we will probably look for a development partner with the experience, expertise and financial muscle better able to carry out this seventy five to one hundred million pound scheme.

Tenant Activity

During the year we lost a total of 36 tenants (20 commercial and 16 residential), which produced £499,000 per annum rent. During the same period, we let to 52 new tenants (33 commercial and 19 residential), at rents totalling £817,000 per annum yielding a net gain of £318,000 per annum. These figures do not include rents from new investment acquisitions or lease renewals.

Vacant Rates

Although I remain hopeful of this new coalition government, I am concerned that in their dash for cash they have decided to re-impose the very onerous full charge for vacant rates. This is both unfair and also foolish, as most companies will now look at ways to mitigate this burden. We are already currently considering the demolition of three or four properties which, in due course, will be developed, but could have been temporarily let at low tenant favourable rents in the meantime.

I have mentioned earlier the way planners create long and unnecessary delays, dealing with planning applications and therefore now we will also have to pay extra long period vacant rates due to their negligence. In recent years, rating appeals appear to have been deliberately delayed by valuation officers, which has the effect of the local authority being able to charge more than the correct amount, only to very belatedly paying it back some two or three years later. This is a completely unacceptable and sneaky form of business practice in this economic climate when cash flow is so important.

Political Donations

Once again I am asking shareholders to approve a donation of £25,000 to the Conservative Party and more so than most former years I would like to state my reasons. The election as we know gave the Conservatives a massive swing in their favour but it was not quite enough to achieve a clear working majority probably due to floods of false promises made by the opposition parties.

Many of you who have concurred with my views will have been disappointed that a coalition government has been formed. However, to date this government are considering many of the measures that I have suggested in my earlier reports or ramblings and if they are successful in reducing even a quarter of the red tape measures foisted upon us by the previous incompetent government, our efforts would have been worthwhile.

During the early part of the Second World War, when Britain's plight was desperate, Churchill formed an alliance with Stalin's Russia to fight the Nazi enemy. When asked how he could deal with such a tyrant, he effectively said he would dine with the devil if it helped to save his country. So be it — a modern day coalition was born. This uneasy coalition will only last until it is obvious that our country has stepped well back from the precipice of bankruptcy whereupon the coalition will fall apart and we will all be at risk of the old bunch of spendthrifts taking over the country's finances again.

Charitable Donations

A number of our shareholders have previously suggested we support charities and, as a successful company, we are pleased to become a Foundation Partner of LandAid, a property industry charity which brings together the resources, expertise and influence of the industry to transform the lives of the young and disadvantaged by providing them with the facilities, skills and support to reach their potential. We support LandAid by donating £10,000 per year.

Finance

I am pleased to say that we have recently agreed terms and received credit committee approval for new club loan facilities with HSBC and Santander for a total of £75,000,000 where the banks are equal lenders. This will replace our existing facility of £42,500,000 with HSBC.

Once the legal work is complete and Santander has carried out their valuations, we will have access to an extra £32,500,000 for further investment. Our resources also include a further £6,000,000 being existing cash funds we hold on deposit.

Whilst the margins at 2% and 2.25% over LIBOR are higher than previously enjoyed, we feel certain we will be able to invest the funds profitably over the five years of the term loan.

Dividends

In February 2010 we paid an interim dividend of 10p per share and anticipated a final dividend of 2p per share. I am pleased to say that in addition to this we will pay a special dividend of an extra 3p per share because of the profitable sale of most of our Elektron shares.

Net Asset Value

Our year end net asset value was 422p per share compared to 403p per share last year. This figure excludes approximately 18p value per share held in stock properties which are carried in the balance sheet at the lower of cost or market value.

Post Balance Sheet Events

25, 26 & 27 Victoria Street, Wolverhampton

In February 2011 we reacquired, for £200,000, the freehold of these vacant derelict shops and upper parts which we had sold in June 2006 for £333,000.

We own most of the island site which has a chance for redevelopment or refurbishment now that the Town Council's grandiose and unnecessary development scheme and the consequent compulsory purchase order has been shelved and rescinded.

Dover Market

Some of our shareholders may have noticed that recently I walked with a slight limp. In February 2011 we secured a letting on our former market at Pencester Road, Dover to Poundland Limited on a 10 year lease without a break at £110,000 per annum. To secure a letting such as this, a tenant usually requires a landlord's "arm and a leg". We were lucky as we only had to pay all their shop-fitting costs (so don't worry I didn't have to lose any body parts, but the loss of money from our virtual back pocket did give me a sympathetic temporary lopsided limp). Our generosity was however worthwhile as they now occupy an 7,500 sq ft unit in the middle of our parade of 15 shops and upper parts. Our parade is close to the prime trading position in Dover and lettings to this type of tenant draws many extra shoppers to our parade, benefitting all of the parade's tenants and, by osmosis, back to us as landlords.

67 High Street, Ayr, Scotland

In March 2011 we purchased 67 High Street, a vacant listed freehold shop and upper part in the prime shopping position opposite Marks & Spencer and British Home Stores. Our purchase was from an LPA Receiver at £275,000.

Northgate & St Aldgate Street, Gloucester

On 15 April 2011 we exchanged contracts to acquire this freehold block of 17 shops and 21 flats in Gloucester City Centre, located on a busy secondary position close to Debenhams and Marks and Spencer. The purchase price of £2,115,000 (plus costs) produces a current income of £207,000, which may rise to circa £280,000 when fully let. Completion will take place on 19th May 2011. This property should prove to represent excellent value and a healthy return on capital, together with various angles associated with a large, city centre block of property which is unbroken.

Wimbledon Film Studios

(www.wimbledonstudios.com)

On 17th March 2011 a very successful party was held at the Soho Hotel for the launch of Wimbledon Studios. Over 250 guests from the media and film production world attended, along with the CEO of Film London, Adrian Wootton, gave a speech on the importance of films and the production facilities based in London. I am also pleased to say that the Mayor of London, Boris Johnson, also felt the event was important enough to attend and, following the screening of a short 3D film showing the studio facilities, gave a congratulatory speech. It was particularly pleasing to have the most popular mayor since Dick Whittington at the function, both Mayors' popularity being based on the fact they rid London of the RATS, unfortunately not yet the RATES!

Prospects

There is a mountain of freehold commercial property that the banks have to sell or refinance over the next five years and, as a small company, we are only looking to acquire three of four profitable property molehills to provide our investment requirements.

With our new bank facilities secured, albeit at higher margins, and our existing liquidity and positive cash-flow, I am confident that we will be able to secure many profitable transactions that will lay down the groundwork for a steady and rising income for the future.

Finally I wish to thank our small but dedicated team of staff, financial advisers, legal advisers, agents, accountants for all their hard work during the past year and, of course, our tenants.

Andrew S Perloff
Chairman

20th April 2011

Chairman's Supplementary Ramblings

On 20th April 2010 the Deepwater Horizon Rig, drilling for oil in the Gulf of Mexico on behalf of BP PLC exploded, killing eleven workers. This was a disaster and a tragedy any way one looks at it.

I read that America uses eighteen times more petroleum products per capita than the rest of the world and, despite having huge domestic oil resources remain reliant on the rest of the world's producers, such is their need for ever more oil. It is therefore essential that they explore and find resources closer to home necessitating extensive and excessive offshore drilling.

Only two months earlier, the American administration had opened up considerable further offshore areas for exploration. However, within ten days of the explosion, an immediate ban was placed on further drilling.

At the same time the American President and his advisers went into publicity overdrive to deflect criticism from themselves. BP PLC became The **BRITISH** Petroleum Company and with Tony Hayward, the Managing Director, its villain in chief, the intention being to show this was not the fault of American people, conveniently forgetting nearly 40% of BP is owned by American investors and both Haliburton, the works contractors to the oil rig and Transocean, the oil rig owners were also American companies.

The disaster's catastrophic effects seemingly increased daily, every American newspaper was excitably spouting a diatribe of hate and factually uninformed and incorrect disaster scenarios.

The vilification of **British** Petroleum and of Tony Hayward continued unabated for some time until eventually he was forced to step down as Chairman. The company's stock market value fell by over £50 billion (ie £20 billion of American investors' money).

The American government blackmailed BP into providing a $20 billion fund for compensation, including payment of salaries for workers laid off because of the drilling cessation orders issued by the American government!

Once the accident had happened, the only company with the experience and capabilities of dealing with the immediate problem ironically was BP.

The helpfully named (just to reassure our American friends that no fault lay with them) British Petroleum company and their English MD became a convenient scapegoat to deflect any political antagonism. I doubt if the same level of abuse and vilification would have arisen if it were a Russian or Chinese exploration company? We know what would happen if it was an American company. Practically nothing.

They have previous form on this when the Exxon Valdez oil tanker broke up off the coast of Scotland in 1977 releasing its entire cargo of oil and ruining the locals' fishing industry and later in 1985 in India when the Union Carbide Co chemical plant accidentally exploded killing and horribly maiming many thousands of innocent victims.

Politicians throughout the ages have always found it expedient to find a scapegoat to attach and blame.

The ill treatment dished out to Tony Hayward as Managing Director is not dissimilar to the treatment of many high profile bankers and their bonuses, thus I must ramble on further into bankers bonuses.

Banker Bashing

The banking and related finance industry probably employs about 1,000,000 people. The majority of them receive only slightly better pay and conditions than other private sector industries. Those at the higher level are well paid. Probably no more than one in two hundred of them receive the huge bonuses that appear to produce the jealous vilification so assiduously encouraged by politicians of every persuasion.

Blaming successful and high earning bankers is for deflection of blame for the great financial crash of 2008/9. The politicians' mantra of "It's the greedy bankers fault with their risky trading strategies that caused the recession".

I have dealt with many of the banking industry and have found that the majority of those at the higher level are knowledgeable and dedicated to their organisation and work much harder and longer hours (often with more stressful work involved) than those in other industries. The large bonuses they earn are a matter for the owners of the bank to decide i.e., the shareholders, not the government.

