

REGISTRAR'S
COPY

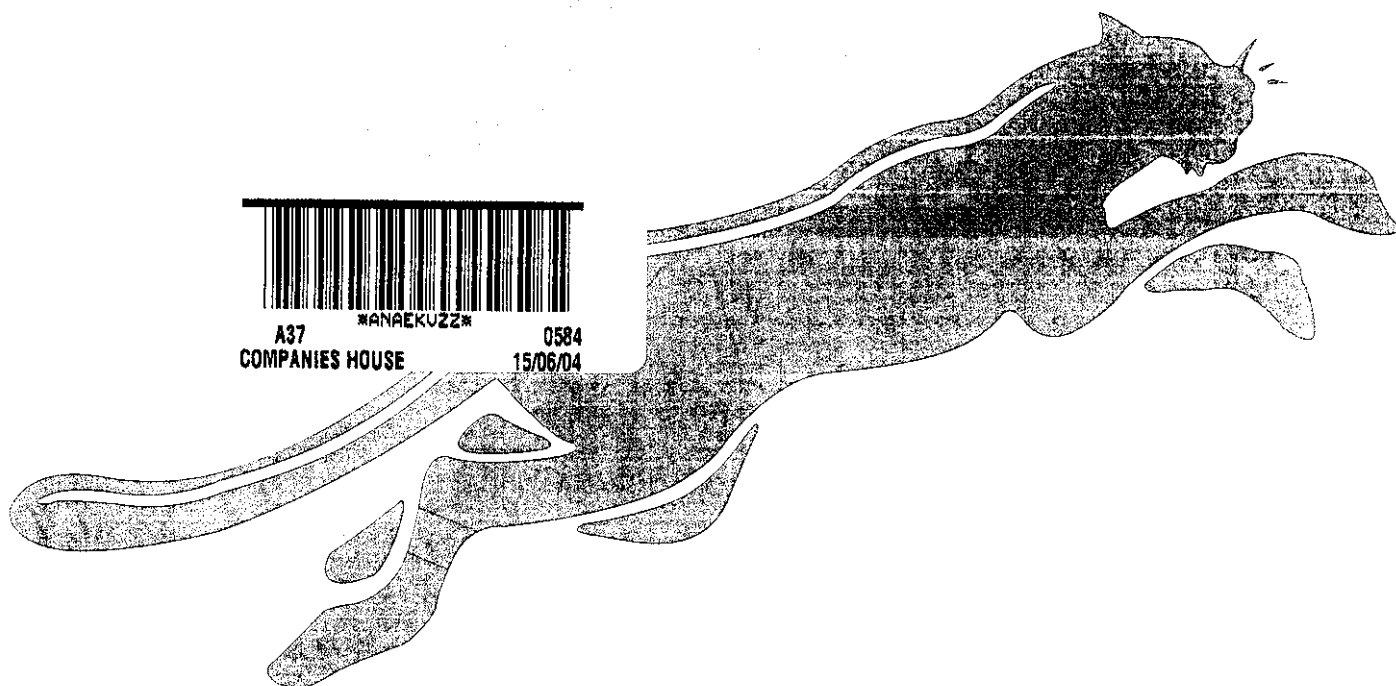
Panther Securities PLC



A37
COMPANIES HOUSE

ANAEKUZZ

0584
15/06/04



Annual Report and Financial Statements 2003

CONTENTS

2	Directors and Advisors
3	The Year in Brief
4	Chairman's Statement
8	Financial Review
9	Report of the Directors
12	Remuneration Report
14	Independent Auditors Report
16	Consolidated Profit and Loss Account
17	Consolidated Statement of Total Recognised Gains and Losses Note of Consolidated Historical Cost Profits and Losses
18	Consolidated Balance Sheet
19	Company Balance Sheet
20	Consolidated Cash Flow Statement
21	Notes to the Financial Statements
34	Five Year Review
35	Notice of Meeting

DIRECTORS AND ADVISORS

Directors	*† Andrew Stewart Perloff (Chairman and Chief Executive) *†‡ Bryan Richard Galan (Non-executive) *†‡ Peter Michael Kellner (Non-executive) Peter Aston Rowson (Finance)
Secretary and Registered Office	Peter Aston Rowson Panther House, 38 Mount Pleasant, London WC1X 0AP
Auditors	Nexia Audit Limited Prospect House, 2 Athenaeum Road, Whetstone, London N20 9YU
Bankers	HSBC Bank plc 31 Holborn, London EC1N 2HA Singer & Friedlander Limited 21 New Street, Bishopsgate, London EC2M 4HR Ahli United Bank 7 Baker Street, London W1M 1AB
Brokers	Raymond James Investment Services 77 Cornhill, London EC3V 3QQ
Financial Advisors	John East & Partners Limited Crystal Gate, 28-30 Worship Street, London EC2A 2AH
Registrars	Capita Registrars The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU
Solicitors	Salans Clements House, 14-18 Gresham Street, London EC2V 7NN Bernard Oberman & Co. 27/29 Cursitor Street, London EC4A 1PB Faegre Benson Hobson Audley 7 Pilgrim Street, London EC4V 6LB
Tax Advisors	Smith & Williamson Limited Prospect House, 2 Athenaeum Road, Whetstone, London N20 9YU

*Member of Nomination Committee

†Member of Audit Committee

‡Member of Remuneration Committee

THE YEAR IN BRIEF

	2003 £'000	2002 £'000
Turnover	9,791	8,240
Profit on ordinary activities before taxation	3,413	2,956
Profit attributable to members	2,542	1,994
Earnings per 25p ordinary share	15.0p	11.8p
Dividend per ordinary share	12.5p	7.0p

	2003 £'000	2002 £'000
Net assets of the group	50,104	38,240
Net assets attributable to ordinary shareholders per 25p ordinary share	294.8p	226.2p

CHAIRMAN'S STATEMENT

Introduction

I am delighted to report the results for the year ended 31st December 2003. Pre tax profits amount to £3,413,000 compared to £2,956,000 for the previous year. The rental income receivable for the year rose to £9,100,000 compared with £8,000,000.

This year the vast majority of our portfolio was independently revalued by Donaldsons. This valuation revealed an increase in value of our investment portfolio of approximately £11,400,000 so not only are our profits at near record levels but our net asset value has increased by an impressive 30% from 226.2p to 294.8p per share. The revaluation of our properties held as trading stock revealed a potential surplus of £3,180,000 which, after allowing for tax, would produce an extra net asset value of 13p per share. Stock revaluations in excess of cost are not included in the accounts.

Disposals

The only property disposals were 3 small freehold shops in Cheam, sold profitably, which were part of our trading stock.

Acquisitions

In August we acquired 32 & 32A Darley Street, Bradford. This property, located in the best part of the pedestrianised section of Bradford, cost £1.82 million and produces approximately £150,000 per annum exclusive from Specsavers, Orange Group and Game Station. Included in the property is some vacant space that could be refurbished to produce extra income and we are currently investigating this possibility.

In December 2003 we acquired 29, 59 and 61 Central Avenue, West Molesey, Surrey. These three properties are mainly single storey freehold factories with a total floor space of approximately 80,000 sq ft. The properties were purchased from the administrative receiver of Arcoelectric Holdings PLC for £3.6 million. The properties were simultaneously leased to Elektron PLC at £417,500 p.a. on 10 year Full Repairing and Insuring leases.

