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Form of Proxy



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DIRECTORS AND ADVISORS

Directors	<p>*† Andrew Stewart Perloff (Chairman and Chief Executive) *‡ Bryan Richard Galan (Non-executive) *‡ Peter Michael Kellner (Non-executive) Peter Aston Rowson (Finance)</p>
Secretary and Registered Office	<p>Peter Aston Rowson Panther House, 38 Mount Pleasant, London WC1X 0AP</p>
Registered Number	<p>293147</p>
Auditors	<p>Nexia Audit Limited Prospect House, 2 Athenaeum Road, Whetstone, London N20 9YU</p>
Bankers	<p>HSBC Bank plc 31 Holborn, London EC1N 2HA Singer & Friedlander Limited 21 New Street, Bishopsgate, London EC2M 4HR</p>
Brokers	<p>Raymond James Investment Services 77 Cornhill, London EC3V 3QQ</p>
Financial Advisors	<p>John East & Partners Limited Crystal Gate, 28-30 Worship Street, London EC2A 2AH</p>
Registrars	<p>Capita Registrars The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU</p>
Solicitors	<p>Bernard Oberman & Co. 27/29 Cursitor Street, London EC4A 1PB Biggart Baillie Dalmore House, 310 St Vincent Street, Glasgow G2 5QR Faegre Benson Hobson Audley 7 Pilgrim Street, London EC4V 6LB S. J. Berwin 222 Gray's Inn Road, London WC1X 8XF</p>

*Member of Nomination Committee

†Member of Audit Committee

‡Member of Remuneration Committee



THE YEAR IN BRIEF

	2004 £'000	2003 £'000
Turnover	9,292	9,791
Profit on ordinary activities before taxation	3,139	3,413
Profit attributable to members	1,530	2,542
Earnings per 25p ordinary share	9.0p	15.0p
Dividend per ordinary share	8.0p	12.5p*
	2004 £'000	2003 £'000
Net assets of the group	54,988	50,104
Net assets attributable to ordinary shareholders per 25p ordinary share	323.5p	294.8p

*Includes special dividend.

CHAIRMAN'S STATEMENT

Introduction

It has been an exciting and busy year. I am delighted to report that our pre tax profit for the year ended 31st December 2004 amounted to £3,139,000 compared to £3,413,000 last year. However, these figures do not include the £6,670,000 realised profit transferred from revaluation reserve.

This realised profit previously shown in our reserves arose from the sale of our largest asset, the Panther House complex, together with some other smaller sales mentioned below. Despite these sales, our rental income receivable increased to a very healthy level of slightly over £9 million for the year.

Eurocity Properties PLC

On 27th May 2004 we sold Eurocity (Crawley) Limited, a wholly owned subsidiary of Eurocity Properties PLC. The company was sold for £718,000 less selling costs which was satisfied by a cash payment of £68,000 and £650,000 in shares and loan notes in Real Estate Investors PLC which was a new AIM listed property company. In addition the purchasers repaid the inter-company debt due of £634,000 in cash. The ordinary shares were issued to us at the placing price of 10p each. The current market price is 10½p per share which means that if sold at these values we would recoup most of the cost of Eurocity Properties PLC from one third of its assets.

Panther House/Gray's Inn Road/Churchills public house

Panther House, Mount Pleasant and 156/164 Gray's Inn Road, London WC1 were sold at auction in July 2004. They sold for £8,810,000, a figure which matched our most optimistic expectations and Churchills public house in Mount Pleasant was sold after the auction at £940,000. Yardworth Limited, our wholly owned subsidiary, took a 5 year management lease (with an option to break at the end of the 2nd year) on Panther House at £400,000 per annum. This is mostly covered by income from sub-licensees but includes a rent for the use of the offices we occupy.

Most shareholders will know that Panther House was the company's Head Office for 70 years. It was initially bought by the original Levers Optical Company when it went public in 1934 and, since my involvement with the company in 1972 we have strenuously endeavoured to maximize its value.

Our first step was to create London's first business centre offering small licensed units available at affordable terms to developing/embryonic businesses. We subsequently acquired an adjoining leasehold and negotiated for 25 years with London Regional Transport to acquire their freehold interest of this leasehold property. At the same time we started to put forward various applications for planning permission to further develop the site – all to little avail but much frustration. The final outcome was financially successful after years of effort.

Hawtin PLC

On 21st June we acquired 15% of Hawtin PLC, an AIM listed company, at a cost of £1,487,976 (Portnard Limited, one of my private companies, having previously acquired 14.5%). The purchase price in both instances was 13p per share. Hawtin PLC was previously a conglomerate which, in recent years, had sold off all of its trading businesses whilst retaining its freehold factories as investments. In addition it holds 35 acres of land in Blackwood/Gwent, South Wales which is zoned for residential and industrial use. The latest revalued book value of Hawtin PLC's net assets is approximately 16p per share. I have been appointed to its Board and have confidence that our investment will be successful.

Wickford, Essex

For some years we have owned a factory estate in Wickford, Essex which was held on a long lease at a low fixed ground rent from Basildon District Council. In May we purchased the freehold at auction for approximately £650,000 including costs and whilst this expenditure produces little extra income, the factory estate is now freehold and the quality of the investment is much improved.