When a million pound bonus is mentioned one rarely hears the rest of the story, i.e., the Treasury receives £650,000 tax (including National Insurance) and from the remainder the recipient probably pays for his two children's private education, almost certainly private medical insurance, employs a nanny and gardener, runs two expensive cars with high VAT tax rates, high road and fuel tax, thus probably providing approximately another £150,000 benefit to the country at large and drawing little from it.

Thus this single million pound bonus earner provides the pension for 150 little old ladies, wherewithal for 75 asylum seekers or pays for the education of 150 other peoples' children.

Let us consider what would happen if the billion of bankers' bonuses had not been paid. The banks net income would rise by this amount only for **LITTLE or NO** tax to be paid as they have lost 10's of billions on their tax loans and would be fully entitled to set off these losses against net income, ie, the treasury would be worse off in direct tax by a minimum of 4 billion pounds and probably a further 1 billion from indirect taxes — this is meaningful amounts even for the most spendthrift of Governments.

We are told that the top 10,000 taxpayers pay about 7% of the total income tax which I calculate as 2,500 times as much as if all earners were treated equally.

Provided it is earned outside of the public sector which we all pay for, that politicians and journalists should be shouting from the rooftops, **we want more million pound bonuses**, many more rich people and many more large incomes because the recipients pay exponentially more to allow the country to be munificent to those who are less well off rather than the current situation of frightening off 20,000 people to squeeze into Monte Carlo, Andorra, The Channel Islands, Switzerland, Luxembourg and little pimples of islands in the Caribbean. They should be encouraged to return to our green and pleasant land with lower tax rates, flattery, respect and special privileges. The extra taxes received and huge employment generated because of nil tax rates that could be offered to the lowest earners would transform a million more lives as they are taken out of the benefits trap.

This probably won't happen as it is easier to obtain a vote by way of offering envy and confiscation from the deserving haves rather than reason and logic which might help the country.

Attacking Tony Hayward and high earning bankers reminds me of two of my old stories which I must relate.

George's Tale

Some 35 years ago, when I was still young enough to enjoy late night entertainment, I often visited night clubs in central London. It is pleasing to recall that at that time my thick dark brown hair showed not a whisper of silver, my suit size was three times smaller than I currently need today and my then inexhaustible supply of energy nowadays makes me exhausted even to think about it.

Upon reflection, despite these bountiful blessings, I am surprised at my desire to visit clubs which were all dingy, dark, smoky, noisy, invariably subterranean and outrageously expensive. Perhaps it was because they were the "in clubs" of their day where the tout le monde, le demi monde and aspiring celebrities spent their leisure hours.

One such Saturday night in a St James' venue with a few friends where the poorly lit room with dance floor was packed out and too dark and smoky to see more than five feet, we decided to eat at the adjoining dining area. Being less smoky and crowded we managed, by pushing and shoving, to secure a well positioned central dining table. The service of course was slow but it mattered not as we had come to see and be seen. The limited but expensive menu was thankfully before the advent of nouvelle cuisine! My order of Cumberland sausages, mashed potato with onions and gravy eventually arrived (and may have something to do with the fact of my current suit size) and by then we had carefully surveyed the room and noticed all the young and beautiful with the old and rich along with one or two recognisable minor celebrity faces.

However, we were very excited that George Best was at the adjoining table surrounded by friends, admirers and hangers-on! George was an icon of his day and for those who are too young to remember, he was and probably still is, rated as Manchester United's best football player and if not on a par with today's players, very well paid for those days. Although his playing days were over, he was still young, fit, extremely good looking with an abundance degree in wit and charm.

Many years later, when asked why all of his money had been exhausted and what he had spent it on he replied "I spent it on booze, birds and fast cars and the rest I just squandered". Indeed, he was a man of our times.

He and his table appeared to be enjoying themselves immensely, laughing and joking with his fans who were pleased to buy him whatever drinks took his fancy.

About halfway through my main course I noticed an extremely elegant, beautiful, young, slim woman whose long blonde hair fell halfway down her back. She sashayed up to the bar with two young men in attendance and was instantly seated on a tall bar stool. This caused a conversational hiatus at the next table and one of my friends explained the pretty girl was George's most recent ex. Despite this the next table continued its jollity and George continued to receive lavish hospitality. By the time I had finished my sausages and mash, George's face looked looser and redder and his upper body was wilting badly. I was then pleasantly distracted when my apple and rhubarb crumble, ice-cream and cream arrived and I slowly tucked into my favourite dessert (perhaps 4 sizes bigger!) I had nearly polished it off when I noticed George had slumped completely, his head resting on his arms flat on the table while his friends just continued to talk and joke around him.

At the bar the beautiful ex was smiling away, happily in conversation with her friends. Suddenly, like lightning, George jumped up, knocked his chair over and with two of the magnificent body swerves for which he was famous, went round the adjoining tables and then with the striker's speed he was also known for, rushed to the bar and struck the man standing next to his ex a couple of times, pulled him to the floor, jumped on him and continued to rain blows on his competition. I doubt it was 30 seconds before his friends were up and beside him to pull him away and usher him to the cloakroom and out of the club, one of which good humouredly stayed behind to pay for repairs and make apologies to the ex and the young man who appeared more surprised than damaged.

I suppose it must be one of my character defects that I went home in the early hours of the next day entirely pleased with that evening's entertainment.

The Asylum Seeker Tenant

A story related to me ten years or so ago about one of our tenants at Panther House will also interest my readers.

Our tenant, an asylum seeker, from Afghanistan, had taken one of our smaller rooms at Panther House and established a successful business importing and selling knitwear and woollen goods. I had little personal contact with him as he was an extremely good tenant, paying on time and causing no disturbance with other tenants and quietly getting on with business.

He was extremely polite when our paths crossed in the corridors and being of normal build and height, not particularly memorable. Like most successful small businessmen he could be seen working much longer than civil service hours.

One day on his journey home to Hendon in the early hours of the evening, he was walking up the hill from the station when he heard 'click click... clickety, click', the unmistakable noise of high heels briskly hitting the pavement. I defy any man to say he wouldn't look round upon hearing that high heel clickety click. Our friend turned and saw they belonged to a young woman who obviously had worked late and was going home in her smart office wear, clutching her briefcase tightly to her side.

It appeared to our tenant that the young woman was being followed by two rough looking large youths who were also walking along at a brisk pace and gaining on her.

Our tenant's instant appraisal was that the young office worker was worried that she was being followed. As she drew up beside him he gallantly asked "Would you like me to escort you home?" The woman politely replied "No, thank you" and sped on her way, click click... clickety click. With his foreign looks she may have not want to jump out of the frying pan and into the fire.

He then knelt down and pretended to tie up his shoe laces until the two youths were almost upon him. He then stood up, his 5"9" against their 6' plus height and said "Excuse me, but you appear to be following that young lady, why?"

Their reply was both vulgar, insulting and in language even I cannot print but, more worryingly, one of then started to sidle around behind our tenant.

Our tenant suddenly kicked the verbally abusive one in the 'goolies' causing him to immediately collapse in pain and on the way down he was given a hard rabbit punch on the back of the neck putting him out of action for a while. The other, startled by this turn of events, started to throw a punch. With surprising speed our tenant grabbed his wrist and instantaneously swung his leg round and kicked the legs from under the aggressor who was also felled. Our tenant then grabbed each of them in a powerful neck hold with his arms and they started to beg for mercy.

Within minutes a police squad car had screeched up and two or three police jumped out. One of the potential muggers was known to the police and 'out on bail' and the other was found to be carrying a knife.

They were shoved into the back of the car and driven away and I know not what happened thereafter.

It was not however serendipity that caused the police to arrive at just the right time but the fact that the young men had been making a nuisance of themselves in a local grocery shop some 10 minutes earlier and the proprietor had already called the police.

As always, my ramblings are little convoluted and it may be hard for readers to understand the connection between my thoughts on BP PLC, the bankers, George Best and our Afghan tenant, of course I will explain.

In every case the wrong person/people have been attacked.

First and easiest is poor old George. In an alcoholic haze of receiving excessive hospitality, George attacked a young man who had the double misfortune to not only have been served excessively slowly at the bar, but had positioned himself beside George's ex having had no connection whatsoever and thus not one of George's rivals. But he received the blows, such is the unfairness of life.

Our Afghan tenant, who looked so innocuous, who had left his home country to start a new life in England, had previously had a position at which he excelled as an Army training teacher ...... in **unarmed combat**!! Thus our unsuccessful possible muggers could not have possibly known they were picking on the wrong man.

Blame IKE

In my view, the vilification of Tony Hayward of BP PLC was attacking the wrong man. If America wanted to blame one man they should have attacked IKE — IKE who you may ask.

Dwight D. Eisenhower, the 34th President of the United States, loved by all and known as IKE, was the General who successfully oversaw the allied armies invasion of Europe from England against the Nazi oppression and, of course, like all successful Generals, was very popular. He thus was able some seven years after the war to become President of the United States of America on the slogan 'We like IKE'.

In 1952 Gamal Abdel Nasser, an Egyptian Army General, had overthrown the Egyptian monarchy and taken control of the country, by 1956 he was not obtaining the success he wanted for his country and was being thwarted in his ambition to build the Great Aswan dam. The Americans and the British were not prepared to finance it.

Nasser needed foreign currency to finance his grand project, the Aswan Dam, so he nationalised the Suez Canal, which had been built using mainly French and English investors money in the 1860's. Originally a large part was owned by the Egyptian monarchy which when needing money in the 1880's sold their holding quickly to the British government funded by Rothschild Bank.

It was a valuable trade route for Britain and the West, especially for oil deliveries from the Middle East which proved vital in the two world wars when in those times 66% of Britain's oil was delivered through this canal.

What happened after Nasser annexed the canal is that the British, French and Israelis colluded to attack and retake the Suez Canal. With a surprisingly careful and well executed plan they succeeded. Unfortunately they deliberately failed to tell or obtain the blessing of the Americans of their plan.