To provide Elektron PLC with additional working capital and assist with the purchase of the majority of Arcoelectric's business from the receiver, Panther formed and then sold Aridmark Limited, whose sole asset was £500,000 cash in exchange for 9,090,909 shares in Elektron (equivalent to a value of 5.5p per Elektron ordinary share). This results in Panther holding approximately 11.9% of Elektron's enlarged capital. Elektron PLC is AIM listed and carries out a similar electrical parts manufacturing business as the former Arcoelectric PLC. We are optimistic that this merger will produce substantial benefits for Elektron PLC which hopefully will in due course be reflected in the value of our shareholding in this company.

Bid for Oakburn Properties PLC

I, together with my personal pension fund, held 29.9% of an AIM listed property company called Grosvenor Land PLC. As with so many small property companies, the management enjoyed a disproportionate share of benefits from the company. Panther was in the process of purchasing these shares on favourable terms to Panther with a view to making a bid for Grosvenor. When however Grosvenor's management became aware of possible bid intentions, they issued new shares for cash and purchased a property company partly paying for the acquisition with new shares. This appeared to give the management and its associates over 42% of the voting rights making an unwelcome take-over bid virtually impossible.

29% of the Grosvenor Land shares (listed under directors' interests) were held by Oakburn Properties PLC and I became aware that not all shareholders of this company were happy. In fact, some were keen to sell.

On 17th October 2003 Panther announced it would bid for Oakburn. On 23rd October Panther purchased 225,000 Oakburn shares at 576.67p per share representing 26.6% of its capital and on 29th October a further 22,124 Oakburn shares were purchased at the same price.

CHAIRMAN'S STATEMENT

continued

The family directors of Oakburn outmanoeuvred us by finding a "white knight" to partner them and outbid us. We therefore failed in our attempt to obtain control of Grosvenor Land PLC but this failure was more than compensated by the £450,000 profit (before costs) on the sale of our shares. Shareholders will be pleased to note that the successful bidder for Oakburn, Terrace Hill Group PLC, was subsequently obliged to bid for the entire share capital of Grosvenor Land PLC.

Eurocity Properties PLC

Our successful bid for Eurocity PLC was completed in January 2003. Having removed the majority of the group's management costs Eurocity produced a profit contribution to our Group of approximately £350,000 through rental profits alone.

Panther House Redevelopment

As mentioned in my interim statement we have agreed terms with two potential purchasers to sell the entire Panther House/Grays Inn Road/Churchills Pub site. Under terms agreed with both these potential purchasers we would receive an initial substantial sum and a share of the profits on any future redevelopment. Due to the revaluation of our properties the proposed initial price is only slightly ahead of the new book value. However our profit share is speculative and not immediately quantifiable but in the event of a successful development by the purchaser, we would expect to receive extra profits some time in the future. A sale of this size may require shareholders approval in due course.

Bristol Redevelopment

I can only reiterate what I said in my interim statement. Whilst it appears that Wm Morrison Supermarkets PLC have now obtained their required changes to implement the scheme, we have indicated to Bristol City Council that we are not prepared to proceed with the joint venture unless there is a more realistic assessment placed on the value of our interests. Our own local valuers indicate that even under compulsory purchase we would receive better terms than currently offered by Bristol Council who still insist on an excessive amount of social benefits to be paid out from the funds raised from the sale of the site.

Tax & Regulations

For the last four or five years I have devoted a substantial part of my statement complaining about the ever increasing tax burdens and "red tape" regulations which continue to hamper the business environment and this year is no exception.

This country's tax system penalises enterprise, initiative, hard work, success and self-sufficiency whereas laziness, dependency on the state and fecklessness are encouraged.

Our Government presents much of the legislation they propose in a deceptive manner. It penalises and restricts private pensions but massively increases its own. One of the Government's first actions upon coming into power was to tax pension funds, inevitably weakening substantially those that were less well funded. It now proposes that the remaining solvent private company pension funds pay into a safety fund to protect those pensions whose funds fail in the future. It seems to me that the £5-6 billion tax taken from pension funds probably all goes to pay the Government's own bureaucrats' pensions which have cast iron guarantees. All these former state employees' pensions should have a 1% or 2% "security" charge to provide a fund to assist those who lose out through no fault of their own and whose pension had no public guarantee.

"New Labour"! came into power in 1997 and achieved their dream, the right to spend Other Peoples Money. The property industry has been heavily targeted. Stamp Duty on larger property purchases has been raised 400% and recently Stamp Duty on new leases has been raised massively, in some cases more than 1000%.

CHAIRMAN'S STATEMENT

continued

The obvious result of this is that many investors try to avoid (that's legal) this tax on investment. The Government's response to this is to introduce more red tape. On every purchase a new seven page form with 71 questions has to be completed and submitted to the Inland Revenue. The time cost for solicitors dealing with the form (up to 1 hour) is paid by the purchaser. However there has to be a bureaucrat checking that the forms are correct. He has to be paid and pensioned. This of course is paid out of our taxes creating yet more waste.

Property owners have been subjected to an avalanche of new health & safety and building regulations, disability regulations etc. The cost falls upon the owners or users of property. The benefits are unquantified but probably minimal but the costs huge and probably unquantifiable.

The latest daft piece of legislation is the Proceeds of Crime Act which forced many solicitors, accountants and estate agents to write to their clients informing them that if they believe that a crime had been committed they must report it to the authorities without telling the client. When you have had a longstanding relationship with a client for many years, it is an insult to be forced to treat them in this manner. What makes the situation more farcical is that what constitutes a crime doesn't just cover the house agent who buys two tons of fertiliser, a couple of barrels of diesel oil and an old white van on his business account which would seem suspicious, but it also covers a secretary using the office stamps to post her personal Christmas cards or an employee who inflates his expenses or indeed any other trivial misdemeanour that would normally go unreported. The penalty for failing to report the crime being far more severe than any possible penalty for the "crime". You truly have to have taken leave of your senses if you believe that this type of legislation will help to prevent the type of terrorism it is aiming to prevent. However, it will necessitate employing many thousands of bureaucrats to supervise the system. Surely we would be better protected with these extra functionaries guarding our ports of entry. I am forever amazed at the complete lack of common sense in this Government which is legislatively incontinent and incompetent.

There has been mention of possible legislation to allow listed property companies such as ours to convert to Real Estate Investment Trusts (REIT's) and in particular the creation of REIT's for purely residential investment. In other countries REITS receive favourable tax treatment. However expecting any tax concessions from this Government is akin to expecting the shareholders cocktail party to be a lasting success having invited Lucretia Borgia to mix the cocktails.

I believe that this Government has been bad for industry and the property industry in particular and will continue to be unreasonable. Their most recent budget even introduces a form of retrospective property tax legislation, i.e., a transaction that was legitimate when carried out, perhaps some years ago, would now carry a special penal tax liability. Any Government that brings in retrospective tax legislation is threatening the very basis of business life.

I have added an extra resolution to our normal resolutions for shareholders to consider. This is that the company should donate £25,000 to the Conservative Party. As this is my personal suggestion I will not vote my controlling shareholding but would hope that not only will the main body of shareholders support the resolution but also that many other property companies will follow our lead and carry out similar moves to emphasise their distaste for the heavy-handed tax treatment and interference in their industry.