CHAIRMAN'S STATEMENT

continued

Burslem, Stoke-on-Trent

In November 2004 we purchased a 1.6 acre freehold town centre factory investment for £900,000, producing £70,000 per annum rent from The Royal Staffordshire Tableware Limited. The property comprises over 100,000 square feet of accommodation.

Abraxus

On 17th November 2004 we acquired approximately 25% of the equity of this small AIM listed shell company for about £300,000.

Post Balance Sheet Trading Events

We sold the Abraxus holding for £90,000 profit on 17th January 2005.

Shareholders have been advised that on 28th February 2005 we completed the sale of Copthall House, Coventry, at a price of £9,250,000, which was £4,000,000 in excess of its December 2003 independent valuation. We consider this was an excellent result.

Towards the end of February 2005, we also sold 14-18 King Street, Stirling, Scotland for £525,000. This was one of the Eurocity Properties portfolio and realised approximately 10% in excess of its book value.

The profits on all of these transactions will come into the current year's figures.

Finance

In December 2004 we completed arrangements for a new £75,000,000 seven year loan facility with HSBC Holdings plc, who are our main lenders, and with whom we have had an extremely good business relationship for over 24 years. The interest rate margin was on slightly better terms than previously and £50,000,000 of this loan is now on a fixed rate. We still have approximately £24,000,000 of this facility undrawn and available towards future investment acquisitions.

Dividends

An Interim Dividend of 4p per share was paid on 29th October 2004 and the Directors are recommending a final dividend of 4p per share for the year ended 31st December 2004. In view of the sale of Copthall House in February 2005, the Directors will be paying a special Interim Dividend of 10p per share for the year in progress on the same date as the final dividend payment.

My Pension

A personal self-administered pension fund was set up for me in 1985 by the Company which has made total contributions of approximately £280,000 (only one fifth of the maximum under the new lifetime limits). My fund has been very successful and as is usual with this Government under the new "pension simplification process" I will be penalized for success with an extremely heavy 55% tax charge should I wish to draw the maximum pension available to me in due course. To rectify this problem I am being paid a bonus of £350,000 for the year ending 31st December 2004, and again for the current year. I am proposing to waive my personal entitlement to the special 10p dividend payable in 2005 which amounts to £426,000 so that other shareholders will not be unduly disadvantaged by my bonuses. The net cost to the company for the two years would be about £126,000.

Directors

It is with much sadness that I have to report that Peter Rowson will be retiring after this AGM. Peter has been with the Company for 32 years and throughout that time has shown a loyalty, diligence and work ethic that is an example to us all. His ability to deal with all types of people and difficult situations calmly and fairly has long been a source of amazement to me. On behalf of all staff and shareholders I wish him well in his retirement.

CHAIRMAN'S STATEMENT

continued

For some years now at our AGM I have been asked about succession on my retirement from active work, usually by shareholders who are much older than me. I have no intention of retiring at present, but to ensure continuity of the Board, I am pleased to announce that we are appointing to our Board as from 1st July 2005 John Doyle (age 32), manager of our surveying department, John Perloff (age 36), letting manager, and Simon Peters (age 28), as finance director and company secretary.

WHAT A SHAMBLES

Shareholders will by now be very well aware of my immense irritation at both the pervasive bureaucratic nightmare caused by ludicrous regulations imposed upon us all by those who claim to be "protecting our interests" and the excessive amounts of taxation levied.

Whilst I have only ever had shareholders comment that they agree with my views, I am sure some do not and are not interested in reading about some of my experiences and views as they are not strictly relevant to the company's accounts or progress. For this reason I have written a supplement to my statement and shareholders thus can read or ignore my views.

Outlook

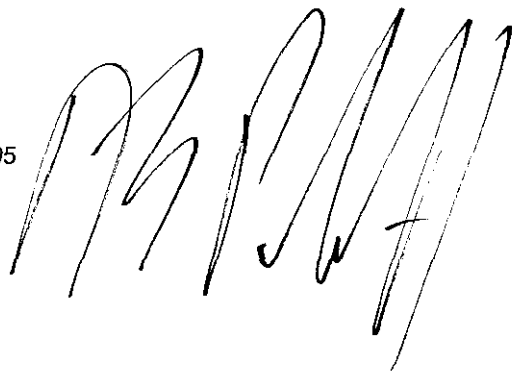
I comment at length in my supplement on the political situation which I believe creates the greatest risks and burdens to a small company such as ours.

Your Board, however, are unanimous in its view that whilst caution is the order of the day, our group, which holds over £20,000,000 in cash and with our undrawn facilities is well equipped to take advantage of any opportunities that may come our way or indeed the stormy financial conditions that are sure to arise after the next election.

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

26th April 2005



CHAIRMAN'S SUPPLEMENT

WHAT A SHAMBLES

Planning/Housing

In the current climate with low interest rates and strong demand, builders and developers could easily provide more housing at lower cost more affordably for first time buyers. There is a popular misconception that there is insufficient land on which to build. This statement is utter rubbish. The only bottleneck is the incompetence in the planning process accompanied by local authorities' political correctness and their barely legal blackmail of developers with their ridiculous demands for money payments under section 106 agreements for social housing provision.

Ministers have shed bucket-loads of crocodile tears over the lack of suitable low cost housing for essential workers and first time buyers, and in an effort to shift the blame from themselves, commissioned a leading economist to report on the housing market.

