PANTHER SECURITIES PLC

Annual Report & Financial Statements 2012

The Year in Brief

	2012 £'000	2011 £'000
Revenue	**12,673**	11,940
Loss before tax	**(4,633)**	(2,312)
Total comprehensive loss for the year	**(2,989)**	(2,902)
Net assets of the Group	**62,053**	67,066
Loss per 25p ordinary share	**(17.2)p**	(5.1)p
Dividend per ordinary share (based on those proposed in relation to the financial year)	**12p****	12p
Net assets attributable to ordinary shareholders per 25p ordinary share	**367p**	397p

**12p – 3p is paid and 9p 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
Registered Office	Deneway House, 88-94 Darkes Lane, Potters Bar, Herts. EN6 1AQ
Company number	293147
Website	www.panthersecurities.co.uk
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Financial Advisors	Sanlam Securities UK 10 King William Street, London EC4N 7TW
Registrars	Capita Registrars The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU
Solicitors	Oberman Law 15 Southampton Place, London WC1A 2AJ Howard Kennedy 19 Cavendish Square, London W1A 2AW Biggart Baillie Dalmore House, 310 St Vincent Street, Glasgow G2 5QR MacRoberts LLP 152 Bath Street, Glasgow G2 4TB Fox Williams LLP Ten Dominion Street, London EC2M 2EE Blake Lapthorn New Kings Court, Tollgate, Chandler’s Ford, Eastleigh, Hampshire SO53 3LG

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

Chairman's Statement

As always, I am pleased to present our figures for the year ended 31st December 2012, this being my 39th annual Chairman's statement. Every year we are obliged to provide shareholders with more information and each year it becomes less understandable to you and slightly harder for me to explain what is happening in our accounts.

Our loss for the current year which is shown as £2,948,000 compared to £850,000 the previous year, was heavily influenced by an almost £5,000,000 reduction in value of our investment portfolio and £777,000 deterioration in our swaps liability. The reduction in the value of our entire portfolio following the directors' revaluation was mainly a result of a slowdown in property values. After two years of increases totalling £9,700,000 a deteriorating market sentiment warrants an appropriate reduction in values.

I have reiterated ad infinitum my views regarding the foolishness of including property revaluation and derivative revaluations in the Income Statement. For instance, if our accounts had been produced for the period that ended just four days later, our swaps liability would have been approximately £2,000,000 less. Unfortunately, they are now approximately back again to about the Balance Sheet valuation, this probably caused by the American Christmas budget failure and then by the financial crisis in Cyprus, both factors way out of our control.

Reporting on the more relevant parts of the business, our rental income receivable for this period increased to £10,781,000 compared to £8,961,000 the previous year which is mainly due to additional property investment. Worth noting is the fact that investment purchases of approximately £7,300,000 completed towards the end of the year will subsequently contribute a full gross rental income of over £1,600,000 p.a. and net income after ground rent of about £1,100,000 p.a. as opposed to only one month in the period under review.

Our finance costs are up considerably this year rising from £2,954,000 to £4,466,000, due to our increased banking borrowings with higher margins, as well as increased interest rate fixing costs due to a swap that crystallised in 2011, which was payable for only part of the previous year. It is worthy of note that our remaining finance costs are relatively cheap as they are not fixed with historic fixing instruments and if we continue to buy high yielding property investments it will contribute to a strong increase in our profits. When we are fully invested our gross rents should be approaching three times the cost of finance.

Once again this has been a very active year for our Group. We disposed of two separate freeholds in Eastleigh and Southampton for a total of £595,000 and giving us a profit of approximately 50% of book value.

Acquisitions during this accounting year

Our purchases are far more extensive and brief details are as follows with all prices stated to include stamp duty:-

Lowestoft, Suffolk

This Beale PLC department store is in London Road North, Lowestoft. It is a modern store with 21,000 square feet of selling space spread over two floors, situated on the town's main pedestrianised shopping street close to Tesco Metro Supermarket, Sports Direct, BHS department store and Peacocks.

Wisbech, Cambs

This Beale PLC department store in Little Church Street, just off The Market Place, is a modern, two storey store containing 26,000 square feet of selling space and sited in the centre of town.

Beccles, Suffolk

This is another Beale PLC department store which is an older building consisting of two separate sections adjoining but separated by a small vehicular service road. It comprises approximately 17,000 square feet over the ground floor with some footage on the first floor. The property fronts through from Smallgate to The Walk and is close to the centre of this market town and also to the Tesco superstore.

The above three freehold properties are let on similar leases to Beale PLC, whereby the rent is a share of department store profits until May 2014, when there is a mutual break which we are likely to utilise to negotiate a market rent which would produce an acceptable return on our investment.

The price paid for these three properties was £2,347,000 of which £300,000 was deferred, payable in February 2015.

Huntingdon, Cambs

In February 2012 we acquired a modern factory premises on 5.5 acre site on the Stukeley Meadows Industrial Estate, one mile north of Huntingdon town centre. It comprises 96,000 square feet of which 90,000 feet is on the ground floor.

The property is currently let VIP Polymers Ltd on an FR&I lease for 15 years from February 2005 at £190,000 p.a. exclusive with rent reviews in 2015 to 65% of open market rental value. The property cost £1,278,000 and is held on a long lease for a term of 999 years from February 2005 at a fixed rent of one peppercorn.

Scunthorpe

In August we acquired a vacant, double-fronted freehold shop unit in Scunthorpe for £250,000. This property is situated in a prime corner position in the High Street. Half the unit is now let to William Hill PLC and when fully let we anticipate a high return and an increased capital value.

Bradford

In September the freehold of 26 Darley Street, Bradford was acquired for £494,000. This unit was let to Textiles Direct Limited at a rent of £35,000 per annum and comprises 1,900 sq ft ground floor sales and a total of 7,700 sq ft. It is located in a prime location in Bradford adjoining M&S and gives us enhanced synergies on management being next to an existing large investment block. Textiles Direct have since vacated and we hope to re-let on better terms.

Liverpool

In November we acquired 14-26 Williamson Street for £1,007,000. This is a modern 30,000 sq ft long leasehold investment held at a fixed nominal ground rent and is located in a prime, central pedestrianised retail district of Liverpool. The current rental income is £214,000 from the two retail tenants.

Glasgow

Also in November we acquired a feuhold (Scottish equivalent of freehold) office and industrial site totalling 2.26 acres in Ruchill Street, Glasgow. It has 8 tenancies, a number of buildings and 88 parking spaces. It cost £504,000 and produces an income of £271,000 per annum. This high return was possible due to the fact that there were six leases due to expire in March 2013. The Group took the view that it could negotiate lease extensions with enough of these tenants to provide a decent return and re-let some of the vacant space. Most of the tenants are still there but it is likely the rent will fall from the initially exceptionally high level.

Coatbridge

Also in the same month, the long leasehold interest of 18-80 & 84-106 Main Street, Coatbridge was acquired for £5,760,000. The two neighbouring, well located and prominent parades are key retail hubs within Coatbridge, near Glasgow. Together, the parades provide 88,000 sq ft across 42 retail units. Current tenants include Specsavers, Boots, Co-op Travel, Superdrug, Phones 4 U and the Royal Bank of Scotland. The parade currently produces a gross income of approximately £1,230,000 per annum with ground rent payable as a proportion of rents collected. Our initial net income after all costs will be approximately £730,000. This investment offers strong returns as well as opportunities for asset management through the letting of vacant units and further development.

Progress on Developments

Holloway Head, Birmingham

Approximately half of this site has recently received permission for demolition and temporary use as a car park. This will at least allow for a financial return pending the eventual comprehensive development of this huge scheme which may proceed when the Birmingham residential market picks up.

High Street, Croydon

This property has partially completed its transformation with over half the ground floor successfully now trading as a Sainsbury's Local mini market with an adjoining shop unit available for letting. The upper part has received planning permission for six large flats. We originally wanted to create twelve small flats as there is little demand for large family units without parking or gardens in the town centre. However, there is excellent demand for smaller units. Of course, to build large units costs more proportionally making the scheme less viable. We will therefore try to obtain an amended planning permission.

Wolverhampton

I have previously mentioned our properties in Victoria Street which are located in the very heart of Wolverhampton. These properties, purchased some years ago for improvement and letting, unfortunately did not live up to expectations. This was due to the failure of a proposed grandiose comprehensive town centre scheme that was caused by the financial meltdown, and unfortunately not before a Compulsory Purchase Order ("CPO") was placed on the entire block. This meant any money invested in the property would not be reimbursed under the terms of the eventual compensation paid. In due course the CPO was lifted but not before the local vandals and petty thieves of building materials such as lead, tiles etc., had done their worst. We are now discussing with the Council the partial or total demolition of the buildings in the parade and some new uses which will bring the property back into use to the benefit of us, the Council and an important part of Wolverhampton town centre. Our current ideas are along the lines of suggestions submitted in the Mary Portas High Street Regeneration Report.

This brings us to **High Street, Margate** which, because it was one of the most depressed High Streets in the country, was chosen by Mary Portas as her first pilot scheme to rejuvenate tired, dying high streets. We were asked to lend a triple fronted vacant unit for fifteen months, rent free, which we willingly did under licence, after spending approximately £15,000 on minor repairs.

The Margate town centre rejuvenation team created about 20 individual stall units, out of a possible 30, which were quickly occupied by small, local start up businesses to showcase their wares.

There was a grand opening ceremony attended by Mary Portas, The Margate Council leader, various local dignitaries, a local college choir, a few minor celebrities and, of course, television cameras. Margate High Street had probably not seen such a huge crowd for over 40 years!

About half of the initial pop-up stores are still there but there has been disquiet in the Town Centre Team when they discovered that the project does not qualify as a charity and may have to pay full rates. The rates are enormous for the unit and the project may struggle. The previous tenant was in administration and did not have to pay them but once the Town Team took over, rates became payable. These rates may be three times the correct level, which will obviously hinder their efforts but may be corrected on appeal.

I actually read the whole Portas report and found for the most part it was excellent although lacking in understanding from a landlords' perspective and the problems and constraints faced by them. Her particular genius is in the retailing, merchandising and publicity generation that is essential with any new ideas and also in galvanising the locals in trying to help themselves. She was there to help in all this, whilst the cameras were still rolling.

St Aldate Street, Gloucester

Above this block of 17 shops, which are mostly let, this property contains 21 flat units that have been vacant for some time. Our refurbishment of them is now complete and we have provisionally agreed to let them in their entirety to a Housing Association at £72,500 per annum. This will mean a great improvement to the profitability and capital value of this property.

High Street, Perth

After tenant requirement works had been carried out at this shop, it was let to Sainsbury's Plc at £45,000 per annum as a convenience store. We have a similar sized unit next door whose desirability will now have improved.