Dwight D. Eisenhower was furious and because he had an upcoming election he wanted to portray himself to voters of the USA as a man who gave them peace.

He expressed his displeasure to both Britain and France but much more importantly, he organised economic sanctions against Britain and France. There was a run on sterling, the pound collapsed and Britain and France had ignominiously to pull out of their aggressive protectionist stance.

From that moment on, every tin pot little dictator or country knew that Britain and France were powerless without American help who didn't seem to care unless its direct interests were at risk. Even after foreign skill and money had been considerably expended under written contracts made between the capital rich Western industries and smaller, and often only recently formed states, oil fields were highly taxed, expropriated and confiscated and an oil cartel formed.

Because of this America is short of reasonably priced oil and has to drill in its offshore areas at a higher cost and risk to the environment, all because IKE did not support America's only real friend when they needed it.

Since I first wrote this piece, the Middle East has flared up again and oil scarcity and security is again on the agenda and proving the mistake of allowing dictators, despots and messianic regimes to dishonour and break trading agreements.

So don't blame Hayward, blame IKE!

Blame for Banking Crisis

The banking crisis cannot be blamed on a few top bankers, who of course made mistakes, and being involved with big businesses, they were big mistakes at enormous costs to everyone involved.

Thus, the blame falls on every one!

- We, who borrowed more than we could afford.
- We, who speculated on assets we did not understand.
- We, who spent money on credit cards at interest rates and on terms which were impossible to pay back.
- We, who arranged loans for others and encouraged people to exaggerate their income on the mortgage application form.
- We, who signed those false loan applications.
- We, who bought businesses practically entirely on borrowed money with a view to jiggling around its assets and then sell on at a profit to someone else who had also borrowed excessively.
- We, who had cash savings who went from bank to bank to bank to obtain a slightly higher interest rate.
- We, who placed funds in places where we would be unable to pinpoint them on a map.
- We, who gave money to banks and funds to manage being those who offered the most attractive adverts with little thought of money's security.
- We, who always wanted to spend more than we could possibly earn.

However, these are all human traits and we choose governments to make laws and rules to protect us from ourselves. AND THEY FAILED. The previous socialist government turned a blind eye to what was going on for many years, as it produced false profits, which they would still cream off a substantial portion as tax and then use and spend on their ill-conceived sugar coated social schemes.

Regulations were created, but they merely created forms for box ticking and failed to notice the reality of the businesses situation taking place.

The Governor of the Bank of England, who could have dined with the chairman of the two dozen largest banks and in his after dinner speech could have said "I do not like the idea of mortgages of more than 90% of value, I do not want to see self-certification mortgages allowed, I do not like the amount of structured products you are creating. Trading on the banks' own account should not be more than 15% above the total carried out for clients, and this amount is only to help fluidity in the market. Now enjoy your dessert of rhubarb and apple crumble and cream, and tomorrow morning tell your colleagues my views and thank them for the great work they are doing, on behalf of the City of London and our country".

Now if that dinner and speech had taken place in 2004 or 5, I doubt if we would have the banking problems (in this country at least) that exist today.

Blame not one person, but two. Socialist chancellor Gordon Brown and his chosen Governor of the Bank of England.

Andrew S Perloff
Chairman

20th April 2011

Operating and Financial Review

Key features of the year

The year ended 31 December 2010 was an excellent year, with increased rental growth on our portfolio which also experienced the first valuation increases for two years. The Group has continued to see opportunities, taking advantage of them by investing £8.5 million in investment properties and also taking an almost 20% stake in Beale PLC for £1.6m. The Group also made good profits selling the majority of its equity stake in Elektron PLC for a profit of £2.5 million. However, the net effect of the investment means the group at the year end had reduced cash balances of £6.6 million compared to the prior year of £14.8 million. The cash balances, even though reduced, will soon be swelled by additional cash funds from the financing described below. The Group continues to see opportunities and is in a strong position to continue to take advantage of them.

Financing

The Group has drawn down its full facility of £42.5 million with HSBC and this is up for renewal in November 2011. However the Group has recently received credit committee approval for new club loan facilities with HSBC and Santander for a total of £75,000,000, where the banks are equal lenders. This will replace our existing facility with HSBC. Once the legal work is complete and Santander has carried out their valuations, we will have access to an extra £32,500,000 for further investment on top of our current cash facilities.

Whilst the margins at 2% and 2.25% over LIBOR are higher than previously enjoyed, we feel certain we will be able to invest the funds profitably over the five years of the term loan.

Key Ratios

	2010	2009
Gross Profit Margin (Gross profit/turnover)	**69%**	69%
Gearing (debt*/(debt* + equity))	**38%**	39%
Interest Cover†	**3.17 times**	2.04 times
Finance cost rate (finance costs/average borrowings for the year)	**5.1%**	4.9%
Yield (rents investment properties/average market value investment properties)	**6.9%**	6.8%

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

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

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

Company number 293147

The Directors submit their report together with the audited financial statements of the Company and of the Group for the year ended 31 December 2010.

Directors' Responsibilities Statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing those financial statements the Directors are required to:

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

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

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

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

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

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

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review sections to these accounts. The financial position of the Group, including key financial ratios is set out in the Operating and Financial Review. In addition, the notes to the Report of Directors includes the Group's objectives, policies and processes for managing its capital; the corporate governance section includes details financial risk management objectives; and the notes to the accounts provide details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk.

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

The HSBC loan at the year end is due to be repaid on 30 November 2011. However, the Group have recently agreed terms and received credit committee approval for new club loan facilities with HSBC and Santander for a total of £75,000,000, where the banks are equal lenders. Once the legal work is complete and Santander has carried out their valuations, we will have access to an additional £32,500,000 for further investment on top of existing cash funds.

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

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

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

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

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

Results and dividends
The profit for the year after taxation, amounted to £5,869,000 (2009 — £2,526,000).

The interim dividend of £1,686,900 (10.0p per share) on ordinary shares was paid on 5 February 2010. The Directors recommend a final dividend of £843,450 (5.0p per share — 3.0p of this is a special dividend) payable on 6 July 2011 to shareholders on the register at the close of business on 3 June 2011 (Ex dividend on 1 June 2011). The total dividend for the year ended 31 December 2010 being anticipated at 15p (including 3p special).

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

Donations
During the year the Group made no political donations (2009 — £24,000) 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 2010 was £12,000 (2009 — £2,000).

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

	Ordinary shares of £0.25 each	
	2010	2009
A. S. Perloff (Chairman)	**4,176,213**	4,176,213
B. R. Galan (Non-executive)	**305,039**	305,039
P. M. Kellner (Non-executive)	**17,000**	17,000
J. T. Doyle	**58,000**	58,000
J. H. Perloff	**105,000**	105,000
S. J. Peters	**150,000**	150,000

A. S. Perloff and his family trusts have beneficial interests in shares owned by Portnard Limited, a Company under their control, amounting to 7,737,336 (2009 — 7,737,336).

There have been no changes in Directors' shareholdings since 31 December 2010.

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

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

Payment policy and practice
The Group agrees payment terms with each of its major suppliers and abides by these terms, subject to satisfactory performance by the supplier. Trade creditors of the Group at 31 December 2010 were equivalent to 62 days purchases (2009 — 59), based on the average daily amount invoiced by suppliers during the year.

Investment Properties
An independent valuation was undertaken as at 31 December 2010 by GL Hearn. The Directors had previously revalued the property investment portfolio to market value as at 31 December 2009.

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

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

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

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

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

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

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

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

Ordinary Shares	*Holding*	*%*
H M Perloff	895,000	5.3

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

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

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

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

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

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

S. J. Peters	Panther House
Company Secretary	Deneway House
	88-94 Darkes Lane
	Potters Bar
Dated: 20th April 2011	Hertfordshire EN6 1AQ

Corporate Governance

Panther Securities P.L.C. supports a high standard of Corporate Governance and has, during 2010, complied with the Combined Code on Corporate Governance issued by the Financial Services Authority, subject to the points detailed below.

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

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

The 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 (this dual role is not compliant with the Combined Code), together with the number of non-executive Directors and has concluded, given the size of the Company and Group, that the present arrangements are appropriate.

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

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

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

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

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

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

The 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. There have been no non-audit services in the period, and therefore there does not appear to be an independence issue.

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, and also includes an executive Director, being the Chief Executive, (this does not comply with the requirement that all members of the audit committee are non-executive Directors). However having three members prevents stalemate on decisions and adds more experience in audit and accounting to the committee.

Its terms of reference, which are available from the Company's registered office, are that it meets at least twice a year to review the Group's accounting policies, financial and other reporting procedures, with the external auditors in attendance when appropriate. In 2010 the committee met three times with all members present.

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

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

The 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 are available for questions. The Company provides a website with up to date information, including announcements and company accounts.

Nomination Committee

The Nomination Committee met three times in 2010 with all members present. Any changes that are required to be made are made in the best interests of the Group. In 2010 there were no changes in Directorships.

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

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

The main features of the company's internal control and risk management systems in relation to the financial reporting process include, the Financial Controller preparing a trial balance supported by invoices, reconciling all cash movements to the bank statements.

The Finance Director reviews the trial balance prepared before adjusting for all accruals and prepayments and other timing differences, and then consolidates the results. These are later reviewed by the Board before being audited by an independent external auditor.

Financial Risk Management

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

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

Price risk

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

Credit risk

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

Liquidity risk

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

Interest rate risk

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

Directors' Remuneration Report

Remuneration Committee

The Remuneration Committee consists solely of the two non-executive Directors, B. R. Galan (Chairman) and P. M. Kellner. It reviews the terms and conditions of service of the Chairman and Executive Directors, ensuring that salaries and benefits satisfy performance and other criteria. When setting remuneration the Committee consults with the Chairman of the Board no external third parties are consulted. In 2010 the Committee met three times with all members present.