Before Kate Barker even put her pen to paper I knew what conclusion this government will take from her report – TAX IT! – this is of course not the answer to the problem.

An investigation of the property market should also have looked at all the property auctions of the previous two or three years and seen what a huge amount of housing, developed buildings and land had been sold by local authorities, N.H.S. or other unaccountable bureaucratic bodies – much of this could have been utilised towards solving the social housing and essential worker accommodation problem.

The reason why they sell outright is that the money is needed to pay for the Bloated Payrolls & Pensions of all planners, town centre improvement officers/Bat/Spider/Newt protection officers, licensing officers, shopfront inspectors, ethnic advice/legal aid centres etc etc. These people are all very well paid, very well pensioned, have very good working conditions as well as having a work absenteeism rate much higher than the private sector and of course well paid holidays, all of which are risk free and paid for by the general taxes/council tax mostly provided by the private sector for whom they have so little regard.

Our Company owns a vacant, derelict site in the centre of Ramsgate, which would be ideal for 24/26 flats. Our architects consulted meticulously with the planners as to what would be an acceptable development. Numerous revisions were made until the planner was satisfied. The application was submitted with optimistic expectation by our architects (not by me though!) and sure enough three or four months later the senior planning officer recommended the application should be refused, and it was. Almost as annoyingly, a week later I received a letter, from a Ramsgate Town Centre's Improvement Officer, complaining about the derelict site and threatening us that if we did not bring it into use soon they might compulsorily purchase the property. They had a short sharp answer to their letter which unfortunately required me to show some self-restraint in the way I normally express myself.

I am currently in the process of trying to obtain planning permission to rebuild my own house. This is normally a simple process as new for old is allowed even in the "green belt" where I live. My application was submitted after long consultation. After a suitable interval I phoned to ascertain when the application would be submitted to the planning committee and I was told it was going to be refused by way of "delegated powers" by the senior planning officer. The reasons given were so patently incorrect that it was clear that the planning department had not investigated the scheme at all. I phoned my local councillor to complain and to ask him to request that it be heard by the planning committee (only a councillor can make this request). It seemed the democratic process began to work. The councillor investigated the matter and the "delegated refusal" was abandoned and a thorough investigation was implemented which revealed the new house was only 10% bigger than the old house – not the 30% the planning officer had actually believed. The planning officer did not believe the independent computer calculations of cubic content and required hand written calculations. To further complicate matters we received a letter from "Batwoman" (Hertfordshire environment officer) who informed us that our area was known to have bats and a bat survey was required. This we did and the "Batologist" looked in the rafters, up the eaves, down the nooks and

CHAIRMAN'S SUPPLEMENT

continued

round the crannies. He did not find Bats, but concluded that because it was hibernation time it was possible a Bat family could be hidden almost anywhere. He did however find two tiny pieces of old bat droppings and thus a new survey will have to be carried out when Mr Bat Van Winkle wakes up. It appears a Bat family has the right to claim asylum in my rafters and would have to be provided with suitable alternative accommodation if I wish to redevelop. To date, no rare spiders, newts, frogs or flora have been found, all of whom appear to have "rights" which human Council Tax payers do not appear to have.

For 18 years I have owned an old cinema in Hyde, south of Manchester, which was always slightly unprofitable, but about 9 years ago, a multiplex cinema opened nearby and thereafter I doubt if we even had 50 customers each week. The cinema was closed and a planning application was made and granted for alternative leisure uses and despite extensive marketing no user was forthcoming. Eventually I obtained a new planning permission to demolish and rebuild with 29 much needed assisted flats on the site. Within four or five months a number of local residents petitioned the heritage department - which after a cursory inspection - listed the property. The local residents are intent on converting the cinema back to its original use as a theatre. The cost of this would be £2 to £3 million and the losses on running this venture would be hundreds of thousands of pounds a year.

The theatre-lover promoters want lottery money for the capital costs and the losses presumably to be paid by the local authority (none of their own money, of course). I am a great believer in protecting our heritage, but this cinema is a particularly unattractive building with a low level of Grade Listing. The proposed squandering of so much public money is absurd as the building next door to mine is a modern theatre which more than adequately provides for Hyde's thespian needs. What is urgently required in Hyde is "Tuppence worth" of common sense.

Whilst these restrictions to develop are going on throughout the country, it appears that if you are a scruffy, mess making group of people who pay no council tax, probably don't pay road tax or car insurance, but live (probably on state benefits) in caravans, you can do as you like. The caravans you plonk down on green belt land, in nice areas, which have been bought cheaply because of the lack of possible planning permission, and if you call yourself "travellers", then judges override all the objections and planning laws and grant "living rights" under the "human rights" act.

THAT'S THE SHAMBLES OF THE PLANNING SYSTEM.

Transport

We all know that there are too many cars on roads laid out before the full impact of the car transport revolution was fully understood. But how do our representatives deal with the problem? They employ thousands of road planners and specialist traffic consultants who after much thought and deliberation on how to improve traffic flow find the solution - BUS LANES - which reduce the useable road space into major towns by 25%. This alone causes major delays and confusion. However, once bus lanes had been implemented, many traffic planners may be out of a job - thus bicycle lanes are devised reducing fluidity and creating more congestion. Further havoc is created by humps - bumps - bollards and barricades being instigated - these of course have the added benefit of needing regular changes, when a new more efficient design for road impediment is designed.