Most of our shareholders are private individuals who probably own their own home and sleep content in those homes secure in the knowledge of its substantial capital appreciation over the years. However, whilst they sleep soundly they should be aware our Chancellor probably lies awake at night trying to devise ways of taxing this great tsunami of capital wealth. His problem is not how to tax, that's easy, but how to do it in such a way as to be able to disguise it under another name and justify the new imposition by saying something such as "this charge is an environmentally sound and economically advantageous way to produce a fair and prudent allocation of national resources towards those less advantaged in our society" whereas this is a euphemism for "rob the careful and prudent to buy votes from the foolish, the feckless and the fiddlers" as we already have sufficiently high tax rates to support the genuinely disadvantaged members of society.

CHAIRMAN'S STATEMENT

continued

Finance

Due to the increased value of our investment portfolio we have recently agreed to draw down the balance of our loan facility with HSBC and will thus have a total sum of £11 million cash available for further investment.

Dividends

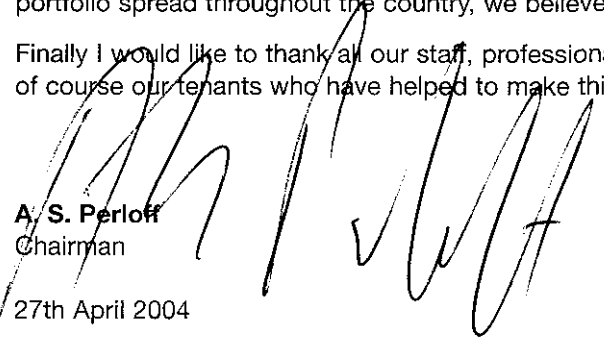
On 20th June 2003 we paid a special 30th anniversary dividend of 5p per share. Additionally on 31st October 2003 we paid a 3.5p interim dividend and it is your Board's intention to recommend a final dividend of 4p per share.

Outlook

Most major developed countries run monumental Government budget deficits and consequently rely on borrowing untold billions of dollars, pounds, yen or euros from the private sector. This probably exacerbates currency instability and volatility. With oil and commodity prices at extreme highs, although thankfully currently cushioned by a dollar depreciation, is there not a strong possibility that some major upset will cause interest rates to rise much higher than anticipated? If this happens it will cause problems for many companies, particularly property companies which are very highly geared or indeed the many private residential owners and investors who have taken the view that residential property only ever increases in value and have geared up accordingly.

Because of these concerns we have adopted a cautious approach to expansion but with our finance arrangements at fixed rates, substantial liquidity and positive cash flow from our wide mixed property portfolio spread throughout the country, we believe our company will continue to prosper.

Finally I would like to thank all our staff, professional advisors and the numerous firms we deal with and of course our tenants who have helped to make this another successful year.



A. S. Perloff
Chairman

27th April 2004

FINANCIAL REVIEW

General

The year under review was one of continued growth for the group with rental income from the group's property portfolio increasing by 13.75 per cent. Acquisitions of two new properties towards the year end should also generate in excess of £500,000 in additional rental income in the year ahead.

Low interest rates over the past year or two has created a situation where it has proved very difficult to acquire new properties showing the level of return that we seek from our investments. However, in the year under review the group did manage to acquire the two properties referred to above on an initial investment return of 10.3 per cent.

Balance sheet

There are perhaps three items which require further comment by way of clarification:

- ***Tangible assets***

The increase of in excess of £14 million is mainly accounted for by the uplift of £11.4 million on the revaluation of the group's investment property portfolio. The increased values were generally reflected across the whole portfolio with approximately 80 per cent of all investment properties recording an uplift in value. The surplus arising from the revaluation has contributed 30 per cent to the increase in net assets at 31st December 2003 and has been transferred to the revaluation reserve.

- ***Debtors***

The increase of £3.5 million at 31st December 2003 over the comparable figure for the previous year is almost entirely made up of monies due from the sale of the group's investment in Oakburn Properties plc where the sale was contracted for prior to the year end and a loan to Elektron plc which was cleared in January 2004.

- ***Negative goodwill***

This balance, required under Financial Reporting Standard 10, was heavily criticised in last year's Financial Review. It has the effect of artificially reducing the group's assets by almost £800,000 as at 31st December 2003. The requirement of this Standard will now be released under new International Financial Reporting Standards to be introduced in the year ended 31st December 2005.

Dividends

Dividends for the year amount to 12.5p per Ordinary share paid and proposed and include a special dividend of 5p paid in June 2003. By payment of the Special dividend, dividend cover is lower than is normal under the board's dividend policy but is covered 1.2 times by earnings.

REPORT OF THE DIRECTORS

The directors present their report and the financial statements for the year ended 31st December 2003.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the results 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 whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis.

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

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

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

Going concern

The directors have a reasonable expectation that both the company and the group have adequate resources to continue their operations for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Principal activities

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

The group's share of the results of an undertaking in which the group has a participating interest, M R G Systems Limited, has been included in these financial statements.

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

Results and dividends

The profit for the year after taxation, amounted to £2,533,000 (2002 - £2,005,000).

A special interim dividend of £849,693 (5p per share) on ordinary shares was paid on 20th June 2003 and an interim dividend of £594,935 (3.5p per share) on ordinary shares was paid on 31st October 2003. The directors recommend a final dividend of £679,926 (4p per share) payable on 25th June 2004 to shareholders on the register on 28th May 2004.

REPORT OF THE DIRECTORS

continued

Directors

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

	Ordinary shares of £0.25 each	
	2003	2002
A. S. Perloff (Chairman)	4,351,213	4,351,213
P. A. Rowson	90,000	90,000
P. M. Kellner (non executive)	12,000	12,000
B. R. Galan (non executive)	300,039	300,039

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 (2002 – 7,737,336).

There have been no changes in directors' shareholdings since 31st December 2003.

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

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

Company's policy for payment of creditors

The company 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 company at 31st December 2003 were equivalent to 17 (2002 – 13) days purchases, based on the average daily amount invoiced by suppliers during the year.

Corporate governance

Panther Securities PLC supports a high standard of corporate governance and has, during 2003, complied with the Code of Best Practice on Corporate Governance issued by the Financial Services Authority, subject to points detailed below.

The board currently consists of four directors, of whom two are non-executives. It meets regularly during the year to review appropriate strategic, operational and financial matters and otherwise as required. It supervises the executive management and a schedule of items reserved for the full board's approval is in place. Panther Securities PLC has an executive chairman who is also the chief executive.

Your board has two non-executive directors, also, as indicated, the audit committee includes one executive director.

Your board has carefully considered the division of the duties of the chairman and chief executive, together with the number of non executive directors and has concluded, given the size of the company, that the present arrangements are appropriate.

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.

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

Combined Code

The company has complied with section 1 of the Combined Code throughout the accounting period except as detailed under Corporate Governance above.

REPORT OF THE DIRECTORS

continued

Internal controls

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

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

The audit committee of three includes both non-executive directors and is chaired by P. M. Kellner. It meets at least twice a year to review the company's accounting policies, financial and other reporting procedures, with the external auditors in attendance when appropriate.

There is no internal audit function in place as the directors do not believe there is the need for one.

Investment properties

The group's investment portfolio, other than the Eurocity Properties plc sub-group, held at 31st December 2003 was revalued by Donaldsons, Chartered Surveyors, at its open market value as at that date. This revaluation has been incorporated in these financial statements. The investment property portfolio of Eurocity Properties plc were valued as at 31st March 2001 and the directors consider that there has been no material change since that date.

Share capital

The changes in the company's share capital during the year are summarised in Note 20 of the financial statements.

Substantial interests

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

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

International Accounting Standards

Panther will adopt international accounting standards from 2005. Preparation is already under way with a programme of assessment as to the main issues which will affect them, especially with regards to International Accounting Standard 40 on investment properties.