The Company has given full consideration to the best practice provisions relating to remuneration committees as set out in the 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 these key individuals. In fixing remuneration, note will be taken of reward levels in the wider community and of the remuneration structure throughout the organisation. The Remuneration Committee considers that currently the Executive Directors' remuneration is below market comparables. The only element of remuneration that reflects specific performance are the bonuses, however this element has historically been considerably adjusted to reflect market conditions and also to take into account company results.

The proportion of the Group's basic salary bill attributable to the Executive Directors was 14% (2009: 15%).

Service contracts

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

Non-executive Directors

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

Pension and other benefits

A. S. Perloff is the sole member and beneficiary of a non-contributory Director's pension scheme. The Group ceased contributions in 1997 and accordingly made no contributions to the pension fund in 2010 and does not anticipate making further contributions.

S. J. Peters had pension contributions paid in the year by the Company of £17,000 (2009 — £6,500) into his personal stake holders' contribution pension scheme.

No other payments were paid in respect of any other Director during the year (2009 — £Nil).

Directors' emoluments

Directors' emoluments of £229,000, (2009 — £221,000) are made up as follows:

Director	Salary/Fees £'000	Bonus £'000	Taxable Benefit £'000	Pension Contribution £'000	**Total 2010 £'000**	Total 2009 £'000
Executive						
A. S. Perloff	—	—	7	—	**7**	5
J. T. Doyle	64	8	2	—	**74**	72
J. H. Perloff	41	5	2	—	**48**	46
S. J. Peters	55	8	—	17	**80**	78
Non-executive						
B. R. Galan	10	—	—	—	**10**	10
P. M. Kellner	10	—	—	—	**10**	10
	180	21	11	17	**229**	221

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:

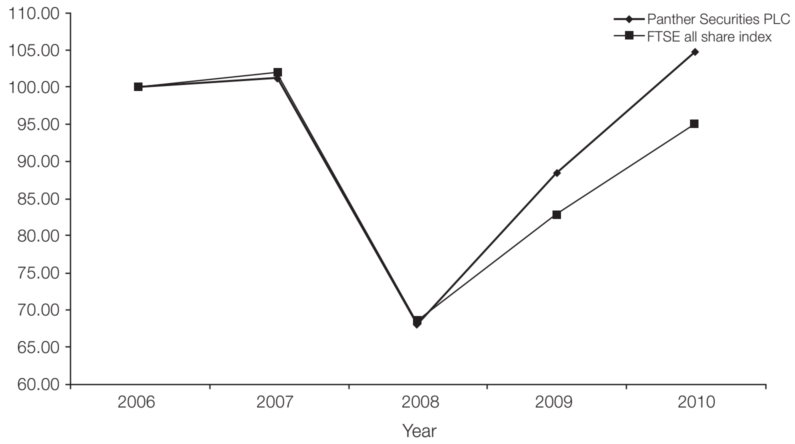
(1) The value by the end of 2010 of £100 invested in Panther Securities P.L.C. on 31 December 2006 compared with the value of £100 invested in the FTSE all share index.

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

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

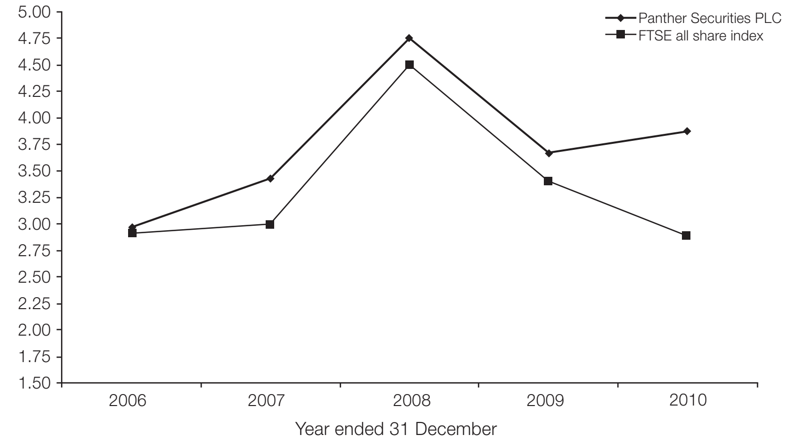
Total shareholder return

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 of Remuneration Committee

Dated: 20th April 2011

Independent Auditors' Report

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

We have audited the Consolidated and Parent Company accounts ("the accounts") of Panther Securities PLC for the year ended 31 December 2010 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position and the Parent Company Balance Sheet, the Consolidated Statement of Cash Flows and the Parent Company Cash Flow Statement, the Consolidated Statement of Changes in Equity and the related notes 1 to 51. The financial reporting framework that has been applied in the preparation of the Consolidated accounts is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company accounts is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the accounts

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

Opinion on accounts

In our opinion:

- the accounts give a true and fair view of the state of the Consolidated and Parent Company's affairs as at 31 December 2010 and of the Consolidated profit for the year then ended;
- the Consolidated accounts have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company accounts have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the accounts have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Consolidated accounts, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Directors' Report for the financial year for which the accounts are prepared is consistent with the accounts;
- the information given in the Report of the Directors includes the specific information presented in the Chairman's Statement, Operating and Financial Review and Corporate Governance Statement that is cross referenced from the Financial Risk Management section of the Directors' report; and

- the information given in the Corporate Governance Statement with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the accounts.

Matters on which we are required to report by exception
We have nothing to report in respect of the following:

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

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

Under the Listing Rules we are required to review:

- the directors' statement, on pages 17 to 20, in relation to going concern;
- the part of the Corporate Governance Statement, on pages 21 to 23, relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review; and
- certain elements of the report to the shareholders by the Board on directors' remuneration.

Michael Bishop
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

25 Moorgate
London
EC2R 6AY

20 April 2011

Notes:

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

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

Consolidated Income Statement

For the year ended 31 December 2010

	Notes	31 December 2010 £'000	31 December 2009 £'000
Revenue	4	**10,085**	9,251
Cost of sales	4	**(3,133)**	(2,828)
Gross profit		**6,952**	6,423
Other income		**238**	77
Administrative expenses		**(2,694)**	(1,838)
		4,496	4,662
Profit on the disposal of investment properties		**–**	574
Movement in fair value of investment properties	15	**4,039**	(6,216)
		8,535	(980)
Share of trading (loss) from associate undertaking	18	**(23)**	–
Finance costs	9	**(2,265)**	(2,111)
Investment income	8	**230**	117
Profit on disposal of available for sale investments (shares)		**2,473**	650
Fair value (loss)/gain on derivative financial liabilities	30	**(2,549)**	5,277
Profit before income tax		**6,401**	2,953
Income tax expense	10	**(532)**	(427)
Profit for the year	5	**5,869**	2,526
Attributable to:			
Equity holders of the parent		**5,864**	2,488
Non-controlling interest		**5**	38
Profit for the year		**5,869**	2,526
Earnings per share			
Basic and diluted	13	**34.8p**	14.7p

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2010

	Notes	**31 December 2010 £'000**	31 December 2009 £'000
Profit for the year		**5,869**	2,526
Other comprehensive income			
Movement in fair value of available for sale investments (shares) taken to equity	19	**833**	1,657
Realised fair value on disposal of available for sale investments (shares) previously taken to equity		**(81)**	—
Deferred tax relating to movement in fair value of available for sale investments (shares) taken to equity	28	**(199)**	(463)
Other comprehensive income for the year, net of tax		**553**	1,194
Total comprehensive income for the year		**6,422**	3,720
Attributable to:			
Equity holders of the parent		**6,417**	3,682
Non-controlling interest		**5**	38
		6,422	3,720

Consolidated Statement of Financial Position

Company number 293147

As at 31 December 2010

	Notes	31 December 2010 £'000	31 December 2009 £'000
ASSETS			
Non-current assets			
Plant and equipment	14	**552**	95
Investment property	15	**108,960**	96,658
Goodwill		**8**	8
Interest in associate	18	**127**	—
Available for sale investments (shares)	19	**6,452**	4,651
		116,099	101,412
Current assets			
Inventories	20	**321**	214
Stock properties	20	**7,985**	8,098
Trade and other receivables	22	**2,775**	2,376
Cash and cash equivalents		**6,587**	14,847
		17,668	25,535
Total assets		**133,767**	126,947
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Capital and reserves			
Share capital	24	**4,217**	4,217
Share premium account	25	**2,886**	2,886
Capital redemption reserve	25	**604**	604
Retained earnings	26	**63,515**	60,303
		71,222	68,010
Non-controlling interest		**96**	90
Total equity		**71,318**	68,100
Non-current liabilities			
Long-term borrowings	27	**1,325**	43,970
Derivative financial liability	30	**9,293**	6,744
Deferred tax liabilities	28	**2,648**	2,670
Obligations under finance leases	33	**1,207**	1,051
		14,473	54,435
Current liabilities			
Trade and other payables	29	**5,336**	4,276
Short-term borrowings	27	**42,640**	136
		47,976	4,412
Total liabilities		**62,449**	58,847
Total equity and liabilities		**133,767**	126,947

The accounts were approved by the Board of Directors and authorised for issue on 20th April 2011. They were signed on its behalf by:

A. S. Perloff
Chairman

Consolidated Statement of Changes in Equity

For the year ended 31 December 2010

	Share capital £'000	Share premium £'000	Capital Redemption £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2009	4,217	2,886	604	58,139	65,846
Total comprehensive income for the year	—	—	—	3,682	3,682
Dividends paid	—	—	—	(1,518)	(1,518)
Balance at 1 January 2010	4,217	2,886	604	60,303	68,010
Total comprehensive income for the year	—	—	—	6,417	6,417
Dividends paid	—	—	—	(3,205)	(3,205)
Balance at 31 December 2010	**4,217**	**2,886**	**604**	**63,515**	**71,222**

Within retained earnings are unrealised gains of £630,000 and deferred tax liability of £164,000 (2009 — losses of £122,000 and a deferred tax asset of £34,000) reserves relating to fair value of available for sale investments (shares).