In the first three miles of my journey home (mainly through Islington) I go over 60 bumps/humps - ie one every 100 yards. I calculate the extra cost to repairs/servicing the nation's stock of motor vehicles because of this persistent shaking is probably over £6 billion per year - I doubt if there are any net benefits and probably explains why some of the 2.7 million people are able to claim disability benefits because their bodies are being regularly jolted!!! I am sure it is nothing to do with the fact that being classified as disabled means the state pays you £20 a week more than if you are on the dole or that it helps to keep unemployment figures looking impressively low.

This is bad enough, but in an effort to punish the motorist still further, not only do local authorities forever carry out minor road works, they also allow any Tom, Dick or Harry of a utility company to dig up the road for their own purposes without proper consultation. These bodies do not liaise with each other, thus



CHAIRMAN'S SUPPLEMENT

continued

making journeys on the roads far longer and more traumatic than necessary. I am sure you will have noticed that the majority of road works which are coned off, causing restricted traffic, rarely have any builders working. I believe this is because jobs are awarded at lowest cost to contractors who take on three or four times the work they have staff to immediately carry out – thus having to take much longer on each job by moving workers from job to job to job. There is no consultation or consideration for the road user.

THIS IS THE SHAMBLES OF THE ROADS.

The local authority has to devise ways to allocate street parking for its own residents. It extracts more money from its residents by charging a fee for a permit to park near their own home on the roads already paid for out of exorbitant petroleum taxes. Most people are happy to accept this allocation arrangement, but if a council creates 30,000 resident spaces it sells 40,000 permits. (I understand this is the case with all London Boroughs, but obviously the figures vary): **I call this fraud.**

It could be said "Airlines do the same". Yes of course this does happen and occasionally we may get "bumped off a flight" but then compare what happens. Airline staff apologise profusely, offer alternative arrangements, free meals, compensate you with money or put you up at their cost at a nice hotel. The council's attitude to a resident who finds all the "resident spaces" full and who either has to stop to take their children into school or collect a slow walking elderly relative, or rush into a local chemist for an urgent prescription is to issue a parking ticket for £50 if you pay without question, the fine doubles if you dispute the situation. (This payment method I call soft fraud.)

To escalate this fraud councils directly or indirectly employ a uniformed army of people most of whom unfortunately seem uninterested in your personal parking predicament when you point out that you are a resident whose space has been sold twice and used by someone else.

Whilst still on roads it's worth mentioning that police forces up and down the country became jealous of the huge amounts of cash that local authorities were milking from motorists and then realised they had the technology to grab their share of the loot – speed cameras.

Under the false pretext of making roads safer, speed cameras proliferated. The cameras are hidden away behind bridges or placed unobtrusively on dual carriageway roads that should have higher speed limits or placed a few hundred yards before or after a fast road speed limit changes – especially placed to catch the unwary. In the last three years numbers of speeding fines have gone up to an estimated 2.5 million per annum. Does this mean the public have taken up formula one racing on our streets? – of course not. It just means better technology has allowed for more motorists to be milked of their cash. This advanced camera/computer technology could easily be focused on "real" criminals with stolen cars, non-taxed, non-insured, non-registered vehicles or convoys of travellers moving towards some scenic area.

BUT IT WON'T HAPPEN – THERE IS NO MONEY IN CATCHING CRIMINALS.

Taxation

We have a grossly unjust taxation system upon which I have written at length in previous reports but I still feel repetition is not amiss.

Higher rate taxpayers, who as entrepreneurs substantially own the company they work for, pay 40% income tax and over 20% National Insurance Tax on part of their income. The profit in the company is further taxed at 30%. The company also has paid: 3% or 4% stamp duty tax on property purchases; 5% insurance premium tax; VAT at 17.5%, some of which is irrecoverable, and commercial property rates even on empty properties.

After these deductions and corporation tax having been paid, if any money is paid out in dividends a further 25% is paid by most recipient shareholders and when this money is spent by them a further 17.5% is paid in VAT on most purchases. In cases of purchases of petrol, cigarettes or alcohol, approximately 80% is tax. Additionally, very high Local Council Taxes have to be paid.



CHAIRMAN'S SUPPLEMENT

continued

When one retires and sells one's assets, up to 40% tax can be taken in one hit on the capital appreciation even if it has taken 40 years to accumulate. Ultimately a further 40% tax is taken when you die.

The government spending is over £8,000 per year for every single person in the UK.

This level of taxation as well as being inequitable is a disincentive to enterprise and detrimental to the economy.

Capital taxation on disposal of shareholdings in a large diversified property investment company such as ours which provides huge benefits to the small business and entrepreneurial economy of the country is taxed at the highest rate, whereas if one manufactured guns, land mines, poisons, flick-knives or parking warden uniforms one would receive the most favourable tax treatment.

New legislation shortly coming into force will allow same sex marriages, where leaving aside the potential for a "Brian Rix" theatrical farce out of this, one asks why? – it is so some people whose sexual predilection is different from the majority can benefit from the tax benefits that married couples enjoy, eg exemption from inheritance tax to one's partner on death, together with pension and asset transfer rights. A widow and widower who choose to live together for companionship and to possibly ease the heavy cost of normal every day life and council tax, or an elderly widow wanting to leave her home to a son, daughter or friend who lives with her and looks after her don't get similar tax concessions – What a disgrace!