Wimbledon Studios

Our associated company's first year turnover was £1 million. In its second year it reached £2 million and is still increasing. Whilst it has not yet reached the profitability breakthrough point, the facilities it offers and the huge publicity it generates are bringing more and more business its way. I am hopeful that in due course this may prove to be one of our more successful investments.

Residential Development Opportunities

The Budget proposals to encourage new residential development may help some of the schemes which we already have under consideration on existing properties/sites.

Ramsgate High Street – Thirty flat units; **Broadstairs High Street** – Two large shops plus eleven flats; **Wickford**, together with adjoining owners, a possible 60 houses on redundant factories adjoining a residential area; **Heybridge, Maldon** – Two acres of surplus industrial land adjoining a residential area suitable for housing.

Under the new attitude and desire to promote residential development, there are also one or two other larger sites suitable for development.

Tenant Activity

During the accounting year we lost a total of 29 tenants who produced approximately £470,000 per annum net. During the same period we let to 48 tenants at rents totalling £742,000 per annum yielding a net gain of approximately £272,000, before allowing for tenant incentives etc. We also concluded 16 lease renewals or extensions. These figures do not include income from new acquisitions or disposals.

Tax

This year our Corporation Tax payable is £372,000. We also paid around £450,000 in stamp duty tax, approximately £450,000 in vacant rates, £172,000 National Insurance tax and also £85,000 in non-recoverable VAT thus contributing approximately £1.5 million to government coffers. As I said last year, a 1% cut in Corporation Tax on profits is of minor significance but welcome.

High stamp duty inhibits investment, and so in this most recent Budget, mindful of this, the Chancellor reduced stamp duty on investing in equities on the AIM market from ½% to nil with a view to assisting growing companies raise finance. Where is the logic then in charging 4% stamp duty on commercial property investment over £500,000, when a company raises money by selling and leasing back the property it occupies, either for expansion or repaying finance costs?

A Budget that helps people buy their own homes is always welcome and if it encourages new house building our economy will also benefit. Charging stamp duty of 7% on high value and 5% on slightly less valuable residential properties considerably reduces the amount of high value sales. Virtually all people selling high value properties either move up or down the property ladder, freeing up another purchaser to do the same causing activity in the market and so on and so on whereas a first time buyer creates a single unit purchase of economic activity.

A wealthy new purchaser is more likely to spend money on redecoration and refurbishment including the purchase of new furniture, beds and appliances. Unfortunately, rapacious, greedy and daft high taxation policies that affect the upper level housing market means less house sales, less retail sales, less manufacturing, less employment and thus less taxes are collected overall.

Any sensible business makes profitable use of its assets, and governments should try to do the same for the country it claims to govern. Throughout the UK, 12.5% of this country's shops are vacant, depressing our High Streets. We all know the changing sales pattern of the modern era, due to the non shop-rent paying internet websites and super-duper large, out of town stores with free parking, and also all not subjected to vengeful personnel in uniforms persecuting drivers who want to shop – all play a large part in this change!

But what does our listening government do? It puts the retail property industry into its "care pathway" charging ever rising uncommercial rates which increase annually due to inflation which is caused by government mismanagement. THESE CHARGES ARE PAYABLE WHETHER A PROFIT IS MADE OR NOT. It delays a rating revaluation that is due because practically all properties outside of the M25 would have a big reduction in their rateable value due to falling values.

Hundreds of companies go bankrupt because they are unable to close non-profit making shops which would still bear full rates, often more than the rent paid to a Landlord who will have invested hard earned tax paid money to purchase the property and is often willing to make temporary concessions. Cautious people who have wisely invested in property for their retirement who then have the misfortune to lose a tenant are then perniciously and doubly punished by being forced to pay vacant rates. This is iniquitous. I could go on for much longer on this subject showing how dreadfully foolish it is for the well-being not just of the British economy, but also social cohesion, but instead I will move onto the next subject!

Political Donations or "Funds For Fighting Fiscally Foolish Fiddling Fibbers"

Most of you will know I have been a supporter of the Conservative Party since Winston Churchill led the party which was obviously well before I could vote! For many years I have asked shareholders to support them financially. Last year the resolution to pay £25,000 to their funds was supported by approximately 4 out of 5 shareholders who voted (I never vote my family's holdings on these resolutions). I was already having my doubts and feeling unhappy about all the anti-property and anti-enterprise measures formulated by the previous government and sadly increased by this new one (too boring to list). I therefore decided not to give the approved donation.

To say I am disappointed with progress since the Conservatives and their civil partners have been in control of the commanding heights of our economy is an understatement. Whilst I still have Conservative sympathies, this coalition or marriage between the Conservatives and Liberal Democratic parties appears to have the European Union as a third party to the marriage which is an even worse basket case than our own government. I believe the majority of this country's problems stem from our membership of the European Union. Although we have been promised a referendum on the subject, it has so many caveats that it is unlikely to ever happen.

Any shareholder with over 5% equity in a public company can requisition the company to include a resolution for consideration at an AGM. My personal holding is well in excess of this level.

Therefore, this year I have put forward a resolution to donate £25,000 to the UK Independence Party in the hope they can generate some new blood and guts into our government. As with all other votes on political donations, I will not vote the shares I control.

Dividends

On 30th November 2012 we paid an interim dividend of 3p per share. This year we are proposing a final dividend of 9p per share.

I have often been asked by shareholders if we could give a share alternative to the cash dividend because many found it difficult or disproportionately costly to purchase a few hundred extra shares. In the last three accounting years we have invested £40,000,000 in what we believe are good long term property investments. Therefore, we have decided to henceforth offer a scrip dividend. A scrip dividend will assist the company by keeping funds within the business to invest in other opportunities. The scrip dividend also has the advantage for shareholders by providing them with the flexibility of choosing between their usual cash dividend or to take the share alternative without the cost of brokers fees or stamp duty. The value of the shares that would be received would have the equivalent value of the dividend due, based on an average share price over 5 working days from the ex-dividend date.

Shareholders with approximately 10,000,000 shares combined have already indicated that they will take up the share allocation. Personally, I will take up approximately one quarter of my maximum allocation as my dividend is my major source of income (I take no salary, or drawdown on my pension fund). I believe in being in the same boat as my shareholders. I just have a much larger paddle!

The appropriate forms will be included with the accounts when posted to shareholders.

Prospects

Those of you who read my ramblings may recall my "chopped liver syndrome" story that I recounted in our accounts for the year ended 31st December 2008. Briefly put, it was that after a severe case of chopped liver poisoning, it took me at least three years before I could face eating it again. I likened this to the investment market suggesting that those who had suffered severe financial shocks and indigestion would take at least three or more years before they recovered their appetite to invest. This is now happening. With the stock market rising with renewed confidence, the normal course of events would be for property investment to follow.

One of our independent valuers once suggested to me that much of our portfolio comprised opportunity property, meaning that if certain action is taken successfully the values rise disproportionately upward to normal inflation adjustments. These changes could be re-letting a vacant property, obtaining planning permission for a different use, acquiring an adjoining property (back land), utilising the space better (vacant upper parts), changing the lease terms or tenant covenant and many other possibilities, all of which our Group understand well. Current times are more difficult than in the past because not only are we facing a feeble financial recovery, but also battling against uncomprehending government incompetence, both centrally and locally.

However, I still believe we can face the future with confidence because of our basic corporate mantra which is to have a large spread of different types of property i.e., department stores, shops, factories, offices and residential investments, spread over more than 100 different locations from Perth to Plymouth with a huge variety of tenants ranging from household names down to one-man band operations. From Sainsbury's, Poundland and William Hill covenants to tattoo artists and nail bars or garage repair workshops, all of which provide desirable services to the community and most of whom are capable of paying their rent which produces a substantial rental income, for us, with prospects of growth.

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

Andrew S Perloff
Chairman

24th April 2013

Chairman’s Ramblings

There was much excitement in the archaeological world last September. Researchers believed that beneath a council car park in Leicester they had unearthed the bones of one of England’s most famous kings, Richard III.

Richard III supposedly died in 1485 at the Battle of Bosworth Field bringing an end to his two year reign. It is widely believed that he was the last English King to die in battle.

Nowadays, most perceptions about Richard III are based on Shakespeare’s version of events or upon Laurence Olivier’s portrayal of the king as a limping, hunchbacked, cunning killer, responsible for the death of his two young nephews in the Tower of London, along with many others who may have been an impediment to his ascent to the Throne.

I have however long felt that history had misjudged Richard III and finding his bones in a council car park was the final clue to what I believe happened.

Shakespeare wrote his play based on verbal stories that had been passed down from generation to generation as there was little written unbiased, factual reporting at that time – no Daily Mail or Telegraph. English as we know it would be barely comprehensible to today’s ears and regional accents were particularly hard to understand. It makes sense therefore that when Shakespeare was told that Richard III’s dying words were “A HORSE, A HORSE, MY KINGDOM FOR A HORSE” he actually misheard and mistakenly assumed that Richard fell from his horse and was killed in battle and so Shakespeare’s play ended Richard III’s reign in that way.

We know Richard III liked to build castles. I believe it was much more likely he had applied for permission to build a very large turreted, fortified house for himself and his huge retinue somewhere in Leicestershire to defend his northern estates.

I believe he had been waiting for many, many months for permission to be granted and that whilst engaged in the Battle at Bosworth Field he received a message that the permission certificate was almost ready. So excited was he that he rushed off on his trusty steed, leaving a King’s double at the battle in his place. His haste was to be in vain as when he reached the council’s parking field he had to wait, and wait and wait…….

He was a king – certainly not accustomed to being kept waiting. After a week his patience finally ran out and in a burst of frustrated anger he bellowed loudly “A HOUSE, A HOUSE, MY KINGDOM FOR A HOUSE”. The strain unfortunately proved too much, for he then fell down dead with a heart attack.

What happens next is easy to imagine. He lay there for weeks because the gravediggers were on strike wanting a reduction in their 120 hour working week for in those days there were plagues galore, wars, much killing and death came often and early.

Almost certainly the rubbish gatherers were also on strike because the councillors wanted a share of the profits from the rubbish collectors’ scavenging rights.

Thus the body of Richard III was gradually swallowed up beneath piles of rubbish and forgotten about. No doubt in due course the council built over the site with a prestigious tavern and luxurious wenching hall for visiting councillors, or dignitaries from towns with which they were twinned and entwined.

Over 500 years later not much has changed. Pickles, son of Yorkshire, a modern day lord, bestrides the country like a mighty colossus loudly berating all councillors “100,000 houses, 100,000 houses, our kingdom needs 100,000 more houses” and of course, with little effect.

Many thousands of people wait and wait and wait for planning permissions in months and years of agonising frustration whilst the councillors and bureaucrats live the high life, in easy jobs with generous pensions, partly paid for when they collect their share of the scavenging rights now called parking revenues (charges and fines).

Was it Shakespeare who said “A plague on both your houses”? He obviously meant the Lords and the Commons not the Montagues and Capulets as widely believed.