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. Ltd.

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.

Auditors

Nexia Audit Limited will be proposed for re-appointment in accordance with section 385 of the Companies Act 1985.

Panther House, 38 Mount Pleasant, London WC1X 0AP

27th April 2004

By order of the Board
P. A. Rowson
Secretary

REMUNERATION REPORT

Remuneration Committee

The Remuneration Committee consists solely of the two non-executive directors, B. R. Galan (Chairman) and P. M. Kellner. It reviews the terms and conditions of service of the Chairman and executive director ensuring that salaries and benefits satisfy performance and other criteria.

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

The directors do not have a share option scheme.

Remuneration policy

Company policy is to reward fairly the executive directors sufficiently to retain and motivate quality management. The committee considers that currently the executive directors' remuneration is below market comparables.

Service contracts

No director has a service contract.

Pension and other benefits

A. S. Perloff is the sole member and beneficiary of a non-contributory directors pension scheme. The company ceased contributions in 1997 and accordingly made no contributions to the pension fund in 2003 and does not anticipate making further contributions. No pension contributions were paid in respect of any other Director during the year (2002 – Nil)

Directors' benefits comprise travel costs.

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 company.

Directors' emoluments

Directors' emoluments of £162,000 (2002 – £186,000) are made up as follows:

Director	Salary £'000	Taxable benefit £'000	Total 2003 £'000	Total 2002 £'000
<i>Executive</i>				
A. S. Perloff	110	4	114	116
P. A. Rowson	27	1	28	50
<i>Non-executive</i>				
P. M. Kellner	10	–	10	10
B. R. Galan	10	–	10	10
	157	5	162	186

Directors' emoluments as listed above is audited information.

REMUNERATION REPORT

continued

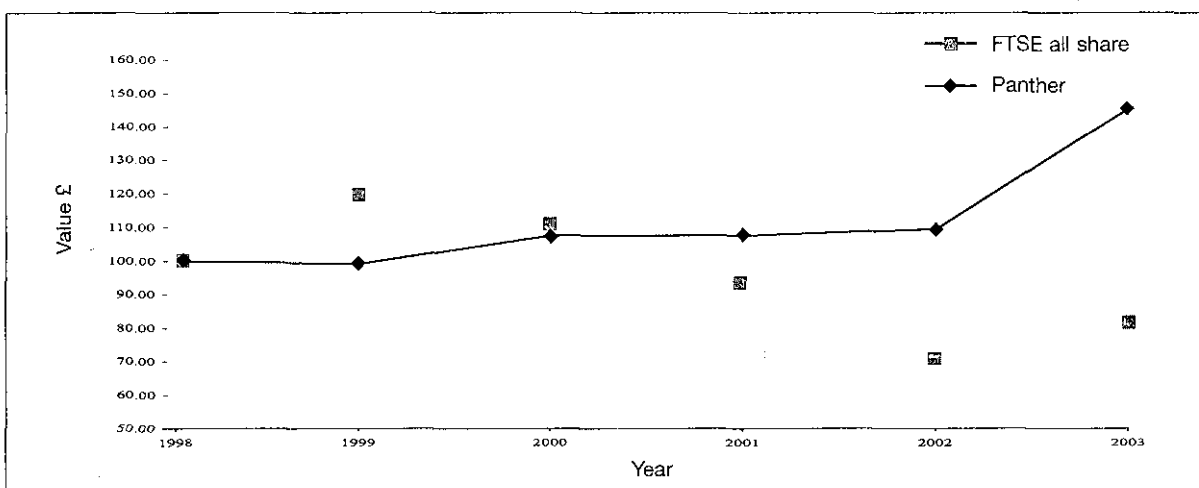
Total shareholder return

The following graphs show:

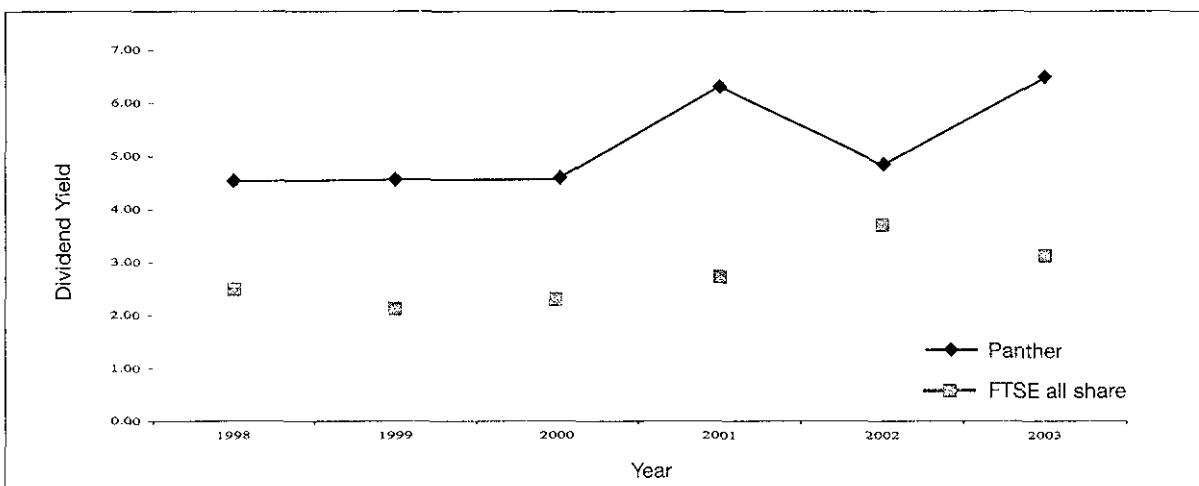
- (1) The value by the end of 2003 of £100 invested in Panther Securities on 31st December 1998 compared with the value of £100 invested in the FTSE all share index.
- (2) The dividend yield compared with the FTSE all share index for the same period as in (1) above.

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

Total shareholder return



Dividend yield



B. R. Galan

Chairman – Remuneration Committee

27th April 2004

INDEPENDENT AUDITORS REPORT

to the shareholders of Panther Securities PLC

We have audited the accounts of Panther Securities P.L.C. for the year ended 31st December 2003 on pages 16 to 33. These accounts have been prepared under the historical cost convention as modified by the revaluation of investment properties and the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the accounts and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standards and the Listing Rules of the Financial Services Authority.

We report to you our opinion as to whether the accounts give a true and fair view and whether the accounts and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law regarding directors' remuneration and transactions with the company and other members of the group is not disclosed.

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

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

Basis of audit opinion

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

INDEPENDENT AUDITORS REPORT

continued

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

Opinion

In our opinion:

- the accounts give a true and fair view of the state of affairs of the company and the group as at 31st December 2003 and of the profit of the group for the year then ended; and
- the accounts and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985.