It is truly ludicrous that inheritance tax payments can be different because of one's sexual predilections. Morally repugnant is an inadequate description for such a tax system.

Because same sex marriage is really only a tax concession, I would not be surprised in due course to see the Inland Revenue investigate "civil partnership" agreements to test that it is not an "avoidance scheme" and to ask for visible proof that the partnership has been "properly consummated".

With so much publicity recently of the 60th anniversary of the liberation of Auschwitz I am reminded of many years ago when this company was still trying hard to make a profit in our optical business, our top salesman was a European Holocaust survivor who spoke with a thick mid European accent, worked very hard and produced profitable sales for the company. I often felt that he had had more than his fair share of misfortune in life. He had iron leg braces, his only daughter was disabled and when he rolled up his sleeves to collect the boxes of spectacle frames he was selling, you could clearly see the tattooed number on his arm which said volumes for the hardship he had suffered under a democratically elected government. He never ever talked or complained about these previous hardships – which was in some ways surprising considering his non-stop complaints about what was happening in our optical business.

One day he stormed into my office complaining, about what, I cannot remember ! but I remember his words well "Ven de fish shtinks it shtinks from de head". At that time I thought he meant that the two optical directors were letting him down on supplying the goods he had sold to his customers either in the production process or delivering late. The words stuck in my memory and gradually I came to realise it referred to me – I was the ultimate head of the organisation – I did not understand the business, or give it enough attention and let things run on without proper guidance. I was occupied elsewhere with problems in our property interests – I WAS THE STINKER!

This story conveniently brings me to what is the cause of so many of our problems – CENTRAL GOVERNMENT. Legislation is enacted on a mass of subjects by people who have no experience in the subjects about which they are legislating and they then compound the problem by not carrying out proper scrutiny. Vast amounts of money are allocated to cure perceived problems in the mistaken belief that this alone will create improvements.

Increased taxation charges on pension funds have reduced considerably the expectations of a comfortable retirement for millions. Current younger high achievers have had their ability to build a large pension fund curtailed, whilst the M.P.s who passed the legislation, gold plate their own pension arrangements with surreptitious amendments to the Finance Act and thus exclude themselves and the judiciary from the pension fund limits. Once again it is a case of do what I say and not as I do.

CHAIRMAN'S SUPPLEMENT

continued

Most business owners are forced to have intricate discussions with the Inland Revenue as to what are allowable business expenses – I doubt if M.P.s, especially M.E.P.s, have the same vigorous inspection for their own large tax free expenses – wives, girlfriends etc etc all go on the payroll etc. M.P.s are allowed a second home allowance because it is assumed they need a house near Westminster and one in their constituency. At least one MP claims £20,000 per annum for a second home when it is rented out at £20,000 per annum – THIS IS DISGRACEFUL.

M.P.s don't pay the congestion charge. Many M.P.s don't pay the huge environmental tax charge that company car owners have to pay. If an MP uses his private car for his constituency business he is allowed to charge 57p per mile. Private owners using their car for business purposes are only allowed 40p per mile – WHY? – most M.P.s have private parking provided for them untaxed – if companies provide this for staff they are taxed as a benefit in kind. Some Labour M.P.s promote restrictions on private education yet educate their own children privately. They also recommend certain types of vaccination for children but almost certainly carry out different, more expensive and probably better vaccinations for their own children – in short, many M.P.s seem to be bloody hypocrites.

In the early 19th century, the rapidly growing London was having health problems caused by the huge amount of sewage flowing into the Thames, which at that time still provided much of London's drinking water. However, when in 1858 a hot summer produced such smells from the Thames that Parliament had to move out of Westminster temporarily it was forced to provide the extra funds and impetus to enable Bazalgette to complete the new sewage system throughout London and which, amazingly, is still very much in use today. That year was called "The Great Stink" of 1858.

When the populace as a whole realise how they have been ripped off with massive additional taxes for no extra benefit; have had over 1,000 new regulations with potentially imprisonable offences foisted upon them (even Passports for Horses & Asses!!); have had uncontrolled and unquantified immigration to these shores without consultation; have been persecuted insensitively by all and every form of authority, then I believe 2005 or 2006 might become this century's "Great Stink". This is why we are making a £25,000 donation to the Conservative Party – on the basis that they can run the country on a far more efficient, honest and equitable basis than the current bunch of STINKERS.



FINANCIAL REVIEW

Sale of Mount Pleasant and Gray's Inn Road

The year under review was chiefly overshadowed by the sale of the Panther House complex which, with Churchills Public House, realised £9,750,000 gross. Under standard accounting rules, the treatment of this sale in the profit and loss account may be confusing to members in interpreting the results for the year and further explanation is given below.

Loss of rental income on the part of the Panther House complex not leased back by the company amounted to £132,000 in the year under review but this diminution in rental stream is offset against the benefit of higher interest earned.

Under current accounting rules, as a result of previous revaluations of the above properties, the enhanced value over cost has been reflected in the Balance Sheet over the years but, when sold, the amount by which the property revaluation exceeds its cost is shown in the Profit and Loss account below the profit attributable to members for the year. The relevant amount of approximately £6,500,000 is included in the figure of £6,670,000 in the year under review. Conversely, the provision for chargeable gain, which amounted to £1,142,000 on the profit, forms part of the taxation charge for the year and has the effect of reducing the profit attributable to members.