Consolidated Statement of Cash Flows

For the year ended 31 December 2010

	Notes	31 December 2010 £'000	31 December 2009 £'000
Cash flows from operating activities			
Profit before interest, investment income and tax		**4,496**	4,662
Add: Depreciation charges for the year	14	**137**	30
Profit before working capital change		**4,633**	4,692
Increase in inventory		**(107)**	(55)
Decrease in stock properties		**113**	288
Decrease in receivables		**237**	902
Increase/(decrease) in payables		**1,062**	(255)
Cash generated from operations		**5,938**	5,572
Interest paid		**(2,266)**	(2,037)
Income tax paid		**(1,389)**	(511)
Net cash generated from/(used in) operating activities		**2,283**	3,024
Cash generated from/(used in) investing activities			
Purchase of plant and equipment	14	**(796)**	(104)
Purchase of investment properties	15	**(8,454)**	(2,608)
Purchase of available for sale investments (shares)	19	**(1,749)**	(909)
Purchase of equity in associate undertaking	18	**(150)**	—
Purchase of additional equity in group subsidiary		**—**	(11)
Purchase of equity and debt in corporate acquisition		**—**	(1,811)
Proceeds from sale of fixed assets		**202**	—
Proceeds from sale of investment property		**345**	2,446
Proceeds from the disposal of available for sale investments (shares)		**3,172**	2,360
Dividend income received		**154**	21
Interest income received		**78**	96
Net cash used in investing activities		**(7,198)**	(520)
Financing activities			
Repayments of loans		**(140)**	(61)
Dividends paid		**(3,205)**	(1,518)
Net cash used in financing activities		**(3,345)**	(1,579)
Net (decrease)/increase in cash and cash equivalents		**(8,260)**	925
Cash and cash equivalents at the beginning of year		**14,847**	13,922
Cash and cash equivalents at the end of year		**6,587**	14,847

1. General information

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

2. New and revised International Financial Reporting Standards

Changes to accounting policies since the last period

The Group has considered or applied the following significant standards for the period commencing 1 January 2010. There has been no significant impact to the financial information as a result of applying these standards for the first time.

- IFRS 1 (amended)/IAS 27 (amended) — Cost of an investment in a Subsidiary, Jointly Controlled Entity or Associate
- IAS 28 (revised 2008) — Investments in Associates
- IFRS 3 (revised 2008) — Business combinations

Certain new standards and interpretations have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2011 or later periods and which the entity has not yet adopted. Except where stated none of these standards are expected to have a significant impact on recognition or measurement of the Group's assets or liabilities.

- IAS 24 (revision) — Related Party disclosure
- IFRS 9 — Financial Instruments*
- Improvements to IFRS (May 2010)*
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments*

* Not yet endorsed by EU

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

3. Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the entity's accounting policies, which are described below, there were no critical accounting judgements made by management which would have a material effect on the accounts. However, there were sources of estimation and uncertainty as noted under the accounting policy for Investment Properties, fair value of Derivative Assets and Liabilities and Available for Sale Investments.

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 to the effective date of disposal, and those acquired from the date on which control is transferred to the Group.

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

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

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 (revised 2008) are recognised at their fair values at the acquisition date.

The interest of non-controlling interest shareholders in the acquiree is initially measured as the non-controlling interest proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Where the fair value of the assets and liabilities acquired in a business combination exceeds the purchase consideration, the excess is taken directly to income. Under IFRS 3 (revised 2008) any new amounts arising are shown in the income statement as surplus of assets acquired over consideration given.

Investment Properties

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

In the current year, the properties were independently valued by professional valuers, GL Hearn, Chartered Surveyors.

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

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

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

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

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

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

Corporation tax for the period is charged at 28.0% (2009 — 28.0%), representing the best estimate of the weighted average annual corporation tax rate expected for the full financial year.

Segment reporting
An operating segment is a component of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. M.R.G. Systems Limited and Tunnel Limited are classified as separate operating segments to the activities of the rest of the Group, where M.R.G Systems Limited's principal activity is that of electronic designers, engineers and consultants and Tunnel Limited being a value shoe retailer. The impact of their activities on the income statement is shown in note 4. Their impact on the statement of financial position and statement of cash flows is not material to the accounts.

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

Revenue recognition
All revenue arises in the United Kingdom.

Revenue comprises:

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

Plant and equipment
Fixtures, fittings and motor vehicles are stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided at rates calculated to write off the cost of plant and equipment less their residual value, over their expected useful lives. The rates used across the Group are as follows;

Fixtures and equipment	10% — 33%	Straight line.
Motor vehicles	20%	Straight line

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

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

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

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

Leasing
All leases are operating leases.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. Revenue and cost of sales

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

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

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

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

Turnover arose as follows:	**2010 £'000**	2009 £'000
Rental income from investment properties	**7,051**	6,619
Rental income from stock properties	**666**	761
Income from trading (Tunnel Limited) — 50% share	**231**	—
Income from trading (M.R.G. Systems Limited)	**2,137**	1,871
	10,085	9,251

Cost of sales arose as follows:	**2010 £'000**	2009 £'000
Cost of sales — from rental income	**1,665**	1,671
Stock properties recognised as an expense	**191**	288
Cost of sales trading (Tunnel Limited) — 50% share	**122**	—
Cost of sales trading (M.R.G. Systems Limited)	**1,155**	869
	3,133	2,828

Profit/(loss) –before income tax:	**2010 £'000**	2009 £'000
Gross profit — investment and dealing in properties	**6,407**	2,804
Gross loss — trading (Tunnel Limited) — 50% share	**(5)**	—
Gross (loss)/profit — trading (M.R.G. Systems Limited)	**(1)**	149
	6,401	2,953

5. Profit or loss for the year

The profit or loss for the year is stated after charging:	**2010 £'000**	2009 £'000
Depreciation of tangible fixed assets — owned by the Group	**137**	30
Fees payable to the Group's auditor for the audit of both the parent company and the Group's annual report and accounts	**14**	14
Fees paid to the Group's auditor and its associates for other services: The audit of the parent's subsidiaries, pursuant to legislation	**53**	53

6. Staff costs

	2010 £'000	2009 £'000
Staff costs, including Directors' remuneration, were as follows:		
Wages and salaries	**1,439**	1,291
Social security costs	**154**	138
Pension contributions	**49**	23
	1,642	1,452
The average monthly number of employees, including Directors, during the year was as follows:		
Directors	**6**	6
Other employees	**42**	32
	48	38

7. Directors remuneration

	2010 £'000	2009 £'000
Emoluments for services as Directors	**229**	221

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

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

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

	2010 £'000	2009 £'000
Short term employee benefits (salaries and benefits)	**251**	243

8. Investment income

	2010 £'000	2009 £'000
Interest on bank deposits	**76**	96
Dividends from equity investments	**154**	21
	230	117

9. Finance costs

	2010 £'000	2009 £'000
Interest payable on bank overdrafts and loans	**2,265**	2,070
Other interest payable	**—**	41
	2,265	2,111

10. Income tax expense

The charge for taxation comprises the following:

	2010 £'000	2009 £'000
Current year UK corporation tax	**798**	693
Prior year UK corporation tax	**(45)**	(183)
	753	510
Current year deferred tax credit	**(221)**	(83)
Income tax expense for the year	**532**	427

Domestic income tax is calculated at 28.0% (2009 — 28.0%) of the estimated assessable profit or loss for the year. The future provision for deferred tax has been calculated on the basis of 27% (2009 — 28%).

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

	2010 £'000	2010 %	2009 £'000	2009 %
Profit or loss before taxation	**6,401**		2,953	
Profit or loss on ordinary activities before tax multiplied by the average of the standard rate of UK corporation tax of 28.0% (2009 — 28.0%)	**1,792**	**28**	827	28
Tax effect of expenses that are not deductible in determining taxable profit	**16**	**—**	26	1
Dividend income not allowable for tax purposes	**(43)**	**—**	(6)	—
Capital allowances for the year in excess of depreciation	**(41)**	**—**	(35)	(1)
Non taxable movement in fair value of investment properties	**(1,131)**	**(18)**	1,741	59
Non deductible movement in fair value of available for sale investments (shares)	**—**	**—**	(471)	(16)
Non taxable/(non deductible) movement in fair value of financial instruments	**713**	**11**	(1,478)	(50)
Tax effect of non deductible loss in associate	**8**	**—**	—	—
Tax losses utilised	**(486)**	**(8)**	—	—
Unutilised losses carried forward	**—**	**—**	310	10
Disposal of properties or shares	**(30)**	**—**	(221)	(7)
Prior year UK corporation tax	**(45)**	**(2)**	(183)	(6)
Decrease of deferred tax liability	**(221)**	**(3)**	(83)	(3)
Tax charge	**532**	**8**	427	15

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

	2010 £'000	2009 £'000
Dealt with in the accounts of:		
— the parent undertaking	**(3,153)**	2,320
— subsidiary undertakings	**9,022**	206
	5,869	2,526

12. Dividends

Amounts recognised as distributions to equity holders in the period:

	2010 £'000	2009 £'000
Interim dividend (quarterly) for the year ended 31 December 2008 of 3p per share	–	506
Final dividend (quarterly) for the year ended 31 December 2008 of 3p per share	–	506
Interim dividend (quarterly) for the year ended 31 December 2009 of 3p per share	–	506
Interim dividend (quarterly) for the year ended 31 December 2009 of 5p per share	**843**	—
Interim dividend for the year ended 31 December 2010 of 10p per share	**1,687**	—
Final dividend (quarterly) for the year ended 31 December 2009 of 4p per share	**675**	—
	3,205	1,518

The Directors recommend a payment of a final dividend of 5p per share (including a 3p special dividend) (2009 — 4p), following the interim dividends paid on 5 February 2010 of 10p per share. The final dividend of 5p will be payable on 6 July 2011 to shareholders on the register at the close of business on 3 June 2011 (Ex dividend on 1 June 2011). The full dividend for the year ended 31 December 2010 is anticipated to be 15p (including the 3p special dividend).