Nexia Audit Limited

Nexia Audit Limited
Chartered Accountants
Registered Auditors

London

27th April 2004

Panther Securities P.L.C. and subsidiaries

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31st December 2003

	Notes	2003 £'000	2002 £'000
Turnover	2	9,791	8,240
<i>Cost of sales</i>		(1,654)	(1,389)
Gross profit		8,137	6,851
<i>Administrative expenses</i>		(1,336)	(1,194)
Operating profit	3	6,801	5,657
Income from current asset investments		426	–
(Loss)/Income from associate		(67)	9
Profit on disposal of property		–	342
Loss on disposal of investments		(20)	–
Profit on ordinary activities before interest		7,140	6,008
Interest receivable	6	293	327
Interest payable	7	(4,020)	(3,379)
Profit on ordinary activities before taxation		3,413	2,956
Taxation	8	(880)	(951)
Profit on ordinary activities after taxation		2,533	2,005
Minority interests		9	(11)
Profit attributable to members of the parent undertaking	9	2,542	1,994
Dividends	10	(2,125)	(1,183)
Retained profit for the year		417	811
Transferred from revaluation reserve		–	151
Purchase of own shares		–	(67)
Transferred from negative goodwill		–	911
Retained profit brought forward		12,297	10,491
Retained profit carried forward		12,714	12,297
Earnings per share	11	15.0p	11.8p

The notes on pages 21 to 33 form part of these financial statements.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31st December 2003

	2003 £'000	2002 £'000
Profit for the financial year after taxation	2,542	1,994
Unrealised surplus on revaluation of properties	11,399	310
Total recognised gains relating to the year	13,941	2,304

NOTE OF CONSOLIDATED HISTORICAL COST PROFITS AND LOSSES

for the year ended 31st December 2003

	2003 £'000	2002 £'000
Reported profit on ordinary activities before taxation	3,413	2,956
Realisation of property revaluation gains	-	151
Historical cost profit before taxation	3,413	3,107
Historical cost retained profit	417	1,806

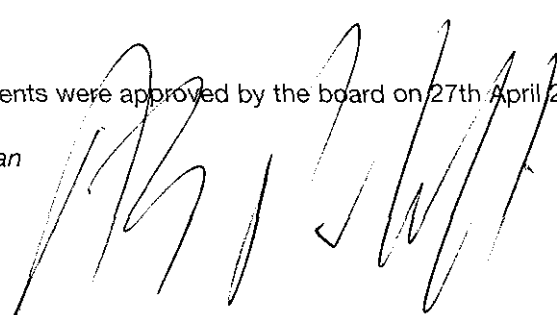
The notes on pages 21 to 33 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

at 31st December 2003

	Notes	2003 £'000	2002 £'000
Fixed assets			
Tangible assets	12	93,996	79,769
Intangible asset – negative goodwill	12	(793)	(893)
Investments	13	223	290
		93,426	79,166
Current assets			
Stock	15	8,790	7,147
Current asset investments	16	1,297	1,015
Debtors	17	5,580	1,999
Cash at bank and in hand		2,444	9,690
		18,111	19,851
Creditors:			
amounts falling due within one year	18	(5,767)	(7,258)
Net current assets		12,344	12,593
Total assets less current liabilities		105,770	91,759
Creditors:			
amounts falling due after more than one year	19	(55,576)	(53,253)
Minority interests		(90)	(266)
Net assets		50,104	38,240
Capital and reserves			
Called up share capital	20	4,250	4,226
Share premium account	21	2,886	2,862
Revaluation reserve	21	29,471	18,072
Capital redemption reserve	21	571	571
Negative goodwill reserve	21	212	212
Profit and loss account	21	12,714	12,297
Equity shareholders' funds	22	50,104	38,240

The financial statements were approved by the board on 27th April 2004

A. S. Perloff *Chairman*


The notes on pages 21 to 33 form part of these financial statements.

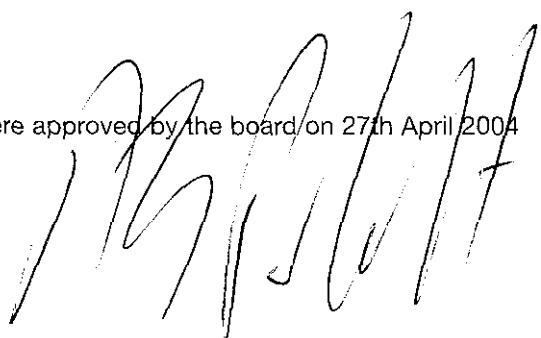
COMPANY BALANCE SHEET

at 31st December 2003

	Notes	2003 £'000	2002 £'000
Fixed assets			
Tangible assets	12	1,169	1,130
Investments	13	15,183	14,916
		16,352	16,046
Current assets			
Current asset investments	16	1,297	1,015
Debtors	17	51,619	43,546
Cash at bank and in hand		816	8,374
		53,732	52,935
Current liabilities			
Creditors:			
amounts falling due within one year	18	(11,349)	(10,658)
Net current assets		42,383	42,277
Total assets less current liabilities		58,735	58,323
Creditors:			
amounts falling due after more than one year	19	(41,833)	(41,000)
Net assets		16,902	17,323
Capital and reserves			
Called up share capital	20	4,250	4,226
Share premium account	21	2,886	2,862
Revaluation reserve	21	68	18
Capital redemption reserve	21	571	571
Profit and loss account	21	9,127	9,646
Equity shareholders' funds		16,902	17,323

The financial statements were approved by the board on 27th April 2004

A. S. Perloff *Chairman*



The notes on pages 21 to 33 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31st December 2003

	Notes	2003		2002	
		£'000	£'000	£'000	£'000
Cash flow from operating activities	23		2,242		3,651
Returns on investments and servicing of finance	24		(3,727)		(3,052)
Taxation			(1,097)		(864)
Investing activities	24		(3,388)		(7,464)
Acquisitions and disposals	24		–		(507)
Equity dividends paid			(2,036)		(1,524)
<i>Cash outflow before financing</i>			(8,006)		(9,760)
Financing	24				
Net proceeds of share issue		48		–	
Increase in debt		750		10,289	
Purchase of own shares		–		(67)	
			798		10,222
(Reduction)/increase in cash in the period			(7,208)		462

	Notes	2003		2002	
		£'000	£'000	£'000	£'000
Reconciliation of net cash flow to movement in net debt					
(Reduction)/increase in cash in the period		(7,208)		462	
Cash inflow from increase in debt		(750)		(10,289)	
Loans acquired on acquisition		–		(8,094)	
<i>Change in net debt resulting from cash flows</i>			(7,958)		(17,921)
Movement in net debt in the period			(7,958)		(17,921)
Net debt at 1st January 2003			(46,019)		(28,098)
Net debt at 31st December 2003	25		(53,977)		(46,019)

The notes on pages 21 to 33 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

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

1.1 Basis of preparation of financial statements

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

Basis of consolidation

The group accounts consolidate the accounts using the acquisition method of accounting of Panther Securities PLC and all its subsidiary undertakings drawn up to 31st December each year. No profit and loss account is presented for Panther Securities PLC as permitted by section 230 of the Companies Act 1985.

Undertakings, other than subsidiary undertakings, in which the group has an investment and over which it is in a position to exercise a significant influence are treated as associated undertakings. Accordingly the group accounts include the appropriate share of M R G Systems Limited results and net assets based on accounts to 31st December 2003.

1.2 Turnover

Turnover comprises:

- (1) Rental income from properties net of Value Added Tax where appropriate: The income is recognised on an arising basis.
- (2) Sale of stock properties: This is recognised on the date that exchange of contracts becomes unconditional.
- (3) Sale of current asset investments: This is recognised on the sale becoming unconditional.

1.3 Investment properties

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

- (i) investment properties are revalued annually by the directors and by independent professional valuers at intervals of not more than three years. The surplus or deficit on revaluation is transferred to the revaluation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year; and
- (ii) no depreciation is provided in respect of leasehold investment properties with over 20 years of the lease remaining.