My ramblings can leap through time and so we now arrive in April 1942 and war-torn France is occupied by Germany’s front line Panzer Divisions. Hitler was visiting his troops in preparation for a special awards ceremony in celebration of his birthday the following day.

He decided to take an early evening stroll along the banks of the River Seine with his faithful Labrador, Heinz.

Although Heinz was generally a well-behaved dog, he had been trained by Hitler. So when a black swan swam past them, the dog instantly jumped into the river to attack it, pulling Hitler in behind him. Hitler could not swim and began thrashing around in the water, sinking and resurfacing time after time. The only person to witness his distress was Hymie Le Cohen who immediately threw off his coat and jacket, jumped in and saved both Hitler and his dog.

Hitler’s aides came running to help their spluttering and soaking Fuhrer. They were instructed to take Hymie to the camp, let him have a bath, dry and iron his clothes and the following morning a special birthday award would be bestowed upon him.

At nine a.m., the Panzer’s 1st, 2nd & 3rd Division were all lined up for inspection and additionally the four people who were to receive Hitler’s special award were in the front line ready to receive the extra special personal service award of the Fuhrer.

The first was Heinrich, a 6’6”, big muscle-bound soldier with blue eyes, blonde hair and a look of utter devotion. Hitler walked up to him, pinned an iron cross to his chest and announced “You single-handedly wiped out a gypsy camp whose wedding party kept me awake for two nights running. A great General cannot plan battles without his sleep! Name your greatest wish and it shall be yours.”

“My Fuhrer, after the war I would like a magnificent schloss in Bavaria with a 1,000 hectare forest surrounding it where I can hunt and shoot every day at my leisure”. Hitler replied “Your wish is noted and will be granted”.

Hitler moved to the next person, a rotund man with rosy cheeks wearing a clean butcher’s apron, this being his profession as well as being Hitler’s personal chef. Hitler approached him, pinned an iron cross on his chest and said “Fleishman, you have been an exceptional chef providing wonderful meals and always tasting my food before me. What is your greatest wish?”

Fleishman replied “After our great victory I want to retire to a farm with 1,000 hectares and a herd of fine Friesian cattle in Austria”. Hitler replied “Your wish is noted and will be granted”.

The next man, slender but smart, was Hitler’s tailor. He wanted and was promised the largest department store situated on the main shopping street in Dresden.

Finally, Hitler came to the last and smallest man in the line, Hymie Le Cohen. Hitler looked at Hymie and instantly realised he was a Jew, his powers of observation helped by the fact Hymie had a large yellow Star of David sewn onto his coat lapel. Hitler looked at Hymie and announced “A Jew could not possibly be so brave as to jump into the fast flowing river and save the Fuhrer, there must be a mistake on your papers”. Hitler then strode up to Hymie, tore off the yellow Star of David, threw it to the ground and loudly announced “You are now an Honorary Aryan. What is your greatest wish?” “Please Herr Fuhrer, I would love to have a plate of pickled herrings and gefilte fish". "Is that all?" Hitler replied. "It is my greatest wish", Hymie answered. Hitler ordered his aide to deal with this wish immediately.

Hitler turned round and to the sound of trumpets blowing and three stupendously loud sieg heil salutes from his troops, Hitler left the parade ground. The three other award winners crowded round Hymie Le Cohen. They mocked him and laughed at him saying how stupid he was to ask for so little from the most powerful man in the world. Hymie replied "Mark my words, Heinrich, you won't get your schloss and 1,000 hectare forest, Fleishman, you won't get your big farm and cattle. Mr Tailor, you won't get your Dresden department store but I might, just might, get my plate of pickled herring and gefilte fish!"

Across our country those who have survived the long wait for planning permission find that in return for the right to develop – the local petty Hitlers are demanding the use of either half the block of flats or houses to be built for community use (i.e., at a loss), a new library, road, public hall, meeting room, money for parking places (never built), new parks, statues, grants, even mini tunnels for newts!

These are called Section 106 payments. The correct term is blackmail – and like the soldier, the butcher and the tailor, they rarely get them.

Unfortunately, as always, the real loser is the community who do not obtain the extra homes needed to house future generations or the better shops, offices and factories to work in and the boost to the economy that extra jobs from development and building creates.

So councils' please note. LESS MIGHT MEAN MORE!!

In his penultimate Budget, our Chancellor announced that the year after tax rates for high earners were increased to 50% from 40%, the number of people declaring an income in excess of £1,000,000 per annum fell from 16,000 people to 6,000 people.

To paraphrase Lady Bracknell: "For a government to lose just one tax payer earning over £1,000,000 per year is unfortunate. To lose ten such high tax payers smacks of carelessness but to lose 10,000 of these enormously high earning tax payers shows colossal incompetence, passing through insanity and reaching on financial suicide."

The disclosure of this golden nugget of information is of course only the tip of the iceberg of the stupidity of our taxation system.

Much of the legislation regarding taxation, employment rights, health & safety, environmental concerns etc., are equally dysfunctional and would appear to have been created by a team of vindictive idiots who have been locked up in an asylum for the insane with the brief of creating laws and regulations for the whole country which very, very few people can understand.

However, over the years I have encountered many of our MPs, former MPs and legislators, not just Conservatives but also those from other parties. You may be surprised to learn that I have found most of them pleasant and intelligent people, often with a keen sense of humour, earnestly dedicated to their beliefs after consideration of their own personal interests.

So how come they make such a 'balls-up' of our laws and regulation systems? As always, I look way back into my past experiences to see if I can find a reason for this dichotomy between the pleasant and reasonable legislator and the ridiculous outcomes of the laws they implement.

Many years ago, when our Group was originally a manufacturing optical company, which was gradually making a change to be a property company, our then Board decided, in view of the constant and increasing losses from the optical manufacturing operations, that this part of the business should go. It was sold in a complicated transaction (brief details of which I mentioned in my ramblings in the Interim Report of 30 June 2009).

The Contract for Sale contained an agreement that on the completion date, all our stocks of lenses and frames would be valued at current value and paid over to the optical subsidiary companies that were selling all of their assets, the Group retaining the quoted holding company and property owning subsidiaries.

Most of the stock value was in glass and plastic lenses, which don't go out of fashion and are probably much the same as today. We were comfortable with this methodology of dealing with the stock payment as our stock was valued regularly. We had estimated we would receive over £200,000 for this stock.

However, when all the other initial payments had been paid and the stock figure came in, calculated by independent optical stock assessors, we were surprised to learn that it was over £50,000 less than anticipated.

I was, of course, furious. My initial reaction was that a mistake had been made. I wondered whether stock had been stolen or was a stock fraud possible? It transpired that none of these things had happened.

We examined the contract more closely and realised that the clause for assessing stock value – which was perfectly normal – stated that stock was priced at current wholesale prices but only one year's normal usage would be included as current stocks and paid for.

A large part of our stock was more than a year's usage. We had always been short of cash so how could this have happened?

I made enquiries about stock security and ordering systems which appeared very simple and secure. The stock was kept in a large locked room, all daily optical orders were delivered to the stockroom in small shallow boxes with the appropriate order for the frame and the prescription of the lenses required. The Stock Manager would allocate the lenses and frame and then distribute the boxes to the various finishing departments to be worked on and assembled prior to dispatch to the opticians.

I am sure most of you know that depending how short or long sighted you are, the glass lenses become progressively thicker. The lenses for short-sightedness range from -1 up to -20 diopters in ¼ diopter stages.

The vast majority of people need between -1 to -6 and the higher the number the thicker the lens (at -20 nearly 1 inch thick). The higher the number the more expensive and less commonly used the lens.

The lenses were delivered in cardboard boxes of 20. When a box of stock was down to only two or three units the Stock Manager would order another box from the lens manufacturer. It transpired that when the Stock Manager was on his twice a year holidays, the former Chairman's teenage son would deputise and take his place.

He was, I am reliably informed, honest and quite bright. Whenever a box of lenses neared the end he industriously did what he had been instructed to do and would promptly order another box of lenses. No-one had told him not to order the very thick lenses in whole box loads but only to order one or two pairs of these lenses at a time. Therefore, over the course of about four school holidays we had over £50,000 of slow moving stock that may have taken more than five years to use up.

With this unexpected and substantial loss, we were unable to pay all of the manufacturing subsidiary companies creditors and the parent company had no spare money to chip in, hence the optical companies were put into receivership and many long term optical business suppliers and service providers went unpaid.

The Chairman's son was honest and trustworthy, with nothing but the best intentions but he had absolutely NO EXPERIENCE of optical stocktaking. The lawyer who dealt with the sale on our behalf also had LITTLE EXPERIENCE of the optical business and was not therefore able to advise on the particular stock valuation clause.

And one more lazy sod took for granted that the stock valuation clause would correctly provide the appropriate value, i.e., ME – I WAS THAT LAZY SOD HAVING INSUFFICIENT EXPERIENCE of our stock systems and I assumed previous valuations were correct!

You can therefore see what a 'balls-up' you can make if you have NO EXPERIENCE of the matter in hand.

To the best of my knowledge none of our legislators or their advisers despite their expensive educations and degrees have the slightest experience of running a business or indeed any experience of the matters they legislate upon and that's why we're in the mess they have created.

Andrew S Perloff
Chairman

24th April 2013

Operating and Financial Review

Key features of the year

The year ended 31 December 2012 was another year in which we continued to invest strongly with a further £11.4 million of property acquisitions (£21.0 million in 2011), utilising £8.5 million of our loan facility. Many of these acquisitions were high yielding, bought from keen sellers, and were purchased using our floating facility (not fixed like the bulk of our loan facility) which has a relatively lower interest rate. Three of these high yielding properties were purchased in November 2012, with a combined purchase price of £7.3 million, producing approximately £1.1 million of annual net rental income. We were previously paying a non-utilisation fee, for non-draw down of our loan facility and as such our marginal increase in financing costs on these properties is only approximately £150,000. This year we only received a month of benefit, due to the completion in late November. We look forward to enjoying a full years benefit of the income over our financing costs, (after taking account of any additional costs involved of management) which should improve overall profits.

After two years of small growth in valuation of our portfolio, unfortunately we have seen a reversal of some of that value due to a weakening property investment market.

Our rental income was £10.8 million in 2012 compared to £9.0 million prior year. As mentioned above we expect our rental income to continue to increase following acquisitions.

Financing

The Group entered into facilities in July 2011 of £75.0 million with HSBC and Santander under a club loan facility. We drew down a further £8.5 million in the year.

The Group still has £6.5 million of this facility available and at the year end had £2.8 million cash for future investment and trading activities. We are also looking to dispose of non-core properties where we can get a good price, to provide us with more funds to seek higher yielding assets. Once we have utilised our remaining loan facilities we may consider other alternative finance, including raising new bank loans or bond issues.

Financial derivative

Unfortunately we have seen a further increase in our long term liability on these financial instruments of £777,000 (£10.6 million in 2011) with the total long term liability on our balance sheet being £20.7 million. We are hoping that this has now plateaued and post year end we have seen some reversal of this liability.