13. Earnings per ordinary share (basic and diluted)

The calculation of earnings per ordinary share is based on earnings, after excluding non-controlling interests, being a profit of £5,864,000 (2009 — £2,488,000) and on 16,869,000 ordinary shares being the weighted average number of ordinary shares in issue during the year (2009 — 16,869,000). There are no potential ordinary shares in existence.

14. Plant and equipment

	Fixtures and Equipment £'000	Motor Vehicles £'000	Total £'000
Cost			
At 1 January 2009	170	19	189
Additions	96	8	104
At 1 January 2010	266	27	293
Additions	795	1	796
Disposals	(202)	—	(202)
At 31 December 2010	**859**	**28**	**887**
Accumulated depreciation			
At 1 January 2009	155	13	168
Depreciation charge for the year	28	2	30
At 1 January 2010	183	15	198
Depreciation charge for the year	134	3	137
At 31 December 2010	**317**	**18**	**335**
Carrying amount			
At 31 December 2010	**542**	**10**	**552**
At 31 December 2009	83	12	95

15. Investment property

	Investment Properties £'000
Fair value	
At 1 January 2009	97,092
Additions	2,608
Transferred from stock	477
Additions on purchase of corporate acquisitions	3,550
Grossing up of investment property held under operating leases*	1,148
Disposals	(2,001)
Revaluation decrease	(6,216)
At 1 January 2010	96,658
Additions	8,454
Fair value adjustment on property held on operating leases	154
Disposals	(345)
Revaluation increase	4,039
At 31 December 2010	**108,960**
Carrying amount	
At 31 December 2010	**108,960**
At 31 December 2009	96,658

At 31 December 2010, £89,020,000 (2009 — £77,634,000) and £19,940,000 (2009 — £19,024,000) included within investment properties relates to freehold and leasehold properties respectively.

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

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

	2010 £'000	2009 £'000
Cost	**74,371**	66,262
Cumulative depreciation	**—**	—
Net book amount	**74,371**	66,262

Costs relating to ongoing and potential developments are included in additions to investment properties and in the year ended 31 December 2010 amounted to £49,000 (2009 — £346,000).

The Group did not have any contractual obligations at the statement of financial position date to purchase or develop investment property.

As at 31 December 2010, the investment properties were valued independently at their open market value, by GL Hearn, Chartered Surveyors. The market value shown at 31 December 2009 was valued internally by the Directors.

The property rental income earned by the Group from its investment property, all of which is leased out under operating leases, amounted to £7,051,000 (2009 — £6,619,000).

16. Subsidiaries

Details of the Company's subsidiaries at 31 December 2010 are as follows;

Name of subsidiary	*Country of incorporation and operation*	*Activity*	*Proportion of ownership interest %*	*Proportion of voting power held %*
Panther Trading Limited	Great Britain	Property	100	100
Panther (Dover) Limited (*)	Great Britain	Property	100	100
Panther Developments Limited	Great Britain	Property	100	100
Panther Shop Investments Limited	Great Britain	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
Multitrust Property Investments Limited	Great Britain	Property	100	100
Etonbrook Properties PLC	Great Britain	Non-trading	100	100
Northstar Property Investment Limited	Great Britain	Property	100	100
Panther (VAT) Properties Limited	Great Britain	Property	100	100
Northstar Land Limited	Great Britain	Property	100	100
London Property Company PLC	Great Britain	Dormant	100	100
Eurocity Properties PLC	Great Britain	Property	100	100
Eurocity Properties (Central) Limited (**)	Great Britain	Property	100	100
CJV Properties Limited (**)	Great Britain	Property	100	100
M.R.G. Systems Limited	Great Britain	Trading	75	75
Panther AL Limited	Great Britain	Property	100	100
Panther AL (VAT) Limited	Great Britain	Property	100	100
Melodybright Limited	Great Britain	Property	100	100
TRS Developments Limited	Great Britain	Property	100	100
Abbey Mills Properties Limited	Great Britain	Property	100	100

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

** 100% subsidiaries of Eurocity Properties PLC

*** 100% subsidiary of Surrey Motors Limited

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

All companies have a 31 December year end.

17. Investment in joint venture

The Group owns 50% of the 2 £1 issued equity shares in Tunnel Limited, a company incorporated in England and Wales, which is a retailer of value shoes. As well as the £1 equity investment, the Group has invested £85,000 by way of an interest free intercompany loan which was mainly used for the purchase of stock. The joint venture company trades out of some of the Group's premises which are currently on rent free terms with the intention that once the business is established, market rents will be payable.

The Group's share of joint venture revenue, expenses and losses are shown at note 4.

The following amounts represent the Group's 50% share of the revenue and expenses and assets and liabilities for the period ended 31 December 2010:

	2010 £'000
Profit and loss account:	
Revenue	231
Expenses	(236)
Loss after tax	**(5)**
Balance sheet:	
Non-current assets	17
Current assets	111
	128
Current liabilities	(133)
Net assets	**(5)**

18. Investment in associate undertaking

The Group purchased 25% of the equity (newly issued share capital for cash) in Wimbledon Studios Limited for £150,000 in August 2010. The company operates as an independent film studio letting out sets and offices to media and television organisations. The Studios hope to be fully trading by July 2011. The entity operates out of a Group wholly owned property for which a market rental has been agreed (with one year's rent free).

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

The aggregated financial information of Wimbledon Studios Limited for the period ended 31 December 2010 is set out below:

	2010 **£'000**
Profit and loss account:	
Revenue	40
Net loss for entity	(93)
Panther Securities PLC's share of net loss	**(23)**
Balance sheet:	
Non-current assets	627
Current assets	641
	1,268
Non-current liabilities	(189)
Current liabilities	(573)
	(762)
Net assets	506
Panther Securities PLC's share of net assets	**127**

19. Available for sale investments (shares)

	Non-current assets £'000
Cost or valuation	
At 1 January 2009	3,794
Additions	909
Disposals	(1,709)
Revaluation increase	1,657
At 1 January 2010	4,651
Additions	1,749
Disposals	(700)
Recycling of revaluation through equity on disposal	(81)
Revaluation increase	833
At 31 December 2010	6,452
Comprising at 31 December 2010:	
At cost	529
At valuation/net realisable value	5,923
Carrying amount	
At 31 December 2010	6,452
At 31 December 2009	4,651

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

At the year end, Panther Securities PLC owned 29% of the issued share capital of O Twelve Estates Limited. This was treated as an investment rather than an associate under IAS 28, as the Group could not exercise significant influence. Soon after the year end, O Twelve Estates Limited raised additional equity and as at the date of reporting these accounts, Panther Securities PLC owns 7.5% of the issued share capital of O Twelve Estates Limited as it did not take up its rights.

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

20. Inventories

	2010 £'000	2009 £'000
Stock properties	**7,985**	8,098

The market value of stock properties is £11,040,000 (2009 — £10,877,000).

At 31 December 2010, the stock properties were valued independently at their open market value by GL Hearn, Chartered Surveyors. The market value shown as at 31 December 2009 was valued internally by the Directors. The stock properties are held at the lower of cost and market value and as such any uplift is not recognised in the accounts.

Trading stock

	2010 £'000	2009 £'000
Inventories	**321**	214

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

21. Capital commitments

	2010 £'000	2009 £'000
Capital expenditure that has been contracted for but has not been provided for in the accounts	**—**	53

22. Trade and other receivables

	2010 £'000	2009 £'000
Trade receivables	**2,953**	2,364
Bad debt provision	**(914)**	(652)
Other receivables	**443**	286
Corporation tax	**80**	164
Prepayments and accrued income	**213**	214
	2,775	2,376

The Directors consider that the carrying amount of trade and other receivables approximates their fair value. Net trade receivables are financial assets. The total of financial assets included within the financial statements at amortised cost is £9,069,000 (which relates to £2,482,000 included in the above and the Group's cash or cash equivalents).

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

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

	Trade receivables £'000	Cash and Cash Equivalents £'000	Total bad debt provisions £'000
Balance at 1 January 2009	647	343	990
Amount written off as uncollectable	(61)	—	(61)
Charge/(credit) to income statement	66	(226)	(160)
Balance at 1 January 2010	652	117	769
Amount written off as uncollectable	(67)	—	(67)
Charge to income statement	329	—	329
Balances at 31 December 2010	**914**	**117**	**1,031**

The cash and cash equivalents balances provided against related to balances on account with Kaupthing Singer and Friedlander before they went into administration. The Group at the statement of financial position date had received 53p in the pound from an original balance of £343,000.

23. Other financial assets

Cash and cash equivalents

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

Credit risk

The Group's 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. Kaupthing Singer and Friedlander went into administration and some of its balances are provided against (see note 22). Further information on the general Group's credit risk is detailed within the corporate governance section.

24. Share capital

	2010 £'000	2009 £'000
Allotted, called up and fully paid		
16,869,000 ordinary shares of £0.25 each	**4,217**	4,217

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

During 2010 and 2009 no ordinary shares of 25p were purchased by the company.

25. Capital reserves

	2010 £'000	2009 £'000
Share premium account		
At 31 December	**2,886**	2,886
Capital redemption reserve		
At 31 December	**604**	604

There was no movement on the capital redemption reserve in the year (2009 — no movement) in respect of the purchase of own shares for cancellation.

26. Retained earnings

	2010 £'000	2009 £'000
At 1 January	**60,303**	58,139
Retained profit or loss for the year	**5,864**	2,488
Movement in fair value of available for sale investments (shares)	**833**	1,657
Realised movement in fair value on disposal of available for sale investments (shares)	**(81)**	—
Deferred tax relating to the movement in fair value of available for sale investments (shares)	**(199)**	(463)
Dividends paid	**(3,205)**	(1,518)
At 31 December	**63,515**	60,303

27. Bank loans

	2010 £'000	2009 £'000
Bank loans due within one year *(within current liabilities)*	**42,640**	136
Bank loans due within more than one year *(within non-current liabilities)*	**1,325**	43,970
Total bank loans	**43,965**	44,106

Analysis of debt maturity	**2010 £'000**	2009 £'000
Repayable:		
On demand or within one year	***42,640**	136
In the second year	**140**	*42,636
In the third year to the fifth year	**420**	272
After five years	**765**	1,062
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(42,640)**	(136)
Amount due for settlement after 12 months	**1,325**	43,970

At 31 December 2010 and at 31 December 2009 the facilities available to November 2011 were fully drawn down. Bank loans are secured by fixed and floating charges over the assets of the Group.