Although the Companies Act would normally require the systematic annual depreciation of fixed assets, the directors believe that the policy of not providing depreciation is necessary to give a true and fair view, since the current value of investment properties, and the changes to that current value, are of prime importance rather than a calculation of systematic annual depreciation. Depreciation is only one of the many factors reflected in the valuation, and the amount which might otherwise have been included cannot be separately identified or quantified.

1.4 Investments

In the company accounts the value of investments in subsidiaries and associated undertakings is stated at cost less any provision for impairment.

In the group accounts the value of the investment is the group share of the associated undertaking's net assets.

1.5 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss account as incurred.

1.6 Stock properties

These are valued at the lower of cost and net realisable value.

NOTES TO THE FINANCIAL STATEMENTS

continued

1. Accounting policies continued**1.7 Current asset investments**

Current asset investments are valued at the lower of cost and net realisable value.

1.8 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. No timing differences are recognised in respect of property revaluation surpluses where there is no commitment to sell the asset. A deferred tax asset is not recognised to the extent that the transfer of economic benefit in future is uncertain. Any assets and liabilities recognised have not been discounted.

1.9 Pensions

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.

1.10 Depreciation

No depreciation has been provided on freehold and long leasehold land and buildings. Depreciation on all other fixed assets has been provided on a straight-line basis over their expected useful lives at rates varying between 10 per cent and 25 per cent per annum.

1.11 Negative goodwill

Negative goodwill arose on the acquisition of Eurocity Properties Plc and has been included in the consolidated balance sheet. It will be released to the profit and loss reserve as the relevant properties are disposed of.

1.12 Negative goodwill reserve

The negative goodwill reserve arose on the acquisition of group companies prior to the implementation of FRS 10. It will be released to the profit and loss reserve as the relevant properties are disposed of.

2. Turnover

The whole of the turnover and profit before taxation is attributable to the principal activity of the group.

	2003 £'000	2002 £'000
3. Operating profit		
The operating profit is stated after charging:		
Depreciation of tangible fixed assets – owned by the group	15	31
Auditors' fees	58	56
Non-audit services – paid to companies associated with the auditors	69	42
Operating lease charges – properties	298	182

	2003 £'000	2002 £'000
4. Staff costs		
Staff costs, including directors' remuneration, were as follows:		
Wages and salaries	478	486
Social security costs	49	44
	527	530

The average monthly number of employees, including directors, during the year was as follows:

	Number	Number
Directors	4	4
Other employees	14	14

Included in the above employees are 3, whose costs are recoverable through service charges.

NOTES TO THE FINANCIAL STATEMENTS

continued

	2003 £'000	2002 £'000
5. Directors' remuneration		
Emoluments for services as directors	157	172
Other emoluments	5	14
	162	186

There are no directors with retirement benefits accruing under money purchase pension schemes in respect of qualifying services.

	2003 £'000	2002 £'000
6. Interest receivable		
On bank deposits	293	327

	2003 £'000	2002 £'000
7. Interest payable		
On loans	4,020	3,378
Other	-	1
	4,020	3,379

	2003 £'000	2002 £'000
8. Taxation		
<i>Factors affecting tax charge for the year:</i>		
Profit on ordinary activities before tax	3,413	2,956
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2002 – 30%)	1,024	887
<i>Effects of:</i>		
Dividend income not allowable for tax purposes	(136)	(6)
Associate's share not allowable for tax purposes	20	(3)
Expenses not deductible for tax purposes	-	44
Provisions against investments not deductible for tax purposes	-	68
Capital allowances for period in excess of depreciation	(26)	(32)
(Under)/over provision prior years	(2)	24
Utilisation of tax losses	(5)	(41)
On disposal or transfer of properties	8	17
Marginal relief	(3)	(7)
Current tax charge for period	880	951
U.K. Corporation Tax – current year	882	927
– prior years	(2)	24
	880	951

NOTES TO THE FINANCIAL STATEMENTS

continued

	2003 £'000	2002 £'000
9. Profit attributable to members of the parent undertaking		
Dealt with in the accounts of:		
– the parent undertaking	1,606	2,022
– subsidiary undertakings	1,003	(37)
– undertaking in which there is a participating interest	(67)	9
	2,542	1,994

	2003 £'000	2002 £'000
10. Dividends		
On equity shares		
Special – 5p (2002 – nil)	850	–
Interim – 3.5p (2002 – 3.5p)	595	592
Final – 4p (2002 – 3.5p)	680	591
	2,125	1,183

11. Earnings per ordinary share

The calculation of earnings per ordinary share is based on earnings, after minority interests, of £2,542,000 (2002 – £1,994,000) and on 16,922,408 ordinary shares being the weighted average number of ordinary shares in issue during the year (2002 – 16,926,761).

	Investment Properties £'000	Fixtures and Equipment £'000	Motor Vehicles £'000	Total £'000
12. Tangible assets				
GROUP				
Cost or valuation				
At 1st January 2003	79,733	152	25	79,910
Additions	2,841	2	–	2,843
Disposals	–	(19)	–	(19)
Revaluations	11,399	–	–	11,399
At 31st December 2003	93,973	135	25	94,133
Depreciation				
At 1st January 2003	–	122	19	141
Charge for year	–	12	3	15
On disposals	–	(19)	–	(19)
At 31st December 2003	–	115	22	137
Net book value				
At 31st December 2003	93,973	20	3	93,996
At 31st December 2002	79,733	30	6	79,769

NOTES TO THE FINANCIAL STATEMENTS

continued

12. Tangible assets continued	Investment Properties £'000	Fixtures and Equipment £'000	Motor Vehicles £'000	Total £'000
COMPANY				
Cost or valuation				
At 1st January 2003	1,101	73	14	1,188
Additions	–	1	–	1
Disposals	–	(19)	–	(19)
Revaluations	50	–	–	50
At 31st December 2003	1,151	55	14	1,220
Depreciation				
At 1st January 2003	–	51	7	58
Charge for year	–	8	4	12
On disposals	–	(19)	–	(19)
At 31st December 2003	–	40	11	51
Net book value				
At 31st December 2003	1,151	15	3	1,169
At 31st December 2002	1,101	22	7	1,130

At 31st December 2003, £76,238,000 and £17,735,000 included within the net book value of land and buildings relates to freehold and leasehold land and buildings respectively.

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

	2003 £'000	2002 £'000
Cost	64,502	61,661
Cumulative depreciation	–	–
Net book amount	64,502	61,661

If the investment properties had been sold at their valuation at 31st December 2003, there would be a liability to tax of £7,189,000 (2002 – £4,316,000).

Costs relating to potential developments are included in additions to tangible assets and in the year ended 31st December 2003 amounted to £71,633 (2002 – £191,000).

The investment properties, other than the Eurocity Properties plc sub-group, held at 31st December 2003 were revalued at their open market value as at that date by Donaldsons, Chartered Surveyors in accordance with the Statement of Asset Valuation Practice and Guidance Notes published by the R.I.C.S. The investment property portfolio of Eurocity Properties plc were valued as at 31st March 2001 and the directors consider that there has been no material change since that date.