These financial instruments (shown at note 30) are our interest rate swaps that were entered into to remove the risk of interest rates increasing, by fixing our interest costs. However, in economic uncertain times, as we have seen over the last few years, there can be large swings in the accounting valuations, as small movements in the expectation of future interest rates can have a significant impact on their market value; this is partly due to their long dated nature.

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

Key Ratios

	2012	2011
Gross Profit Margin (Gross profit/turnover)	**69%**	65%
Gearing (debt*/(debt* + equity))	**53%**	47%
Interest Cover**	**1.25 times**	1.97 times
Finance cost rate (finance costs/average borrowings for the year)	**6.9%**	5.7%
Yield (rents investment properties/average market value investment properties)	**7.4%**	6.7%

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

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

Operating and Financial Review continued

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

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

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

The Directors submit their report together with the audited financial statements of the Company and of the Group for the year ended 31 December 2012.

Directors' Responsibilities Statement

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

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

In preparing those financial statements the Directors are required to:

- Select suitable accounting policies and then apply them consistently.

- Make judgements and estimates that are reasonable and prudent.

- State that the Group financial statements comply with IFRSs as adopted by the European Union.

- State that the Company financial statements comply with United Kingdom Generally Accepted Accounting Practice.

- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Group will continue in business, in which case there should be supporting assumptions or qualifications as necessary. This statement should cover both the parent company and the Group as a whole.

The Directors are also required by the Disclosure and Transparency Rules of the Financial Services Authority (as of 1 April 2013 the Financial Conduct Authority) to include a management report containing a fair review of the business and a description of the principal risks and uncertainties facing the Group and Company.

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

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

- The financial statements, prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities and financial position and profit or loss of the Group; and

- The financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities and financial position of the Company; and

- The Report of the Directors 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 corporate and financial information included on the Group website, www.panthersecurities.co.uk. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement and Operating and Financial Review. The financial position of the Group, including key financial ratios is set out in the Operating and Financial Review. In addition, the Report of the Directors includes the Group's objectives, policies and processes for managing its capital; the corporate governance section includes details of its 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 reasonable liquidity together with a number of long term contracts with its customers many of which are household names. The Group also has strong diversity in terms of customer spread, investment location and property sector.

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

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

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

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

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

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

Results and dividends
The loss for the year after taxation, amounted to £2,948,000 (2011 – loss of £850,000).

The interim dividend of £506,000 (3.0p per share) on ordinary shares was paid on 30 November 2012. The Directors recommend a final dividend of £1,518,000 (9.0p per share) payable on 31 July 2013 to shareholders on the register at the close of business on 21 June 2013 (Ex dividend on 19 June 2013). The total dividend for the year ended 31 December 2012 being anticipated at 12p.

We are proposing to give shareholders the option of a scrip dividend for the 2012 final dividend of 9p per share, with the default option being cash.

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

Donations
During the year the Group made £nil political donations (2011 – £24,000) to the Conservative Party. The Group makes donations to charities through advertisements at charity events and in the diaries of charities, the total of which in 2012 was £4,000 (2011 – £4,000) and also we became a Foundation Partner of the preferred charity of the property industry, Land Aid, donating £10,000.

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	
	2012	2011
A. S. Perloff (Chairman)	**4,179,713**	4,176,213
B. R. Galan (Non – executive)	**306,239**	306,239
P. M. Kellner (Non – executive)	**17,000**	17,000
J. T. Doyle	**60,000**	60,000
J. H. Perloff	**107,500**	105,000
S. J. Peters	**173,500**	170,000

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 (2011 – 7,737,336).

There have been no changes in Directors' shareholdings since 31 December 2012.

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.

Third party indemnity provision for Directors
Qualifying third party indemnity provision for the benefit of 6 directors was in force during the financial year and as at the date this report was approved.

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 2012 were equivalent to 74 days purchases (2011 – 56), based on the average daily amount invoiced by suppliers during the year.

Investment Properties
The Directors have revalued the property investment portfolio to market value as at 31 December 2011 and 2012. An independent valuation was previously undertaken as at 31 December 2010 by GL Hearn.

Capital structure
Details of the issued share capital of the Company are shown in note 25. The Company has one class of ordinary shares which carries no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

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

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

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

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

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

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

Auditors

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

- so far as that Director was aware there was no relevant available information of which the Company's auditors were unaware; and

- that Director had taken all steps that the Director ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors were aware of that information.

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

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

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

S. J. Peters
Company Secretary

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

Dated: 24th April 2013

Corporate Governance

Panther Securities P.L.C. supports a high standard of Corporate Governance and has, during 2012, complied with the UK Corporate Governance Code issued by the Financial Services Authority (as of 1 April 2013 the Financial Conduct Authority), subject to the points detailed below.

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

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

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

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

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

Biographical details of Executive Directors:-

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

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

John Doyle (Executive)
He is a member of the Royal Institution of Chartered Surveyors and was previously with London Electricity plc and Chesterton International plc, having worked in the property sector since 1989, he joined Panther in January 2001. His areas of responsibility include property acquisition and disposal, asset management and development. He was appointed Executive Director in 2005.

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

Biographical details of Non-executive Directors:-

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

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

The non-executive Directors were appointed and reappointed on their experience in the property and related industries and their continuing advice and independence. Peter Kellner and Bryan Galan do not act as non-executive for any other company. Neither is considered to be the senior independent Director.

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

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

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

Internal Controls and Audit Committee
The Directors are responsible for the system of internal control which is designed to meet the needs and risks of the Group. The internal control system provides reasonable but not absolute assurance against material misstatement or loss. The key procedures cover maximising long term revenue and cash flow, organisational responsibilities and authority limits and regular executive monitoring and review. This process was in place for the year under review and up to the date of approval of the report. It is regularly reviewed by the Board and accords with Turnbull guidance, excluding associates.

The Audit Committee has three members and includes both non-executive Directors and is chaired by P. M. Kellner, and also includes an executive Director, being the Chief Executive (this does not comply with the requirement that all members of the audit committee are non-executive Directors). However having three members prevents stalemate on decisions and adds more experience in audit and accounting to the committee. Its terms of reference, which are available from the Company's registered office, are that it meets at least twice a year to review the Group's accounting policies, financial and other reporting procedures, with the external auditors in attendance when appropriate. In 2012 the committee met three times with all members present.

The internal controls are reviewed annually ensuring their effectiveness and any specific issues are dealt with if and when they arise. When the Board reviews internal controls they consider the effectiveness of controls, concentrating on all material controls, including operational and compliance controls, and risk management systems.

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

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

Communication with shareholders
The Company provides extensive information about the Group's activities in the Annual Report and Financial Statements and the Interim Report, copies of which are

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

Substantial Interests

At the date of this report the Company has been notified of the following interests of 3 percent 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 within the Report of the Directors.

Nomination Committee

The Nomination Committee consists of Andrew Perloff, Peter Kellner and Bryan Galan and met three times in 2012 with all members present. Any changes that are required to be made are made in the best interests of the Group. In 2012 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, then consolidates the results and produces the financial statements. 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 loss. However, the actual cash outlay effect is nil when considered with the loan as the instruments are used to protect increases in cash outlays.

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

Price risk

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

Credit risk

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

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

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

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

S. J. Peters
Company Secretary

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

Dated: 24th April 2013

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 2012 the Committee met three times with all members present.

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

The Directors do not have a Share Option Scheme.

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

The proportion of the Group's basic salary bill attributable to the Executive Directors was 14% (2011: 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 2012 and does not anticipate making further contributions.

S. J. Peters had pension contributions paid in the year by the Company of £33,000 (2011 – £24,000) into his personal stake holders' contribution pension scheme.

No other payments were paid in respect of any other Director during the year (2011 – £nil).

Directors' emoluments
Directors' emoluments of £240,000, (2011 – £254,000) are made up as follows:

Director	Salary/Fees £'000	Bonus £'000	Taxable Benefit £'000	Pension Contribution £'000	**Total 2012 £'000**	Total 2011 £'000
Executive						
A. S. Perloff	—	—	6	—	**6**	6
J. T. Doyle	73	3	5	—	**81**	86
J. H. Perloff	46	2	1	—	**49**	53
S. J. Peters	48	3	—	33	**84**	89
Non-executive						
B. R. Galan	10	—	—	—	**10**	10
P. M. Kellner	10	—	—	—	**10**	10
	187	8	12	33	**240**	254

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

Directors' Remuneration Report continued

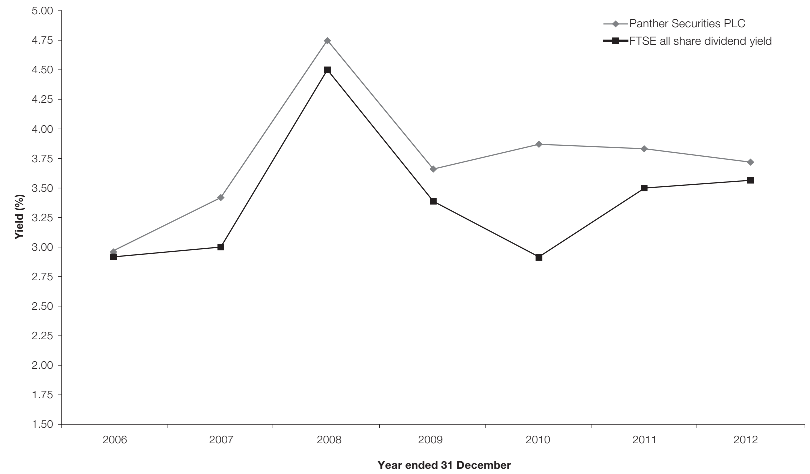
Total shareholder return
The following graphs show:

(1) The value by the end of 2012 of £100 invested in Panther Securities P.L.C. on 31 December 2006 compared with the value of £100 invested in the FTSE all share index.

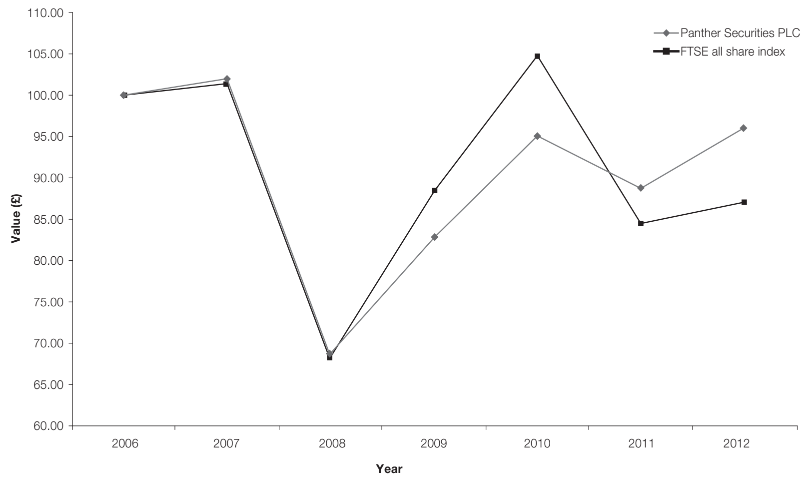
(2) The dividend yield compared with the FTSE all share index for the same period as in (1) above.