* £42,500,000 of the debt liability is with HSBC Bank PLC (and is repayable on 30 November 2011) and £1,465,000 is with Natwest Bank PLC. The Natwest element was acquired with the corporate acquisitions during the prior year and is repayable over its life to September 2022 (12 years remaining on a 20 year term).

At the year end interest that was contractually due on the HSBC bank loans due within one year is approximately £697,000 and within 2-5 years is £nil, (as only 11 months of the loans remain) excluding any adjustments for the interest rate swaps (based on current 3 month LIBOR floating rate — 1.79%, including margin of 1%). On the fixed element of the HSBC Bank loan of £35 million (see note 30 in relation to interest rate derivative financial instruments) there is an additional amount payable which is estimated to be £1,460,000 due within one year and £3,260,000 within 2-5 years. These estimates are based on the market expectation of future interest rates, and as such subject to change.

As mentioned above, the HSBC loan at the year end is due to be repaid on 30 November 2011. However, we have recently agreed terms and received credit committee approval for new club loan facilities with HSBC and Santander for a total of £75,000,000 where the banks are equal lenders. Once the legal work is complete and Santander has carried out their valuations, we will have access to an additional £32,500,000 for further investment on top of existing cash facilities.

Interest that is contractually due on the Natwest bank loans due within one year is approximately £26,000 and within 2-5 years is £104,000 (based on current bank rate — 1.75% including margin 1.25%).

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

28. Deferred taxation

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

	Total £'000
At 1 January 2009	2,290
Debit to equity for the year	463
Credit to profit and loss for the year	(83)
At 1 January 2010	2,670
Debit to equity for the year	199
Credit to profit and loss for the year	(221)
At 31 December 2010	**2,648**

Deferred taxation arises in relation to:

Deferred tax

	2010 £'000	2009 £'000
Deferred tax liabilities:		
Investment properties	**5,030**	4,718
Available for sale investments (shares)	**164**	—
Deferred tax assets:		
Tax allowances in excess of book value	**(130)**	(125)
Available for sale investments (shares)	**—**	(34)
Derivative financial liability	**(2,416)**	(1,889)
	2,648	2,670

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

29. Trade and other payables

	2010 £'000	2009 £'000
Trade creditors	**2,104**	1,412
Social security and other taxes	**139**	167
Other creditors	**830**	705
Obligations under finance leases (see note 33)	**95**	96
Accruals and deferred income	**2,168**	1,896
	5,336	4,276

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

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

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

Liabilities included within the financial statements at amortised cost total £49,301,000 (includes payables above and the long term and short term borrowings).

30. Derivative financial instruments

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

Bank loans	**2010 £'000**	**2010 Rate**	2009 £'000	2009 Rate
Interest is charged as to:				
Fixed/Hedged				
HSBC Bank plc*	**35,000**	**6.05%**	35,000	6.05%
Floating element				
HSBC Bank plc	**7,500**		7,500	
Natwest Bank plc	**1,465**		1,606	
	43,965		44,106	

Bank loans totalling £35,000,000 (2009 — £35,000,000) are fixed using interest rate swaps reducing the Group exposure to fair value interest rate risk. Other borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

Financial instruments for Group and Company

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

	Hedged amount £'000	Average rate	Duration of contract remaining 'years'	**2010 Fair value £'000**	2009 Fair value £'000
Derivative Financial Liability					
Interest rate swap	35,000	5.06%	29.75	**(7,312)**	(5,840)
Interest rate swaption**	25,000	4.63%	N/a	**(1,981)**	(904)
				(9,293)	(6,744)
Net fair value (loss)/gain on derivative financial assets				**(2,549)**	5,277

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

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

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

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

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

Interest rate risk
For the year ended 31 December 2010, if on average the 3 month LIBOR over the year had been 100 basis points (1%) higher with all other variables held constant, under the financing structure in place at the year end, post-tax profit for the year would have been approximately £90,000 higher (2009 — the profit would have been lower by £91,000). This analysis excludes any affect this rate adjustment might have on expectations of future interest rates movements which is likely to affect the estimation of the fair value of the derivative financial assets/liabilities (as this movement would also be shown within the income statement affecting post-tax profit or loss), but indicates the likely cash saving/(cost) a 100 basis points (1%) movement would have had for the Group.

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

31. Parent company profit and loss account
As permitted under Section 408 of the Companies Act 2006, no income statement is presented for the parent company.

Reconciliation of parent company profit and loss

	2010 £'000	2009 £'000
Profit of parent company before intercompany adjustments	**1,522**	12,129
Less: intercompany dividends (removed on consolidation)	**(4,675)**	(8,318)
Less: profit between subsidiaries (removed on consolidation)	**–**	(672)
Profit/(loss) of parent company after intercompany adjustments	**(3,153)**	3,139
Less: Movement in fair value of investment properties taken to income statement (required under IFRS but not under UK GAAP)	**–**	(348)
Less: Deferred tax charged to income statement (required under IFRS but not under UK GAAP)	**–**	(471)
Profit or loss attributable to members of the Parent undertaking as per note 11	**(3,153)**	2,320

32. Contingent liabilities
There were no contingent liabilities at the year end.

33. Operating lease arrangements and obligations under finance leases

The Group as lessor

The Group rents out its investment properties under operating leases. Rental income for the Group is disclosed in note 4. The Group paid rent under non-cancellable operating leases in the year of £348,000 (2009 — £255,000).

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

The average lease length is 69 years. The minimum rental payment obligations due under these operating leases and anticipated rental income derived from these investments are shown below. The difference between the rents due in the year of £348,000 and the minimum for the year of £95,000 is related to the contingent element only payable out of rents receivable.

Minimum future payments under non-cancellable operating leases

(Lessee)	**2010 £'000**	2009 £'000
Payable within one year	**95**	96
Payable between one year and five years	**380**	386
Payable in more than five years	**6,315**	4,760
	6,790	5,242

Anticipated rental income derived under non-cancellable operating leases

(Lessor)	**2010 £'000**	2009 £'000
Payable within one year	**1,868**	1,711
Payable between one year and five years	**7,472**	6,844
Payable in more than five years	**139,160**	129,815
	148,500	138,370

Obligations under finance leases

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

	2010 £'000	2009 £'000
Obligations under finance leases due within one year		
(included within current liabilities)	**95**	96
Obligations under finance leases due within one to five years	**321**	328
Obligations under finance leases due in more than five years	**886**	723
(included within non-current liabilities)	**1,207**	1,051
Total obligations under finance leases	**1,302**	1,147

34. Events after the statement of financial position date

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

35. Related party transactions

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

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

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

In respect of Wimbledon Studios Limited, A S Perloff, Chairman, also independently made an investment in 25% in that company's equity for consideration of £150,000.

Additionally, Panther Securities PLC made advances to the two independent directors of Wimbledon Studios Limited of £62,500 each, in order for them to be able to purchase their shareholdings in that company. Both loans are unsecured for a maximum term of 3 years and attract interest of 4% per annum.

There were no further transactions with other related parties.

36. Net assets per share

	2010 **£'000**	2009 £'000
Total equity attributable to shareholders per 25p ordinary share	**422p**	403p

The calculation of net asset per ordinary share is based on the equity attributable to share holders of the equity in the parent company, and on 16,869,000 ordinary shares being number of ordinary shares in issue at 31 December 2010 and 31 December 2009.

37. Approval of financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 20th April 2011.

Parent Company Balance Sheet

Company number 293147

As at 31 December 2010

	Notes	£'000	2010 £'000	£'000	2009 £'000
Fixed assets					
Tangible fixed assets	39		**1**		2,572
Investments	40		**21,927**		19,976
			21,928		22,548
Current assets					
Debtors	41	**77,524**		68,008	
Cash at bank and in hand		**4,332**		11,895	
		81,856		79,903	
Creditors: amounts falling due within one year	42	**(52,701)**		(10,486)	
Net current assets			**29,155**		69,417
Total assets less current liabilities			**51,083**		91,965
Creditors: amounts falling due after more than one year	43		**–**		(42,500)
Derivative financial liability	30		**(9,293)**		(6,744)
Net assets			**41,790**		42,721
Capital and reserves					
Called up Share Capital	45		**4,217**		4,217
Share Premium Account	46		**2,886**		2,886
Revaluation Reserve	46		**–**		1,307
Capital Redemption Reserve	46		**604**		604
Profit and Loss Account	46		**34,083**		33,707
Shareholders' funds	50		**41,790**		42,721

The accounts were approved by the Board of Directors and authorised for issue on 20th April 2011. They were signed on its behalf by:

A.S. Perloff

Chairman

Parent Company Cash Flow Statement

For the year ended 31 December 2010

	Notes	2010 £'000	2009 £'000
Net cash outflow from operating activities		**(10,839)**	(7,119)
Returns on investments and servicing of finance	47	**2,637**	6,386
Taxation		**–**	(2)
Capital expenditure and financial investment	47	**3,844**	1,989
Equity dividends paid		**(3,205)**	(1,518)
Decrease in cash in the year		**(7,563)**	(264)