Turnover

Rental income for the year is slightly improved by £67,000, despite the loss of income on the Mount Pleasant complex referred to above and three large properties that became vacant and partly vacant during the year. The fall in total turnover reflects the position that no stock properties were sold in the year, whereas, in 2003, the profit on sale of stock properties amounted to £540,000.

Administrative expenses

Administrative expenses have seen an increase of approximately £650,000 in the year under review. This increase arises almost entirely from the Chairman's bonus, referred to in his statement and the costs incurred in refinancing the group's property portfolio for a further seven years.

International Financial Reporting Standards

From 1st January 2005 we will be required to produce accounts under International Financial Reporting Standards. The main effects of these standards on our accounts will be the write back of negative goodwill, the transition of revaluation gains and losses through the profit and loss account, rather than a balance sheet adjustment and the writing off, through profit and loss account of deferred taxation which represents the notional tax payable were the investment property portfolio to be sold at its present value. Under these standards, dividends will no longer be accrued in the accounts but will be charged to the Profit and Loss Account when paid.

Revaluation of investment properties

The bulk of the increase on revaluation of Investment Properties, revalued by the directors at 31st December 2004, relates to the uplift of Copthall House, Coventry which was sold in 2005. This revaluation brings the value of the property more in line with its realised value.



REPORT OF THE DIRECTORS

The directors present their report and the financial statements for the year ended 31st December 2004.

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 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 £1,534,000 (2003 – £2,533,000).

An interim dividend of £679,926 (4p per share) on ordinary shares was paid on 29th October 2004. The directors recommend a final dividend of £679,926 (4p per share) payable on 28th June 2005 to shareholders on the register on 27th May 2005.

Donations

During the year the company made a donation of £25,000 to the Conservative Party.

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	
	2004	2003
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 (2003 – 7,737,336).

There have been no changes in directors' shareholdings since 31st December 2004.

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 2004 were equivalent to 10 (2003 – 17) days purchases, based on the average daily amount invoiced by suppliers during the year.

Corporate governance

Panther Securities P.L.C. supports a high standard of corporate governance and has, during 2004, 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, though with effect from 1st July 2005 this will be increased to six, 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 P.L.C. has an executive chairman who is also the chief executive.

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

The board has carefully considered the division of the duties of the chairman and chief executive, together with the number of non executive directors and has concluded, given the size of the company, 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.

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 company and board does not warrant a formal evaluation process. Based on the close working relationships of the board and the committees, the directors are satisfied with both the performance of the board and its committees. In making decisions throughout the year, the board is cogniscent of its responsibilities to the company's shareholders.

REPORT OF THE DIRECTORS

continued

Nexia Audit Limited conduct the annual statutory audit, however in addition to this, Smith & Williamson Limited, who are associates of Nexia Audit Limited, carried out a review of the interim results to 30th June 2004, tax compliance work and tax advisory work for the group. Due to the limited scope of these additional activities, the auditors objectivity and independence is not considered to be infringed.

In forming their opinion of the independence and objectivity of the external auditors, the Audit Committee takes into account the safeguards operating with Nexia Audit Limited and their associates. Regard is given to the nature of remuneration received for other services provided by Nexia Audit Limited 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.

Following the appointment at Panther of Simon Peters during the year, the tax services for the group will be undertaken by the group's own accounts department.

Combined Code

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

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 31st December 2003. The directors have valued the properties of the investment portfolio at 31st December 2004 and have incorporated material changes in these financial statements.

Share capital

There were no changes in the company's share capital during the year.

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.

<i>Ordinary Shares:</i>	Holding	%
Harold Martin Perloff	895,000	5.3

REPORT OF THE DIRECTORS

continued

International Financial Reporting 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. Limited.

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

26th April 2005

P. A. Rowson

By order of the Board

P. A. Rowson
Secretary

DIRECTORS' REMUNERATION REPORT

Remuneration Committee

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

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.

The bonus of £350,000 has been paid to reduce the tax burden on A. S. Perloff's potential pension entitlement (see Chairman's Statement for further details).

Service contracts

No director has a service contract.

Non-executive directors

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

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 2004 and does not anticipate making further contributions. No pension contributions were paid in respect of any other Director during the year (2003 – Nil).

Directors' emoluments

Directors' emoluments of £513,000 (2003 – £162,000) are made up as follows:

Director	Salary £'000	Bonus £'000	Taxable benefit £'000	Total 2004 £'000	Total 2003 £'000
<i>Executive</i>					
A. S. Perloff	110	350	2	462	114
P. A. Rowson	27	–	4	31	28
<i>Non-executive</i>					
P. M. Kellner	10	–	–	10	10
B. R. Galan	10	–	–	10	10
	157	350	6	513	162

Directors' emoluments, pensions and other benefits as listed above is audited information.