Negative goodwill	2003 £'000	2002 £'000
At 1st January	(893)	–
Additions	100	(893)
At 31st December	(793)	(893)

NOTES TO THE FINANCIAL STATEMENTS

continued

	Shares in associated undertakings £'000	Total £'000	
13. Fixed asset investments			
GROUP			
At 1st January 2003	290	290	
Decrease in share of net assets	(67)	(67)	
At 31st December 2003	223	223	
At 31st December 2002	290	290	
	2003 £'000	2002 £'000	
Investments			
Listed	—	—	
Unlisted	223	290	
	223	290	
	Shares in group undertakings £'000	Shares in associated undertakings £'000	Total £'000
COMPANY			
At 1st January 2003	14,841	75	14,916
Additions	267	—	267
At 31st December 2003	15,108	75	15,183
At 31st December 2002	14,841	75	14,916

NOTES TO THE FINANCIAL STATEMENTS

continued

13. Fixed asset investments continued

At 31st December 2003 the group held more than 10% of the equity of the following companies:

Subsidiary undertakings:	Country of registration	Holding	Proportion held	Nature of business
Excelchoice Limited	England	Ordinary Shares	100%	Property
Panther (Dover) Limited	England	Ordinary Shares	100%	Property
Panther Developments Limited	England	Ordinary Shares	100%	Property
Panther Shop Investments Limited	England	Ordinary Shares	100%	Property
Panther Shop Investments (Midlands) Limited	England	Ordinary Shares	100%	Property
Saxonbest Limited	England	Ordinary Shares	100%	Property
Panther (Bromley) Limited	England	Ordinary Shares	100%	Property
Snowbest Limited	England	Ordinary Shares	100%	Property
Surrey Motors Limited	England	Ordinary Shares	100%	Property
Westmead Building Company Limited	England	Ordinary Shares	100%	Property
Yardworth Limited	England	Ordinary Shares	100%	Property
Multitrust Property Investments Limited	England	Ordinary Shares	100%	Property
Etonbrook Properties plc	England	Ordinary Shares	98.5%	Non-trading
Northstar Property Investment Limited	England	Ordinary Shares	100%	Property
Northstar Properties Limited	England	Ordinary Shares	100%	Property
Northstar Land Limited	England	Ordinary Shares	100%	Property
London Property Company PLC	England	Ordinary Shares	100%	Property
Eurocity Properties PLC	England	Ordinary Shares	100%	Property
Eurocity (Seaside) Limited	England	Ordinary Shares	100%	Dormant
Eurocity Properties (Central) Limited	England	Ordinary Shares	100%	Property
Eurocity Properties (Manchester) Limited	England	Ordinary Shares	100%	Dormant
Oak Properties Limited	England	Ordinary Shares	100%	Dormant
Oak II Properties Limited	England	Ordinary Shares	100%	Dormant
Trio Properties Limited	England	Ordinary Shares	100%	Dormant
Eurocity (Rugby) Limited	England	Ordinary Shares	100%	Dormant
CJV Properties Limited	England	Ordinary Shares	100%	Property
Eurocity (Crawley) Limited	England	Ordinary Shares	100%	Property

Associate	Country of registration	Holding	Proportion held	Nature of business	Aggregate share capital and reserves £'000	Net (Loss)/ Profit for year £'000
M.R.G. Systems Limited	England	Ordinary Shares	37.5%	Electronic engineering	596	(179)

NOTES TO THE FINANCIAL STATEMENTS

continued

14. Capital commitments	2003	2002
	£'000	£'000
Capital expenditure that has been contracted for but has not been provided for in the accounts	Nil	Nil

	Group		Company	
	2003	2002	2003	2002
	£'000	£'000	£'000	£'000
15. Stock				
Property	8,790	7,147	-	-

	Group		Company	
	2003	2002	2003	2002
	£'000	£'000	£'000	£'000
16. Current asset investments				
Listed investments	1,297	776	1,297	776
Unlisted investments	-	239	-	239
	1,297	1,015	1,297	1,015

Current asset investments are shown at cost or, if lower, net realisable value.

The market value of listed investments at 31st December 2003 was £1,297,000 (2002 – £776,000).

	Group		Company	
	2003	2002	2003	2002
	£'000	£'000	£'000	£'000
17. Debtors				
Trade debtors	1,885	1,713	2	5
Amounts owed by group undertakings	-	-	51,411	43,462
Other debtors	3,503	106	150	15
Prepayments and accrued income	192	180	56	64
	5,580	1,999	51,619	43,546

	Group		Company	
	2003	2002	2003	2002
	£'000	£'000	£'000	£'000
18. Creditors				
Amounts falling due within one year:				
Loans and overdrafts	843	2,456	350	38
Trade creditors	317	250	87	20
Amounts owed to group undertakings	-	-	9,612	9,620
Social security and other taxes	209	168	40	25
Corporation tax	729	946	-	-
Other creditors	297	161	152	14
Accruals and deferred income	2,692	2,686	428	350
Dividends	680	591	680	591
	5,767	7,258	11,349	10,658

Bank and other loans are secured by legal charges over the assets of the group.

NOTES TO THE FINANCIAL STATEMENTS

continued

19. Creditors	Group		Company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Amounts falling due after more than one year:				
Bank loans	48,658	45,707	41,833	41,000
Building society loans	6,918	7,546	—	—
	55,576	53,253	41,833	41,000

Bank loans are secured by fixed and floating charges over the assets of the group. Building society loans are secured by legal charges over the related properties and other assets of the group.

Analysis of debt maturity	Group		Company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Repayable:				
Within one year	843	2,418	350	—
In more than one year but not more than two years	886	1,120	350	700
In more than two years but not more than five years	49,490	48,084	41,483	40,300
In five years or more	5,200	4,104	—	—
	56,419	55,726	42,183	41,000
Less: Unamortised loan arrangement fee	—	(55)	—	—
	56,419	55,671	42,183	41,000

Bank loans	Loan £'000	Rate %
Interest is charged as to:		
Fixed		
HSBC	6,250	7.94
HSBC	12,500	7.81
Ahli United Bank	6,975	7.0625
HSBC	6,250	7.06
HSBC	10,000	6.23
HSBC	6,000	5.855
Floating		
HSBC	1,183	

At 31st December 2003 £7,817,000 had not been drawn down from facilities available until December 2006.

NOTES TO THE FINANCIAL STATEMENTS

continued

19. Creditors

Amounts falling due after more than one year (continued)

Building society loans	£'000
Repayable by quarterly instalments until December 2013 when a final capital payment of £274,500 falls due. Interest is charged at 1.3% above LIBOR	2,471
Repayable by quarterly instalments until July 2020. Interest is charged at 1.5% above LIBOR	400
Repayable by quarterly instalments until August 2014. Interest is charged at 1.75% above the 5 period SWAP rate until August 2004 when it reverts to 1.75% above LIBOR	1,724
Repayable by quarterly instalments until February 2016. Interest is charged at 7.45% fixed until February 2006 when it reverts to 1.5% above LIBOR	652
Repayable by quarterly instalments until May 2017. Interest is charged at 7.42% fixed until May 2011 when it reverts to 1.5% above LIBOR	880
Repayable by quarterly instalments until August 2017. Interest is charged at 7.41% fixed until August 2011 when it reverts to 1.5% above LIBOR	435
Repayable by quarterly instalments until August 2019. Interest is charged at 7.22% fixed until August 2006 when it reverts to 1.5% above LIBOR	618
	7,180

The group does not trade in 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 loan arrangements. The purpose of such transactions is to manage the interest rate risks arising from the group's operations and its sources of finance.