	2010 £'000	2009 £'000
Reconciliation of operating loss to net cash flow from operating activities		
Operating loss	**(1,039)**	(855)
Depreciation of tangible fixed assets	**1**	1
Increase in debtors	**(9,516)**	(6,501)
Increase/(decrease) in creditors	**(285)**	236
Net cash outflow from operating activities	**(10,839)**	(7,119)
Reconciliation of net cash flow to movement in net debt		
Increase in cash in the year	**(7,563)**	(264)
Cash inflow from increase in debt	**–**	–
Change in net debt resulting from cash flows	**(7,563)**	(264)
Net debt at 1 January	**(30,605)**	(30,341)
Net debt at 31 December	**(38,168)**	(30,605)

38. Accounting policies for the Parent Company

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

38.1 **Basis of preparation of financial statements**

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

38.2 **Revenue recognition**

Turnover comprises:

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

38.3 **Deferred taxation**

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

38.4 **Derivative financial instruments**

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

38.5 **Investments**

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

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

38.6 **Tangible fixed assets, investment properties and depreciation**

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

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

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

Fixtures & fittings	10%	Straight line

39. Property, plant and equipment

	Investment Properties £'000	Fixtures and Equipment £'000	Total £'000
Cost or valuation			
At 1 January 2010	2,570	62	2,632
Disposal	(2,570)	—	(2,570)
At 31 December 2010	**—**	**62**	**62**
Depreciation			
At 1 January 2010	—	60	60
Depreciation charge for the year	—	1	1
At 31 December 2010	**—**	**61**	**61**
Net book value			
At 31 December 2010	**—**	**1**	**1**
At 31 December 2009	2,570	2	2,572

At 31 December 2010, £nil (2009 — £2,370,000) and £nil (2009 — £200,000) included within the net book value of land and buildings relates to freehold and leasehold land and buildings respectively.

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

	2010 £'000	2009 £'000
Cost	**—**	1,263
Cumulative depreciation	**—**	—
Net book amount	**—**	1,263

If the investment properties had been sold at their valuation at 31 December 2010, there would be a liability to tax of £nil (2009 — £123,000). Costs relating to potential developments are included in additions to investment properties and in the year ended 31 December 2009 amounted to £nil (2009 — £81,000).

No investment properties were held directly at 31 December 2010. At 31 December 2009 the investment properties were revalued by the Directors at their open market value. The property rental income earned in 2009 by the Company from its investment property, all of which is leased out under operating leases, amounted to £28,000.

40. Fixed asset investments

	Shares in Group undertakings £'000	Associate undertaking £'000	Other investments £'000	Total £'000
Cost or valuation				
At 1 January 2010	15,325	—	4,651	19,976
Additions	—	150	1,749	1,899
Disposals	—	—	(700)	(700)
Revaluations	—	—	752	752
At 31 December 2010	**15,325**	**150**	**6,452**	**21,927**
Investments:				
Listed	—	—	5,923	5,923
Unlisted	15,325	150	529	16,004
	15,325	**150**	**6,452**	**21,927**

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

For details of the Company's subsidiaries at 31 December 2010, see note 16.

41. Debtors

	2010 £'000	2009 £'000
Due within one year		
Trade debtors	**33**	5
Amounts owed by Group undertakings	**76,408**	67,776
Corporation tax recoverable	**800**	164
Other debtors	**260**	32
Prepayments and accrued income	**23**	31
	77,524	68,008

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

The total financial assets included within the financial statements of the Company at amortised cost are £5,425,000 (which includes items with debtors above and the Company's cash).

42. Creditors:
Amounts falling due within one year

	2010 £'000	2009 £'000
Trade creditors	**474**	63
Amounts owed to Group undertakings	**9,375**	10,063
Bank loans and overdrafts	**42,500**	—
Social security and other taxes	**44**	64
Other creditors	**100**	93
Accruals and deferred income	**208**	203
	52,701	10,486

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

Liabilities included within the financial statements of the Company at amortised cost total £52,701,000 (includes certain items within creditors shown above and the long term borrowings).

The above loan is fully drawn down and is in respect of the loan facility available with HSBC Bank plc. Under the current arrangement any drawn down element of the facility is due to be repaid on 30 November 2011. However, since the year end, we have agreed terms and received credit committee approval for new club loan facilities with HSBC and Santander for a total of £75,000,000, where the banks are equal lenders. Once the legal work is complete and Santander has carried out their valuations, we will have access to an additional £32,500,000 for further investment on top of existing cash facilities.

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

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

	2010 £'000	2009 £'000
Bank loans	**–**	42,500

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

	2010 £'000	2009 £'000
Potential capital gains	**630**	123

45. Called up share capital

	2010 £'000	2009 £'000
Authorised		
30,000,000 ordinary shares of £0.25 each	**7,500**	7,500
Allotted, called up and fully paid		
16,869,000 ordinary shares of £0.25 each	**4,217**	4,217

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

There were no purchases of ordinary shares for cancelation in the year ending 31 December 2010 or 2009.

46. Reserves

	Share premium £'000	Capital Redemption £'000	Revaluation Reserve £'000	Retained earnings £'000
Balance at 1 January 2009	2,886	604	1,655	21,439
Profit for the year	—	—	—	12,129
Revaluation of investment properties	—	—	(348)	—
Revaluation of equity investments	—	—	—	1,657
Dividends paid	—	—	—	(1,518)
Balance at 1 January 2010	2,886	604	1,307	33,707
Profit for the year	—	—	—	1,522
Realisation of revaluation reserves on disposal	—	—	(1,307)	1,307
Revaluation of equity investments	—	—	—	752
Dividends paid	—	—	—	(3,205)
Balance at 31 December 2010	**2,886**	**604**	**—**	**34,083**

47. Reconciliation of operating profit to operating cash flows

	2010 £'000	2009 £'000
Analysis of cash flows for headings netted in the cash flow statement		
Returns on investments and servicing of finance		
Interest received	**49**	85
Interest paid	**(2,239)**	(2,038)
Income from investments	**4,827**	8,339
Net cash inflow for returns on investments and servicing of finance	**2,637**	6,386
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**—**	(81)
Sale of tangible fixed assets	**2,570**	—
Debt purchased at a discount	—	672
Purchase of fixed asset investments	**(1,898)**	(962)
Sale of fixed asset investments	**3,172**	2,360
Net cash inflow for capital expenditure	**3,844**	1,989

	At 1 January 2010 £'000	Cash flow £'000	At 31 December 2010 £'000
Net cash:			
Cash at bank and in hand	11,895	(7,563)	**4,332**
Debt:			
Due within one year	—	(42,500)	**(42,500)**
Due after more than one year	(42,500)	42,500	**—**
	(30,605)	(7,563)	**(38,168)**

48. Other commitments

At 31 December 2010 the Company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2010	2009
	£'000	£'000
Expiry date:		
Between 1 and 5 years	**–**	23

49. Related party transactions

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

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

In respect of Wimbledon Studios Limited, A S Perloff, Chairman, also independently made an investment in 25% of the equity for consideration of £150,000.

Additionally, Panther Securities PLC made advances to the two independent directors of Wimbledon Studios Limited of £62,500 each, in order for them to be able to purchase their shareholdings in that company. Both loans are unsecured for a maximum term of 3 years and attract interest of 4% per annum.

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

50. Reconciliation of movements in shareholders' funds

	2010	2009
	£'000	£'000
Profit for the year	**1,522**	12,129
Dividends	**(3,205)**	(1,518)
Other recognised gains and losses during year	**752**	1,309
Opening shareholders' funds	**42,721**	30,801
Closing shareholders' funds	**41,790**	42,721

51. Risk management

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

Notice of Annual General Meeting

Panther Securities P.L.C.

Notice is hereby given that the 77th 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 29 June 2011 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 2010.

2. To authorise the payment of a final dividend of 5.0p per ordinary share.

3. To re-elect (biographical details are available on the company website):

   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.

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

5. That for the purposes of section 551 Companies Act 2006 (and so that expressions used in this resolution shall bear the same meaning as in the said section 551):

   (i) the Directors be and are generally and unconditionally authorised to allot equity securities (as defined in section 560 of the Companies Act 2006) up to a maximum aggregate nominal amount of £2,400,000 to such persons and at such times and on such terms as they think proper during the period expiring at the conclusion of the Annual General Meeting of the Company to be held in 2011 (unless previously revoked or varied by the Company in general meeting); and

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

   (iii) this resolution revokes and replaces all unexercised authorities previously granted to the directors pursuant to section 80 Companies Act 1985 but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to made pursuant to such authorities.

As Special Business

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

6. That, subject to the passing of resolution 1 set out in the Notice convening this Meeting, the Directors are empowered in accordance with section 571 Companies Act 2006 to allot equity securities (as defined in section 560 Companies Act 2006) for cash, pursuant to the authority conferred on them to allot equity securities (as defined in section 560 of the Act) by that resolution, as if section 561 (1) Companies Act 2006 did not apply to any such allotment, provided that the power conferred by this resolution shall be limited to:

   (i) the allotment of equity securities in connection with an issue or offering in favour of holders of equity securities and any other persons entitled to participate in such issue or offering where the equity securities respectively attributable to the interests of such holders and persons are proportionate (as nearly as may be) to the respective number of equity securities held by or deemed to be held by them on the record date of such allotment, subject only to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws or requirements of any recognised regulatory body or stock exchange in any territory;

(ii) the allotment (otherwise than pursuant to paragraph 2.1 above) of equity securities up to an aggregate nominal value not exceeding £211,838; and

(iii) the power granted by this resolution, unless renewed, shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2011 but shall extend to the making, before such expiry, of an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

7. That the Company is generally and unconditionally authorised for the purpose of section 701 Companies Act 2006 to make market purchases (as defined in section 693 (4) of the said Act) of ordinary shares of 25p each in the capital of the Company ("ordinary shares") provided that the Company be and is hereby authorised to purchase its own shares by way of market purchase upon and subject to the following conditions:–

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

(ii) The maximum price (exclusive of expense) at which any share may be purchased is the price equal to 5 per cent. above the average of the middle market quotations of an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days preceding the date of such purchase, and the minimum price at which any share may be purchased shall be the par value of such share; and

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

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

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

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

Dated: 20 April 2011

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.

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