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

Dividend yield



Total shareholder return



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

B. R. Galan
Chairman of Remuneration Committee

Dated: 24th April 2013

Independent Auditors’ Report

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

We have audited the Consolidated and Parent Company accounts (“the accounts”) of Panther Securities P.L.C. for the year ended 31 December 2012 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 49. 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 auditor’s 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 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 FRC’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 Group’s and Parent Company’s affairs as at 31 December 2012 and of the Group’s loss for the year then ended;
- the Consolidated accounts have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company accounts have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the accounts have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Consolidated accounts, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

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

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

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

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

Under the Listing Rules we are required to review:

- the directors' statement, on pages 17 to 20, in relation to going concern;
- the part of the Corporate Governance Statement, on pages 21 to 24 relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to the shareholders by the Board on directors' remuneration.

Stephen Drew
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

25 Moorgate
London
EC2R 6AY

24th April 2013

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 2012

	Notes	31 December 2012 £'000	31 December 2011 £'000
Revenue	5	**12,673**	11,940
Cost of sales	5	**(3,906)**	(4,148)
Gross profit		**8,767**	7,792
Other income		**84**	76
Administrative expenses		**(3,303)**	(3,230)
		5,548	4,638
Profit on disposal of investment properties		**241**	—
Movement in fair value of investment properties	16	**(4,967)**	5,671
		822	10,309
Share of trading loss from associate undertaking	19	**(152)**	(171)
Finance costs	10	**(4,466)**	(2,954)
Investment income	9	**63**	58
Profit on disposal of available for sale investments (shares)		**99**	2,007
Impairment of available for sale investments (shares)		**(222)**	(926)
Fair value loss on derivative financial liabilities	30	**(777)**	(10,635)
Loss before income tax		**(4,633)**	(2,312)
Income tax credit	11	**1,685**	1,462
Loss for the year		**(2,948)**	(850)
Attributable to:			
Equity holders of the parent		**(2,898)**	(865)
Non-controlling interest		**(50)**	15
Loss for the year		**(2,948)**	(850)
Loss per share			
Basic and diluted	14	**(17.2)p**	(5.1)p

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2012

	Notes	**31 December 2012 £'000**	31 December 2011 £'000
Loss for the year		**(2,948)**	(850)
Other comprehensive income			
Movement in fair value of available for sale investments (shares) taken to equity	20	**(83)**	(517)
Realised fair value on disposal of available for sale investments (shares) previously taken to equity		**68**	(2,366)
Realised fair value on impairment of available for sale investments (shares) previously taken to equity		**–**	476
Deferred tax relating to movement in fair value of available for sale investments (shares) taken to equity	28	**(26)**	355
Other comprehensive loss for the year, net of tax		**(41)**	(2,052)
Total comprehensive loss for the year		**(2,989)**	(2,902)
Attributable to:			
Equity holders of the parent		**(2,939)**	(2,917)
Non-controlling interest		**(50)**	15
		(2,989)	(2,902)

Consolidated Statement of Financial Position

Company number 293147

As at 31 December 2012

	Notes	31 December 2012 £'000	31 December 2011 £'000
ASSETS			
Non-current assets			
Plant and equipment	15	**401**	489
Investment property	16	**153,156**	136,491
Goodwill		**8**	8
Deferred tax asset	28	**1,674**	—
Available for sale investments (shares)	20	**1,761**	2,597
		157,000	139,585
Current assets			
Inventories	21	**263**	321
Stock properties	21	**2,714**	7,015
Trade and other receivables	23	**4,529**	3,815
Cash and cash equivalents		**2,813**	5,482
		10,319	16,633
Total assets		**167,319**	156,218
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Capital and reserves			
Share capital	25	**4,217**	4,217
Share premium account	26	**2,886**	2,886
Capital redemption reserve	26	**604**	604
Retained earnings		**54,285**	59,248
		61,992	66,955
Non-controlling interest		**61**	111
Total equity		**62,053**	67,066
Non-current liabilities			
Long-term borrowings	27	**68,857**	60,252
Derivative financial liability	30	**20,705**	19,928
Deferred tax liabilities	28	**—**	151
Obligations under finance leases	33	**7,278**	1,205
		96,840	81,536
Current liabilities			
Trade and other payables	29	**8,014**	7,228
Short-term borrowings	27	**140**	140
Current tax payable		**272**	248
		8,426	7,616
Total liabilities		**105,266**	89,152
Total equity and liabilities		**167,319**	156,218

The accounts were approved by the Board of Directors and authorised for issue on 24th April 2013. They were signed on its behalf by:

A. S. Perloff
Chairman

Consolidated Statement of Changes in Equity

For the year ended 31 December 2012

	Share capital £'000	Share premium £'000	Capital Redemption £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2011	4,217	2,886	604	63,515	71,222
Loss for the year	—	—	—	(865)	(865)
Other comprehensive income				(2,052)	(2,052)
Dividends paid	—	—	—	(1,350)	(1,350)
Balance at 1 January 2012	4,217	2,886	604	59,248	66,955
Loss for the year	—	—	—	(2,898)	(2,898)
Other comprehensive income				(41)	(41)
Dividends paid	—	—	—	(2,024)	(2,024)
Balance at 31 December 2012	**4,217**	**2,886**	**604**	**54,285**	**61,992**

Within retained earnings are unrealised gains of £156,000 and deferred tax credit of £448,000 (2011 – unrealised gains of £170,000 and a deferred tax credit of £423,000) relating to fair value of available for sale investments (shares).

Consolidated Statement of Cash Flows

For the year ended 31 December 2012

	31 December 2012 £'000	31 December 2011 £'000
Cash flows from operating activities		
Profit from operating activities	**5,548**	4,638
Add: Depreciation charges for the year	**134**	122
Add: Loss on sale of fixed assets	**3**	—
Add: Loss on impairment of stock properties	**683**	60
Profit before working capital change	**6,368**	4,820
Decrease in inventory	**58**	—
Increase in stock properties	**(494)**	—
Increase in receivables	**(865)**	(1,046)
Increase in payables	**492**	1,304
Cash generated from operations	**5,559**	5,078
Interest paid	**(4,220)**	(2,545)
Income tax paid	**(143)**	(511)
Net cash generated from operating activities	**1,196**	2,022
Cash generated used in investing activities		
Purchase of plant and equipment	**(49)**	(59)
Purchase of investment properties	**(11,085)**	(20,952)
Purchase of available for sale investments (shares)	**(356)**	(693)
Proceeds from sale of investment property	**645**	—
Proceeds from the disposal of available for sale investments (shares)	**1,055**	3,222
Dividend income received	**53**	39
Interest income received	**10**	20
Net cash used in investing activities	**(9,727)**	(18,423)
Cash generated from financing activities		
Repayments of loans	**(145)**	(49,640)
Payment of loan arrangement fees and associated costs	**(469)**	(714)
New loans received	**8,500**	67,000
Dividends paid	**(2,024)**	(1,350)
Net cash generated from financing activities	**5,862**	15,296
Net decrease in cash and cash equivalents	**(2,669)**	(1,105)
Cash and cash equivalents at the beginning of year	**5,482**	6,587
Cash and cash equivalents at the end of year	**2,813**	5,482

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

2. **New and revised International Financial Reporting Standards**
New and amended standards adopted by the Group
None of the new standards, interpretations and amendments, effective for the first time from 1 January 2012, have had a material effect on the financial statements of the Group or the Company.

Standards, interpretations and amendments to published standards that are not yet effective
Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group or Company's accounting periods beginning on or after 1 January 2013 or later periods and have not been early adopted. It is anticipated that these new standards, interpretations and amendments currently in issue at the time of preparing the financial statements (April 2013) will have a material effect on the consolidated financial statements of the Group, however the extent of this has not yet been assessed.

- IFRS 9 Financial Instruments*
- Amendments to IFRS 7: Disclosures – Transfers of Financial Assets
- Amendments to IAS12: Deferred Tax: Recovery of Underlying Assets
- IFRS 10 Consolidated Financial Statements
- IFRS 12 Disclosure of Interests in Other Entities
- IAS 27 Separate Financial Statements
- IAS 28 Investments in Associates and Joint Ventures
- IFRS 13 Fair Value Measurement
- Presentation of items of Other Comprehensive income (Amendments to IAS1)
- Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance: Amendments to IFRS 10, IFRS 11 and IFRS 12*

* Not yet endorsed by the EU

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

3. **Critical accounting judgements and key sources of estimation uncertainty**
In the process of applying the entity's accounting policies, which are described below, the critical accounting judgements made by management which have had a material effect on the financial statements are as follows:

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

In respect of available for sale equity investments held by the Group as at 31 December 2012, if all of the declines in fair value below cost were considered as prolonged, the Group would suffer an additional loss of £nil (2011 – additional loss of £69,000) through the income statement. Additionally there were sources of estimation and uncertainty as noted under the accounting policy for Investment Properties and fair value of Derivative Assets and Liabilities.

4. **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.

Investment Properties

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

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

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

Transfers between investment property and stock properties

Transfers from stock properties to investment property are made at fair value; any difference between the fair value of the property at the date of transfer and its carrying amount is recognised in profit or loss.

For a transfer from investment property carried at fair value to inventories, the property's deemed cost for subsequent accounting in accordance with IAS 2 ('Inventories') is its fair value at the date of change in use.

4. Significant accounting policies continued

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 24.5% (2011 – 26.5%), 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 is classified as separate operating segment 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. The impact of its activities on the income statement is shown in note 5. The 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

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, is 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.

Foreign currency translation

Transactions in foreign currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date. Any gains or losses arising on translation are taken to the income statement.

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.

4. Significant accounting policies continued

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

Cash and cash equivalents

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

Financial liabilities and equity

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

Trade payables

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

Bank borrowings

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

Derivative financial instruments

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

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. When these investments are considered impaired in accordance with the requirements of IAS 39, the impairment losses are recognised in the income statement. On realisation of the available for sale investments, the cumulative gain or loss previously recognised through equity is reclassified from reserves to the income statement.

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

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

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

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

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

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

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

5. Revenue and cost of sales

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

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

Tunnel Limited was an operating segment whose principal activity was that of value shoe retailer. Its activities were discontinued in 2011. 100% of its revenues arose in the United Kingdom. 50% of the company was owned by the Group as a joint venture and only the Group's share was represented in these accounts.