DIRECTORS' REMUNERATION REPORT

continued

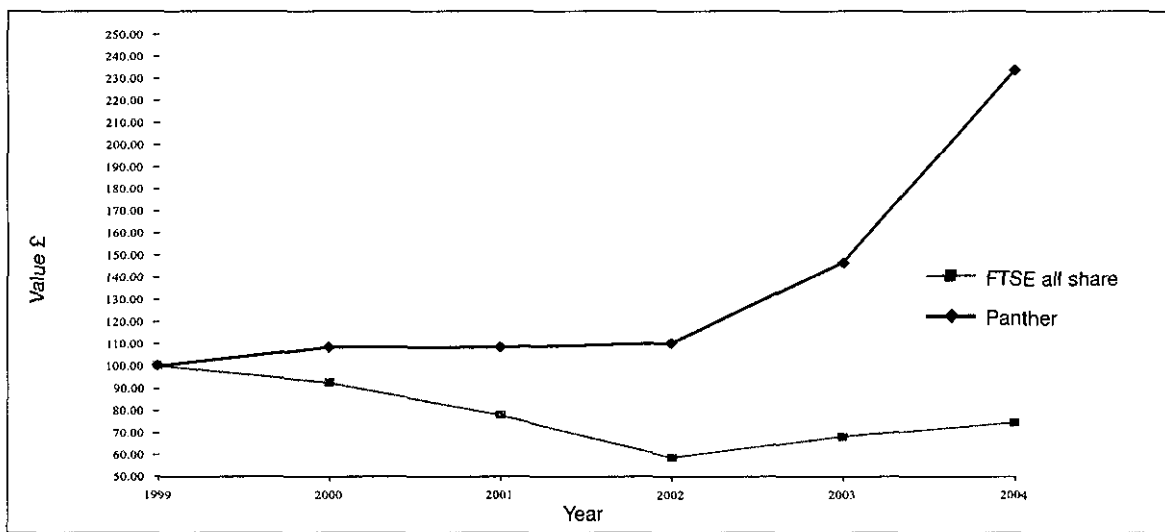
Total shareholder return

The following graphs show:

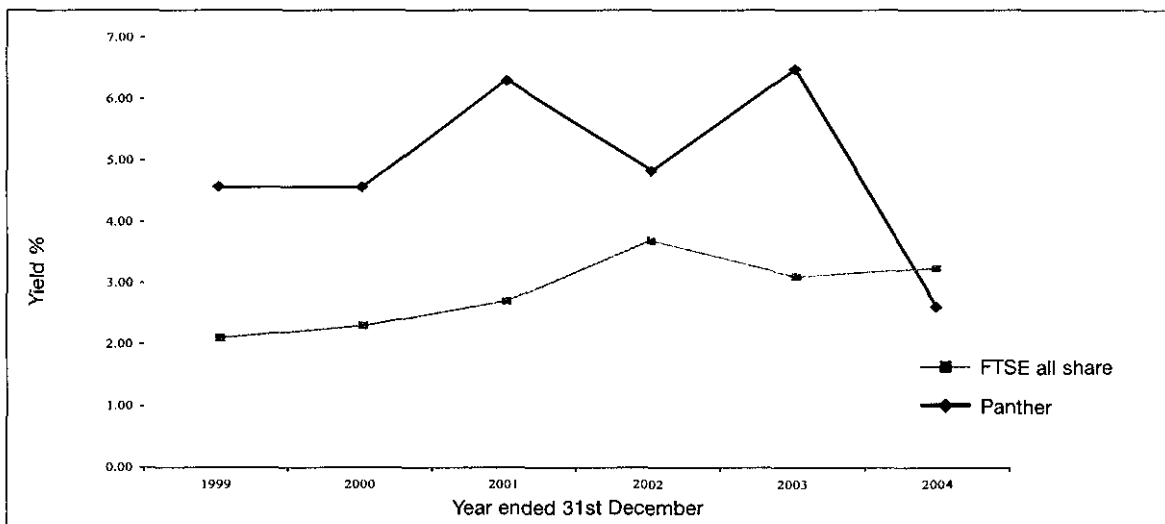
- (1) The value by the end of 2004 of £100 invested in Panther Securities on 31st December 1999 compared with the value of £100 invested in the FTSE all share index.
- (2) The dividend yield compared with the FTSE all share index for the same period as in (1) above.

Panther Securities 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

26th April 2005

B. R. Galan

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 2004 which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Total Recognised Gains and Losses, Note of Consolidated Historical Cost Profits and Losses, Consolidated Balance Sheet, Parent Company Balance Sheet, Consolidated Cash Flow Statement, and related notes numbered 1 to 27. 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 nine provisions of the 2003 FRC 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, Chairman's Supplement and the Financial Review. 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 2004 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

12th May 2005

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31st December 2004

	Notes	2004 £'000	2003 £'000
Turnover	2	9,292	9,791
Cost of sales		(1,487)	(1,654)
Gross profit		7,805	8,137
Administrative expenses		(1,988)	(1,336)
Operating profit	3	5,817	6,801
Income from current asset investments		45	426
Profit/(loss) from associate		37	(67)
Profit on disposal of investment properties		527	-
Profit on sale of subsidiary		303	-
Profit/(loss) on disposal of investments		43	(20)
Profit on ordinary activities before interest		6,772	7,140
Interest receivable	6	363	293
Interest payable	7	(3,996)	(4,020)
Profit on ordinary activities before taxation		3,139	3,413
Taxation	8	(1,605)	(880)
Profit on ordinary activities after taxation		1,534	2,533
Minority interests		(4)	9
Profit attributable to members of the parent undertaking	9	1,530	2,542
Dividends	10	(1,360)	(2,125)
Retained profit for the year		170	417
Transferred from revaluation reserve		6,670	-
Retained profit brought forward		12,714	12,297
Retained profit carried forward		19,554	12,714
Earnings per share	11	9.0p	15.0p