	2003 £'000	2002 £'000
20. Called up share capital		
Authorised		
30,000,000 ordinary shares of £0.25 each	7,500	7,500
Allotted, called up and fully paid		
16,998,151 ordinary shares of £0.25 each (2002 – 16,902,117)	4,250	4,226

NOTES TO THE FINANCIAL STATEMENTS

continued

	Group £'000	Company £'000
21. Reserves		
Share Premium Account		
At 1st January 2003	2,862	2,862
Arising on issue of shares	24	24
At 31st December 2003	2,886	2,886
Revaluation Reserve		
At 1st January 2003	18,072	18
Surplus on revaluation of freehold property	11,399	50
At 31st December 2003	29,471	68
Capital redemption reserve		
At 1st January 2003 and 31st December 2003	571	571
Negative goodwill reserve		
At 1st January 2003 and 31st December 2003	212	-
Profit and loss account		
At 1st January 2003	12,297	9,646
Retained profit/(loss) for the year	417	(519)
At 31st December 2003	12,714	9,127
22. Reconciliation of movements on shareholders' funds	2003 £'000	2002 £'000
Profit for the year	2,542	1,994
Dividends	(2,125)	(1,183)
	417	811
Shares issued during year	48	-
	465	811
Revaluation surplus	11,399	310
Purchase of own shares	-	(67)
	11,864	1,054
Opening shareholders' funds	38,240	37,186
Closing shareholders' funds	50,104	38,240

NOTES TO THE FINANCIAL STATEMENTS

continued

	2003 £'000	2002 £'000
23. Reconciliation of operating profit to operating cash flows		
Operating profit	6,801	5,657
Depreciation of tangible fixed assets	15	31
Change in debtors	(3,581)	(1,061)
Change in stocks	(1,643)	(2,067)
Change in creditors	247	866
Change in current asset investments	403	225
Net cash inflow from operating activities	2,242	3,651
24. Analysis of cash flows for headings netted in the cash flow statement	2003 £'000	2002 £'000
Returns on investments and servicing of finance		
Interest received	293	327
Interest paid	(4,020)	(3,379)
Net cash outflow for returns on investments and servicing of finance	(3,727)	(3,052)
Capital expenditure and financial investment		
Purchase of investments	(2,026)	(1,000)
Purchase of tangible fixed assets	(2,841)	(7,817)
Purchase of minority interests	(267)	–
Sale of investments	1,746	1,353
Net cash outflow for capital expenditure and financial investment	(3,388)	(7,464)
Acquisitions and disposals		
Purchase of Eurocity Properties PLC	–	(817)
Cash acquired on acquisition	–	310
Net cash outflow for acquisitions and disposals	–	(507)
Financing		
Issue of ordinary share capital	48	–
Repayment of loans	750	–
Purchase of own shares	–	(67)
New loans net of repayments	–	10,289
Net cash inflow from financing	798	10,222

NOTES TO THE FINANCIAL STATEMENTS

continued

	At 1st January 2003 £'000	Cash flow £'000	Other movements £'000	At 31st December 2003 £'000
25. Analysis of net debt				
Cash at bank	9,690	(7,246)	–	2,444
Overdrafts	(39)	38	–	(1)
	9,651	(7,208)	–	2,443
Net debt due after 1 year	(53,252)	(1,033)	(1,291)	(55,576)
Net debt due within 1 year	(2,418)	283	1,291	(844)
	(55,670)	(750)	–	(56,420)
Total	(46,019)	(7,958)	–	(53,977)

26. Other commitments

At 31st December 2003 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Expiry date:				
In more than 5 years	259	182	–	–

27. Related party transactions

Advantage has been taken of the exemptions conferred under FRS 8 such that related party transactions need not be disclosed because all subsidiaries are over 90 per cent owned and are included in these consolidated accounts.

FIVE YEAR REVIEW

	2003 £'000	2002 £'000	2001 £'000	2000 £'000	1999 £'000
Rental Income	9,125	7,951	6,020	5,518	4,961
Other Income	666	289	3,408	1,001	900
Turnover	9,791	8,240	9,428	6,519	5,861
Profit before interest	7,140	6,008	5,718	4,405	3,735
Profit on ordinary activities before taxation	3,413	2,956	3,531	2,396	2,056
Profit attributable to members of the holding company	2,542	1,994	2,716	1,768	1,544
Earnings per ordinary share	15.0p	11.8p	16.0p	10.1p	8.6p
Dividend per ordinary share	12.5p	7.0p	9.0p	6.5p	6.0p

Employment of finance:

Fixed assets	93,426	79,166	62,232	53,619	52,843
Net current assets	12,344	12,593	12,183	9,021	10,526
Minority interests	(90)	(266)	(92)	(97)	(115)
Total assets less current liabilities	105,680	91,493	74,323	62,543	63,254

Financed by:

Shareholders' funds	50,104	38,240	37,186	32,285	32,875
Loans	55,576	53,253	37,137	30,258	30,379
	105,680	91,493	74,323	62,543	63,254

Net assets per ordinary share	294.8p	226.2p	219.4p	190.5p	182.0p
-------------------------------	--------	--------	--------	--------	--------

NOTICE OF MEETING

Notice is hereby given that the 69th Annual General Meeting of Panther Securities P.L.C. will be held at the offices of S. J. Berwin & Co, 222 Grays Inn Road, London WC1 on 16th June 2004 at 12 noon for the following purposes:-

As Ordinary Business

1. To receive and adopt the directors' report, remuneration report and financial statements for the year ended 31st December 2003.
2. To authorise the payment of a final dividend of 4p per ordinary share.
3. To re-elect A. S. Perloff, who is retiring by rotation, as a director.
4. To re-elect P. M. Kellner, who is retiring by rotation, as a director.
5. To re-appoint the auditors Nexia Audit Limited and to authorise the directors to determine their remuneration.

As Special Business

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

6. The directors be generally authorised in accordance with Section 80 of the Companies Act 1985 to exercise all the powers of the company to allot relevant securities within the terms of the restrictions and provisions following, namely:-
 - (i) This authority shall (unless previously revoked or renewed) expire two years after the date of the passing of this resolution.
 - (ii) This authority shall be limited to the allotment of relevant securities up to the aggregate nominal amount of £2,400,000.

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

7. That, subject to the passing of resolution 5, the directors be empowered pursuant to section 95 of the Act to allot equity securities (within the meaning of section 94 of the Act) for cash pursuant to the authority conferred by resolution 5 as if section 89(1) of the Act did not apply to any such allotment provided that this power shall be limited:
 - (i) to the allotment of equity securities in connection with a rights issue in favour of ordinary shareholders where the equity securities attributable to the interests of all such ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them (subject to such exclusions or variations or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the law, or the requirements of any regulatory body or any stock exchange in any territory or otherwise howsoever); and
 - (ii) to the allotment of equity securities (otherwise than pursuant to sub-paragraph (a) above) up to an aggregate nominal amount of £211,838

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

NOTICE OF MEETING

continued

8. That the Company be and is hereby authorised to purchase its own shares by way of market purchase upon and subject to the following conditions:-
 - (i) The maximum number of shares which may be purchased is 2,500,000 ordinary shares of 25p each;
 - (ii) The maximum price at which any share may be purchased is the price equal to 5 per cent. above the average of the middle market quotations of an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days preceding the date of such purchase, exclusive of expenses, and the minimum price at which any share may be purchased shall be the par value of such share; and
 - (iii) The authority to purchase conferred by this Resolution shall expire at the conclusion of the next Annual General Meeting of the Company provided that any contract for the purchase of any shares as aforesaid which was concluded before the expiry of the said authority may be executed wholly or partly after the said authority expires.
9. That the Directors be authorised to make a payment of £25,000 by way of donation to the Conservative Party.

By order of the Board
~~P.A. Rowson~~
P.A. Rowson
Secretary

Panther House
38 Mount Pleasant
London WC1X 0AP

27th April 2004

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.



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