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

Turnover arose as follows:	**2012 £'000**	2011 £'000
Rental income	**10,781**	8,961
Income from trading (Tunnel Limited) – 50% share	**—**	224
Income from trading (M.R.G. Systems Limited)	**1,892**	2,755
	12,673	11,940

Cost of sales arose as follows:	**2012 £'000**	2011 £'000
Cost of sales from rental income	**2,202**	2,286
Cost of sales from impairment of stock property	**683**	60
Cost of sales from trading (Tunnel Limited) – 50% share	**—**	131
Cost of sales from trading (M.R.G. Systems Limited)	**1,021**	1,671
	3,906	4,148

Profit/(loss) before income tax:	**2012 £'000**	2011 £'000
Loss from investment and dealing in properties	**(4,436)**	(2,332)
Loss from trading (Tunnel Limited) –50% share	**—**	(41)
Profit/(loss) from trading (M.R.G. Systems Limited)	**(197)**	61
	(4,633)	(2,312)

6. Loss for the year

The loss for the year is stated after charging:	**2012 £'000**	2011 £'000
Depreciation of tangible fixed assets – owned by the Group	**134**	122
Fees payable to the Group's auditor for the audit of both the parent company and the Group's annual report and accounts	**6**	13
Fees paid to the Group's auditor and its associates for other services:		
The audit of the parent's subsidiaries, pursuant to legislation	**60**	56
Other services provided	**2**	—

7. Staff costs

	2012 £'000	2011 £'000
Staff costs, including Directors' remuneration, were as follows:		
Wages and salaries	**1,426**	1,435
Social security costs	**172**	134
Pension contributions	**39**	35
	1,637	1,604
The average monthly number of employees, including Directors, during the year was as follows:		
Directors	**6**	6
Other employees	**36**	41
	42	47

8. Directors remuneration

	2012 £'000	2011 £'000
Emoluments for services as Directors	**240**	254

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:

	2012 £'000	2011 £'000
Short term employee benefits (salaries and benefits)	**265**	285

9. Investment income

	2012 £'000	2011 £'000
Interest on bank deposits	**10**	19
Dividends from equity investments	**53**	39
	63	58

10. Finance costs

	2012 £'000	2011 £'000
Interest payable on bank overdrafts and loans	**4,466**	2,953
Other interest payable	**—**	1
	4,466	2,954

11. Income tax credit

The charge for taxation comprises the following:

	2012 £'000	2011 £'000
Current year UK corporation tax	**372**	678
Prior year UK corporation tax	**(206)**	2
	166	680
Current year deferred tax credit	**(1,851)**	(2,142)
Income tax credit for the year	**(1,685)**	(1,462)

Domestic income tax is calculated at 24.5% (2011 – 26.5%) of the estimated assessable profit or loss for the year. The future provision for deferred tax has been calculated on the basis of 23.25% (2011 – 25%).

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

	2012 £'000	2012 %	2011 £'000	2011 %
Loss before taxation	**(4,633)**		(2,312)	
Loss on ordinary activities before tax multiplied by the average of the standard rate of UK corporation tax of 24.5% (2011 – 26.5%)	**(1,135)**	**(24.5)**	(613)	26.5
Tax effect of expenses that are not deductible in determining taxable profit/(loss)	**33**	**0.5**	21	—
Dividend income not allowable for tax purposes	**(13)**	**—**	(10)	—
Capital allowances for the year in excess of depreciation	**(58)**	**(1)**	22	—
Non taxable movement in fair value of investment properties	**(750)**	**(16)**	(847)	36.5
Non deductible movement in fair value of available for sale investments (shares)	**3**	**—**	13	—
Non deductible movement in fair value of financial instruments	**358**	**7.5**	252	(10)
Tax effect of non deductible loss in associate	**37**	**0.5**	45	(2)
Tax losses utilised	**48**	**1**	—	—
Marginal relief/taxed at small companies rate	**—**	**—**	(4)	—
Disposal of properties or shares	**(2)**	**—**	(343)	16
Prior year UK corporation tax	**(206)**	**(4)**	2	—
Tax credit	**(1,685)**	**(36)**	(1,462)	67

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

	2012 £'000	2011 £'000
Dealt with in the accounts of:		
– the parent undertaking	**(6,516)**	(13,863)
– subsidiary undertakings	**3,568**	13,013
	(2,948)	(850)

A reconciliation of parent company profit or loss is provided in note 31.

13. Dividends

Amounts recognised as distributions to equity holders in the period:

	2012 £'000	2011 £'000
Final dividend for the year ended 31 December 2011 of 9p per share (2010 of 5p per share)	**1,518**	844
Interim dividend for the year ended 31 December 2012 of 3p per share (2011 of 3p per share)	**506**	506
	2,024	1,350

The Directors recommend a payment of a final dividend of 9p per share (2011 – 9p), following the interim dividends paid on 30 November 2012 of 3p per share. The final dividend of 9p will be payable on 31 July 2013 to shareholders on the register at the close of business on 21 June 2013 (Ex dividend on 19 June 2013). The full dividend for the year ended 31 December 2012 is anticipated to be 12p per share.

We are proposing to give shareholders the option of a scrip dividend for the 2012 final dividend of 9p per share, with the default option being cash.

14. Loss per ordinary share (basic and diluted)

The calculation of loss per ordinary share is based on loss, after excluding non-controlling interests, being a loss of £2,898,000 (2011 – loss of £865,000) and on 16,869,000 ordinary shares being the weighted average number of ordinary shares in issue during the year (2011 – 16,869,000). There are no potential ordinary shares in existence.

15. Plant and equipment

	Fixtures and Equipment £'000	Motor Vehicles £'000	Total £'000
Cost			
At 1 January 2011	859	28	887
Additions	59	—	59
Disposals	(62)	—	(62)
At 1 January 2012	856	28	884
Additions	39	10	49
Disposals	—	(8)	(8)
At 31 December 2012	**895**	**30**	**925**
Accumulated depreciation			
At 1 January 2011	317	18	335
Depreciation charge for the year	119	3	122
Disposals	(62)	—	(62)
At 1 January 2012	374	21	395
Depreciation charge for the year	130	4	134
Disposals	—	(5)	(5)
At 31 December 2012	**504**	**20**	**524**
Carrying amount			
At 31 December 2012	**391**	**10**	**401**
At 31 December 2011	482	7	489

16. Investment property

	Investment Properties £'000
Fair value	
At 1 January 2011	108,960
Additions	20,952
Transferred from stock	910
Fair value adjustment on property held on operating leases	(2)
Revaluation increase	5,671
At 1 January 2012	136,491
Additions	11,385
Disposals	(405)
Transferred to stock properties	(500)
Transferred from stock properties	4,612
Fair value adjustment on property held on operating leases	6,540
Revaluation decrease	(4,967)
At 31 December 2012	**153,156**
Carrying amount	
At 31 December 2012	**153,156**
At 31 December 2011	136,491

At 31 December 2012, £114,616,000 (2011 – £123,791,000) and £38,540,000 (2011 – £21,700,000) included within investment properties relates to freehold and leasehold properties respectively.

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

	2012 £'000	2011 £'000
Cost of investment properties	**111,325**	96,233

The Group has pledged £139,419,000 of investment property (2011 – £122,938,000) as security for the loan facilities granted to the Group.

Costs relating to ongoing and potential developments are included in additions to investment properties and in the year ended 31 December 2012 amounted to £13,000 (2011 – £59,000).

The Group did not have contractual obligations at the statement of financial position date to purchase investment properties (2011 – £1,257,000 obligation at year end to purchase investment properties) but had a commitment to spend £40,000 (2011- £180,000) on developing investment property. At the year end deferred consideration of £300,000 (2011 – £nil) was payable.

The market value shown at 31 December 2012 and 2011 was valued internally by the Directors. As at 31 December 2010, the investment properties were valued independently at their open market value, by GL Hearn, Chartered Surveyors.

The property rental income earned by the Group from its investment property, all of which is leased out under operating leases, amounted to £10,139,000 (2011 – £8,253,000).

17. Subsidiaries

Details of the Company's subsidiaries at 31 December 2012 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	Property	100	100
Panther Shop Investments (Midlands) Limited	Great Britain	Property	100	100
Panther Investment Properties Limited	Great Britain	Property	100	100
Panther (Bromley) Limited (***)	Great Britain	Property	100	100
Snowbest Limited	Great Britain	Property	100	100
Surrey Motors Limited (****)	Great Britain	Property	100	100
Westmead Building Company Limited (*)	Great Britain	Property	100	100
Multitrust Property Investments Limited	Great Britain	Property	100	100
Etonbrook Properties PLC	Great Britain	Non-trading	100	100
Northstar Property Investment Limited	Great Britain	Property	100	100
Panther (VAT) Properties Limited	Great Britain	Property	100	100
Northstar Land Limited	Great Britain	Property	100	100
London Property Company PLC	Great Britain	Dormant	100	100
Eurocity Properties PLC	Great Britain	Property	100	100
Eurocity Properties (Central) Limited (**)	Great Britain	Property	100	100
CJV Properties Limited (**)	Great Britain	Property	100	100
M.R.G. Systems Limited	Great Britain	Trading	75	75
Panther AL Limited	Great Britain	Property	100	100
Panther AL (VAT) Limited	Great Britain	Property	100	100
Melodybright Limited	Great Britain	Property	100	100
TRS Developments Limited	Great Britain	Property	100	100
Abbey Mills Properties Limited	Great Britain	Property	100	100

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

** – 100% subsidiaries of Eurocity Properties PLC

*** – 100% subsidiary of Surrey Motors Limited

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

All companies have a 31 December year end and have been included in the consolidated financial statements.

18. Investment in joint venture

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

The Group's share of joint venture revenue, expenses and losses are shown at note 5.

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

19. Investment in associate undertaking

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

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

The aggregated financial information of Wimbledon Studios Limited for the period ended 31 December 2012 is set out below:

	2012 **£'000**	2011 £'000
Profit and loss account:		
Revenue	**2,051**	1,093
Net loss for entity	**(608)**	(685)
Panther Securities PLC's share of net loss	**(152)**	(171)
Balance sheet:		
Non-current assets	**420**	1,033
Current assets	**365**	407
	785	1,440
Non-current liabilities	**(438)**	(891)
Current liabilities	**(1,132)**	(726)
	(1,570)	(1,617)
Net liabilities	**(785)**	(177)
Panther Securities PLC's share of net liabilities	**(196)**	(44)

In accordance with IAS 28 (revised 2008) Investment in Associates, where the Group's share of losses in the associate exceeds its equity investment, the carrying value of that equity investment is reduced to £nil and the remaining loss is taken against any further long term interest that in substance forms part of the investors net investment in the associate.

19. Investment in associate undertaking continued

Accordingly, the £196,000 share of net liabilities referred to above has been allocated against the carrying value of the £400,000 overdraft provided by the Group to the associate as noted below.

Group transactions with associate:

	2012 £'000	2011 £'000
Rent receivable from associate recognised in year	**445**	434
Trade receivables and accrued income	**787**	506
Trade receivables and accrued income – overdue	**532**	95
Provision	**(632)**	(90)
Other receivables – overdraft facility drawn	**400**	400
Provision on overdraft	**(196)**	(44)

20. Available for sale investments (shares)

	Non-current assets £'000
Cost or valuation	
At 1 January 2011	6,452
Additions	693
Disposals	(1,215)
Impairment on revaluation through income statement	(926)
Movement in fair value taken to equity	(517)
Realised fair value on disposal previously taken to equity	(2,366)
Realised fair value on impairment previously taken to equity	476
At 1 January 2012	2,597
Additions	356
Disposals	(955)
Impairment on revaluation through income statement	(222)
Movement in fair value taken to equity	(83)
Realised fair value on disposal previously taken to equity	68
At 31 December 2012	**1,761**
Comprising at 31 December 2012:	
At cost	529
At valuation/net realisable value	1,232
Carrying amount	
At 31 December 2012	**1,761**
At 31 December 2011	2,597

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

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

Price risk

For the year ended 31 December 2012 if the average share price of the portfolio was 10% lower there would be a further impairment charge in the year of £84,000 to the Income Statement and £40,000 of valuation movements charged to equity. Corresponding gains would be seen for a 10% uplift.

21. Inventories

	2012	2011
	£'000	£'000
Stock properties	**2,714**	7,015

The cost of stock properties recognised as expense and included in cost of sales amounted to £nil (2011 – £nil). Impairments of £683,000 have been recognised against stock properties (2011 – £60k).

The market value of stock properties is £4,310,000 (2011 – £9,455,000).

£3,960,000 of stock properties at market value have been provided as security for the bank loan from HSBC and Santander referred to in note 27.

The market value shown as at 31 December 2012 and 2011 was valued internally by the Directors. At 31 December 2010, the stock properties were valued independently at their open market value by GL Hearn, Chartered Surveyors. The stock properties are held at the lower of cost and market value and as such any uplift is not recognised in the accounts.

Trading stock

	2012	2011
	£'000	£'000
Inventories	**263**	321

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

22. Capital commitments

	2012	2011
	£'000	£'000
Capital expenditure that has been contracted for but has not been provided for in the accounts	**40**	180

The above relates to building works.

23. Trade and other receivables

	2012 £'000	2011 £'000
Trade receivables	**3,894**	3,155
Bad debt provision	**(1,370)**	(851)
Other receivables	**336**	514
Prepayments and accrued income	**1,669**	997
	4,529	3,815

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 £5,673,000 (2011 – £8,300,000) (which relates to £2,860,000 (2011 – £2,818,000) included in the above and the Group's cash or cash equivalents).

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

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

	Trade receivables £'000	Cash and Cash Equivalents £'000	Total bad debt provisions £'000
Balance at 1 January 2011	914	117	1,031
Amount written off as uncollectable	(487)	—	(487)
Charge to income statement	424	—	424
Balance at 1 January 2012	851	117	968
Amounts written off as uncollectable	(282)		(282)
Charge to income statement	801	(37)	764
Balances at 31 December 2012	**1,370**	**80**	**1,450**

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 76p in the pound from an original balance of £343,000.

Amounts past due but not impaired:

	2012 £'000	2011 £'000
Current debtors (rental)	**2,297**	1,743
Overdue (rental)*	**—**	147
MRG Systems Limited**	**227**	414
	2,524	2,304

* More than one month
** Various terms up to 90 days

24. Other financial assets

Cash and cash equivalents

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

Credit risk

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

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. Materially all of the credit risk is with three counterparties in the United Kingdom. Kaupthing Singer and Friedlander went into administration and some of its balances are provided against (see note 23). Further information on the general Group's credit risk is detailed within the corporate governance section.

25. Share capital

	2012 £'000	2011 £'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 2012 and 2011 no ordinary shares of 25p were purchased by the company.

26. Capital reserves

	2012 £'000	2011 £'000
Share premium account		
At 31 December	**2,886**	2,886
Capital redemption reserve		
At 31 December	**604**	604

27. Bank loans

	2012 £'000	2011 £'000
Bank loans due within one year	**140**	140
(within current liabilities)		
Bank loans due within more than one year	**68,857**	60,252
(within non-current liabilities)		
Total bank loans	**68,997**	60,392

27. Bank loans continued

Analysis of debt maturity	**2012 £'000 Interest***	**2012 £'000 Capital**	**2012 £'000 Total**	2011 £'000 Total
Trade and other payables**:	**–**	**4,382**	**4,382**	4,579
Bank loans repayable				
On demand or within one year	**1,769**	**140**	**1,909**	1,996
In the second year	**1,732**	**3,140**	**4,872**	1,996
In the third year to the fifth year	**2,631**	**65,920**	**68,551**	64,951
After five years	**100**	**480**	**580**	780
	6,232	**74,062**	**80,294**	74,302

* based on current 3 month LIBOR floating rate – 0.52%, and bank rate of 0.50%

** Trade creditors, other creditors and accruals

In July 2011 the Group completed and drew down the £60,000,000 fixed term element of its club loan facilities with HSBC and Santander, with the full facility totalling £75,000,000, where the banks are equal lenders. After drawing £8,500,000 in 2012 the Group has undrawn at the year end a further £6,500,000 which is a revolving facility.

The loan has repayments of £3,000,000 that are due on the third, and fourth anniversaries of drawdown and is fully repayable in July 2016.

The Natwest bank loan was £1,180,000 at the year end and is repayable over its life to September 2022.

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

The estimate of interest payable is based on market expectation of future interest rates and as such, are subject to change.

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

28. Deferred taxation

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

	Total £'000
Liability at 1 January 2011	(2,648)
Credit to equity for the year	355
Credit to profit and loss for the year	2,142
Liability at 1 January 2012	(151)
Debit to equity for the year	(26)
Credit to profit and loss for the year	1,851
Asset at 31 December 2012	**1,674**

Deferred taxation arises in relation to:

Deferred tax

	2012 **£'000**	2011 £'000
Deferred tax liabilities:		
Investment properties	**(3,775)**	(5,687)
Deferred tax assets:		
Tax allowances in excess of book value	**187**	131
Available for sale investments (shares)	**448**	423
Derivative financial liability	**4,814**	4,982
Net deferred tax asset/(liability)	**1,674**	(151)

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.

The UK government has announced future changes to the Corporation tax rate. These changes will result in a decrease in the standard rate of corporation tax to 23% in April 2013. If enacted, these changes will result in a further 2% reduction in April 2014 and a further 1% to a standard rate of 20% in April 2015. As at 31 December 2012 the substantively enacted rate remains at 23%. Deferred tax has been measured using the effective rate that will apply in the UK for the year ending 31 December 2013 (23.25%)

29. Trade and other payables

	2012 **£'000**	2011 £'000
Trade creditors	**2,650**	2,434
Social security and other taxes	**687**	518
Other creditors	**1,064**	871
Obligations under finance leases (see note 33)	**562**	95
Accruals and deferred income	**3,051**	3,310
	8,014	7,228

Trade creditors and accruals comprise amounts outstanding for trade purchases and on-going 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 £77,011,000 (2011 – £67,620,000) (includes payables above and the long term and short term borrowings).

30. Derivative financial instruments

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

Bank loans Interest is charged as to:	**2012 £'000**	**2012 Rate**	2011 £'000	2011 Rate
Fixed/Hedged				
HSBC Bank plc*	**35,000**	**7.06%**	35,000	7.06%
HSBC Bank plc**	**25,000**	**6.63%**	25,000	6.63%
Unamortised loan arrangement fees	**(683)**		(932)	—
Floating element				
HSBC Bank plc	**8,500**		—	
Natwest Bank plc	**1,180**		1,324	
	68,997		60,392	

Bank loans totalling £60,000,000 (2011 – £60,000,000) are fixed using interest rate swaps removing the Group exposure to fair value interest rate risk. Other borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

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'	**2012 Fair value £'000**	2011 Fair value £'000
Derivative Financial Liability					
Interest rate swap	35,000	5.06%	25.69	**(14,504)**	(14,261)
Interest rate swap	25,000	4.63%	8.92	**(6,201)**	(5,667)
				(20,705)	(19,928)
Net fair value loss on derivative financial assets				**(777)**	(10,635)

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

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

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

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

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

Interest rate risk

For the year ended 31 December 2012, 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, loss before tax for the year would have been approximately £97,000 larger (2011- £64,000 larger). 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 and cash flow which can be utilised, and also has loan facilities with financial institutions. The various available sources provide the Group with more flexibility in matching the suitable type of financing to the business activity and ensure long-term capital requirements are satisfied. Please also see the Financial Risk management: Objectives, policies and processes for managing risk, of the Corporate Governance Report.

31. Parent company profit and loss account

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

Reconciliation of parent company profit and loss

	2012 £'000	2011 £'000
Loss of parent company before intercompany adjustments	**(651)**	(9,669)
Add: Write off of intercompany debt (removed on consolidation)	**400**	—
Less: intercompany dividends (removed on consolidation)	**(6,265)**	(4,194)
Loss attributable to members of the Parent undertaking as per note 12	**(6,516)**	(13,863)

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 5. The Group paid rent under non-cancellable operating leases in the year of £313,000 (2011 – £376,000).

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 73 years. The minimum rental payment obligations due under these operating leases and anticipated rental income derived from these investments are shown below. The difference between the rents payable in the year of £313,000 and the minimum for the year of £154,000 is related to the contingent element only payable out of rents receivable.

33. Operating lease arrangements and obligations under finance leases continued

Minimum future payments under non-cancellable operating leases

(Lessee)

	2012 £'000	2011 £'000
Payable within one year	**562**	95
Payable between one year and five years	**2,248**	680
Payable in more than five years	**45,926**	5,920
	48,736	6,695

Anticipated rental income derived under non-cancellable operating leases

(Lessor)

	2012 £'000	2011 £'000
Payable within one year	**3,055**	1,885
Payable between one year and five years	**12,220**	7,540
Payable in more than five years	**238,781**	140,543
	254,056	149,968

Obligations under finance leases

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.

	2012 £'000	2011 £'000
Obligations under finance leases due within one year		
(included within current liabilities)	**562**	95
Obligations under finance leases due within one to five years	**1,898**	321
Obligations under finance leases due in more than five years	**5,380**	884
(included within non-current liabilities)	**7,278**	1,205
Total obligations under finance leases	**7,840**	1,300

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 8 to the accounts and Directors' emoluments are shown in note 8 and the Directors' Remuneration Report.

Note 19 details the Group's transactions with its associate.

Included in other receivables Panther Securities PLC has a loan to a director of Wimbledon Studios Limited of £62,500, in order for them to be able to purchase their shareholding in that company. The loan is unsecured for a maximum term of 3 years and attracts interest of 4% per annum. The fair value of this loan is assessed to be the same as its carrying value.

36. Net assets per share

	2012	2011
Total equity attributable to shareholders per 25p ordinary share	**367p**	397p

The calculation of net asset per ordinary share is based on the equity attributable to shareholders of the equity in the parent company, and on 16,869,000 ordinary shares being number of ordinary shares in issue at 31 December 2012 and 31 December 2011.

37. Approval of financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 24th April 2013.

Parent Company Balance Sheet

Company number 293147

As at 31 December 2012

	Notes	2012 £'000	2012 £'000	2011 £'000	2011 £'000
Fixed assets					
Investments	39		**17,236**		18,072
			17,236		18,072
Current assets					
Debtors	40	**105,278**		95,190	
Cash at bank and in hand		**2,396**		4,939	
		107,674		100,129	
Creditors: amounts falling due within one year	41	**(10,714)**		(10,841)	
Net current assets			**96,960**		89,288
Total assets less current liabilities			**114,196**		107,360
Creditors: amounts falling due after more than one year	42		**(67,817)**		(59,068)
Derivative financial liability	30		**(20,705)**		(19,928)
Net assets			**25,674**		28,364
Capital and reserves					
Called up Share Capital	44		**4,217**		4,217
Share Premium Account	45		**2,886**		2,886
Capital Redemption Reserve	45		**604**		604
Profit and Loss Account	45		**17,967**		20,657
Shareholders' funds			**25,674**		28,364

The accounts were approved by the Board of Directors and authorised for issue on 24th April 2013. They were signed on its behalf by:

A.S. Perloff
Chairman

Parent Company Cash Flow Statement

For the year ended 31 December 2012

	Notes	2012 £'000	2011 £'000
Net cash outflow from operating activities		**(11,377)**	(19,081)
Returns on investments and servicing of finance	46	**2,128**	1,723
Cash inflow from refinancing	46	**8,031**	16,786
Capital expenditure and financial investment	46	**699**	2,529
Equity dividends paid		**(2,024)**	(1,350)
Increase/(decrease) in cash in the year		**(2,543)**	607

	2012 £'000	2011 £'000
Reconciliation of operating loss to net cash flow from operating activities		
Operating loss	**(1,631)**	(1,428)
Depreciation of tangible fixed assets	**–**	1
Increase in debtors	**(10,088)**	(17,666)
Increase/(decrease) in creditors	**342**	12
Net cash outflow from operating activities	**(11,377)**	(19,081)

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 derivatives and equity investments the results of the Company's operations which are described in the report of the Directors and all of which are continuing.

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

38.2 **Revenue recognition**

Turnover comprises:

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

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

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

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

38.3 **Deferred taxation**

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

38.4 **Derivative financial instruments**

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

38.5 **Investments**

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

Under FRS 26, equity investments are carried at fair value and classified in the balance sheet as investments. Fair values of these investments are based on quoted market prices where available. The fair value of the 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. When these investments are considered impaired in accordance with the requirements of FRS 26, the impairment losses are recognised in profit and loss. On realisation of the investments, the cumulative gain or loss previously recognised through equity is reclassified from reserves in the profit and loss.

The Company has not designated any financial assets that are not classified as held for trading as financial assets at fair value through the profit and loss. The investments represent investments in listed and unquoted equity securities that offer the Company 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.

39. **Fixed asset investments**

	Shares in Group undertakings £'000	Associate undertaking £'000	Other investments £'000	Total £'000
Cost or valuation				
At 1 January 2012	15,325	150	2,597	18,072
Additions	—	—	356	356
Disposals	—	—	(955)	(955)
Impairment through income statement	—	—	(222)	(222)
Movement in fair value taken to equity	—	—	(83)	(83)
Realised fair value on disposal previously taken to equity	—	—	68	68
At 31 December 2012	**15,325**	**150**	**1,761**	**17,236**
Investments:				
Listed	—	—	1,232	1,232
Unlisted	15,325	150	529	16,004
	15,325	**150**	**1,761**	**17,236**

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 2012, see note 17.

40. **Debtors**

	2012 £'000	2011 £'000
Due within one year		
Trade debtors	**206**	—
Amounts owed by Group undertakings	**104,579**	94,670
Other debtors	**472**	491
Prepayments and accrued income	**21**	29
	105,278	95,190

For further details on the Company's policy for debtors see note 23.

The total financial assets included within the financial statements of the Company at amortised cost are £107,653,000 (2011 – £100,100,000) (which includes items within debtors above and the Company's cash).

41. Creditors:
Amounts falling due within one year

	2012 £'000	2011 £'000
Trade creditors	**52**	105
Amounts owed to Group undertakings	**10,151**	9,656
Social security and other taxes	**33**	47
Other creditors	**85**	109
Accruals and deferred income	**393**	924
	10,714	10,841

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 £78,531,000 (2011 – £69,909,000) (includes certain items within creditors shown above and the long term borrowings). Further information on the bank loan facility is available in note 27.

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

	2012 £'000	2011 £'000
Bank loans	**67,817**	59,068

43. Deferred taxation
The following potential deferred taxation asset is not recognised:

	2012 £'000	2011 £'000
Potential capital losses	**448**	423
Fair value of financial instruments	**4,814**	4,982
	5,262	5,405

44. Called up share capital

	2012 £'000	2011 £'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 2012 or 2011.

45. Reserves

	Share premium £'000	Capital Redemption £'000	Retained earnings £'000
Balance at 1 January 2011	2,886	604	34,083
Loss for the year	—	—	(9,669)
Movement in fair value of equity investments taken to equity	—	—	(517)
Realised fair value on disposal of equity investments previously taken to equity	—	—	(2,366)
Realised fair value on impairment of equity investments previously taken to equity	—	—	476
Dividends paid	—	—	(1,350)
Balance at 1 January 2012	2,886	604	20,657
Loss for the year	—	—	(651)
Movement in fair value of equity investments taken to equity	—	—	(83)
Realised fair value on disposal of equity investments previously taken to equity	—	—	68
Dividend paid	—	—	(2,024)
Balance at 31 December 2012	**2,886**	**604**	**17,967**

Within retained earnings are unrealised gains of £156,000 and a deferred tax credit of £448,000 (2011 – unrealised gains of £170,000 and a deferred tax credit of £423,000) reserves relating to fair value of available for sale investments (shares).

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

	2012 £'000	2011 £'000
Returns on investments and servicing of finance		
Interest received	**6**	10
Interest paid	**(4,194)**	(2,519)
Income from investments	**6,316**	4,232
Net cash inflow for returns on investments and servicing of finance	**2,128**	1,723
Cash flows from refinancing		
Repayments of loans	**–**	(49,500)
Payment of loan arrangement fees and associated costs	**(469)**	(714)
New loans received	**8,500**	67,000
	8,031	16,786
Capital expenditure and financial investment		
Purchase of fixed asset investments	**(356)**	(693)
Sale of fixed asset investments	**1,055**	3,222
Net cash inflow for capital expenditure	**699**	2,529

	At 1 January 2012 £'000	Cash flow £'000	Non-cash items £'000	At 31 December 2012 £'000
Net cash:				
Cash at bank and in hand	4,939	(2,543)	—	**2,396**
Debt:				
Due within one year	—	—	—	**–**
Due after more than one year	(59,068)	(8,500)	(249)	**(67,817)**
	(54,129)	(11,043)	(249)	**(65,421)**

47. Other commitments

At 31 December 2012 the Company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2012 £'000	Land and buildings 2011 £'000
Expiry date:		
Between 1 and 5 years	**22**	22

48. Related party transactions

The compensation of the Company's key management personnel is shown in note 8 to the accounts and Directors' emoluments are also shown in note 8 and the Directors' Remuneration Report.

In respect of Wimbledon Studios Limited the Company provided a £400,000 (2011 – £400,000) overdraft facility.

Included in other debtors Panther Securities PLC has a loan to a director of Wimbledon Studios Limited of £62,500 (2011 – £62,500), in order for them to be able to purchase their shareholding in that company. The loan is unsecured for a maximum term of 3 years and attracts interest of 4% per annum. The fair value of this loan is assessed to be the same as its carrying value.

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

49. Risk management

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

Notice of Annual General Meeting

PLEASE NOTE CHANGE OF VENUE

Panther Securities P.L.C. and subsidiaries

Notice is hereby given that the 79th Annual General Meeting of Panther Securities P.L.C. will be held at Nexia Smith and Williamson, 25 Moorgate, London EC2R 6AY on 14 June 2013 at 11.30 a.m. for the following purposes:–

As Ordinary Business

1. To receive and adopt the Directors' Report, Remuneration Report and Financial Statements for the year ended 31 December 2012.

2. To authorise the payment of a final dividend of 9.0p per ordinary share.

3. To re-elect (biographical details are available in the Corporate Governance report):

   (i) B. R. Galan who is retiring by rotation, as a Director.

   (ii) P. M. Kellner 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 2013 (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 2014 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 UK Independence Party.

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

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

Dated: 24th April 2013

Notes:

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

Ten Year Review

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
					(restated)					
Rental income	**10,781**	8,961	7,717	7,380	7,064	7,526	7,510	8,099	9,194	9,125
Revenue/turnover	**12,673**	11,940	10,085	9,251	9,296	9,516	9,722	8,498	9,194	9,791
Profit or (loss) before tax	**(4,633)**	(2,312)	6,401	2,953	(14,331)	9,089	9,269	26,549	7,632	3,413
Earnings or (loss) per ordinary share	**(17.2)p**	(5.1)p	34.8p	14.7p	(57.3)p	44.3p	43.5p	121.3p	35.8p	15.0p
Dividend per ordinary share*	**12.0p**	12.0p	15.0p**	12.0p	12.0p	12.0p	12.0p	20.0p**	8.0p	12.5p**
Employment of finance:										
Non current assets/Fixed assets	**157,000**	139,585	116,099	101,412	100,907	107,005	106,593	103,301	91,500	93,426
Current assets less current liabilities	**1,893**	9,017	(30,308)	21,123	21,808	16,532	16,030	21,903	24,544	12,344
Total assets less current liabilities	**158,893**	148,602	85,791	122,535	122,715	123,542	122,530	125,204	115,950	105,680
Financed by:										
Shareholders' funds (net assets of the group)	**61,992**	66,955	71,222	68,010	65,846	78,608	73,269	67,632	49,871	50,104
Long-term borrowings	**68,857**	60,252	1,325	43,970	42,500	35,011	36,989	46,562	58,925	55,576
Derivative financial liability	**20,705**	19,928	9,293	6,744	12,021	575	–	–	–	–
Deferred tax/(asset)	**(1,674)**	151	2,648	2,670	2,290	9,321	12,272	11,010	7,154	N/a
Net assets attributable to ordinary shares per 25p ordinary share	**367p**	397p	422p	403p	390p	465p	431p	398p	293p	295p

Note: 2012 to 2004 prepared under IFRS
2003 to 2002 prepared under UK GAAP

* Based on those declared in the financial year

** Includes special dividend

Printed by Michael Searle & Son Limited

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