The notes on pages 26 to 39 form part of these financial statements.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31st December 2004

	2004 £'000	2003 £'000
Profit for the financial year after taxation and minority interests	1,530	2,542
Unrealised surplus on revaluation of properties	4,714	11,399
Total recognised gains relating to the year	6,244	13,941

NOTE OF CONSOLIDATED HISTORICAL COST PROFITS AND LOSSES

for the year ended 31st December 2004

	2004 £'000	2003 £'000
Reported profit on ordinary activities before taxation	3,139	3,413
Realisation of property revaluation gains of previous years	6,670	-
Historical cost profit on ordinary activities before taxation	9,809	3,413
Historical cost profit for the year retained after taxation, minority interests and dividends	6,840	417

The notes on pages 26 to 39 form part of these financial statements.



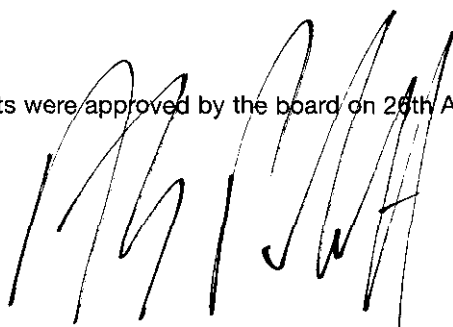
CONSOLIDATED BALANCE SHEET

at 31st December 2004

	Notes	2004 £'000	2003 £'000
Fixed assets			
Tangible assets	12	87,821	93,996
Intangible asset – negative goodwill	12	(571)	(793)
Investments	13	2,893	223
		90,143	93,426
Current assets			
Stock	15	9,755	8,790
Current asset investments	16	323	1,297
Debtors	17	4,263	5,580
Cash at bank and in hand		15,337	2,444
		29,678	18,111
Creditors:			
amounts falling due within one year	18	(5,814)	(5,767)
Net current assets		23,864	12,344
Total assets less current liabilities		114,007	105,770
Creditors:			
amounts falling due after more than one year	19	(58,925)	(55,576)
Minority interests		(94)	(90)
Net assets		54,988	50,104
Capital and reserves			
Called up share capital	20	4,250	4,250
Share premium account	21	2,886	2,886
Revaluation reserve	21	27,515	29,471
Capital redemption reserve	21	571	571
Negative goodwill reserve	21	212	212
Profit and loss account	21	19,554	12,714
Equity shareholders' funds	22	54,988	50,104

The financial statements were approved by the board on 26th April 2005

A. S. Perloff *Chairman*



The notes on pages 26 to 39 form part of these financial statements.

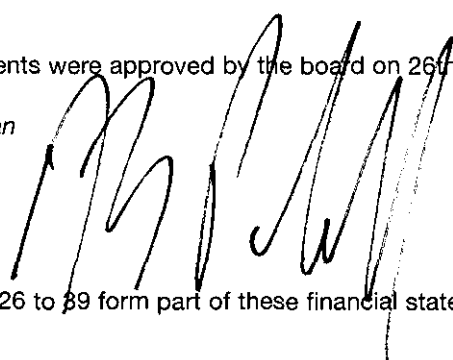
COMPANY BALANCE SHEET

at 31st December 2004

	Notes	2004 £'000	2003 £'000
Fixed assets			
Tangible assets	12	1,156	1,169
Investments	13	17,490	15,183
		18,646	16,352
Current assets			
Current asset investments	16	323	1,297
Debtors	17	59,781	51,619
Cash at bank and in hand		13,316	816
		73,420	53,732
Current liabilities			
Creditors:			
amounts falling due within one year	18	(16,010)	(11,349)
Net current assets		57,410	42,383
Total assets less current liabilities		76,056	58,735
Creditors:			
amounts falling due after more than one year	19	(54,031)	(41,833)
Net assets		22,025	16,902
Capital and reserves			
Called up share capital	20	4,250	4,250
Share premium account	21	2,886	2,886
Revaluation reserve	21	68	68
Capital redemption reserve	21	571	571
Profit and loss account	21	14,250	9,127
Equity shareholders' funds		22,025	16,902

The financial statements were approved by the board on 26th April 2005

A. S. Perloff *Chairman*



The notes on pages 26 to 39 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31st December 2004

	Notes	2004		2003	
		£'000	£'000	£'000	£'000
Cash flow from operating activities	23		7,360		2,242
Returns on investments and servicing of finance	24		(3,594)		(3,727)
Taxation			(1,353)		(1,097)
Capital expenditure and financial investment	24		7,436		(3,388)
Acquisitions and disposals	24		(42)		-
Equity dividends paid			(1,360)		(2,036)
Cash inflow/(outflow) before financing			8,447		(8,006)
Financing	24				
Net proceeds of share issue			-		48
Increase in debt			4,447		750
			4,447		798
Increase/(reduction) in cash in the period			12,894		(7,208)

	Notes	2004		2003	
		£'000	£'000	£'000	£'000
Reconciliation of net cash flow to movement in net debt					
Increase/(reduction) in cash in the period		12,894		(7,208)	
Cash inflow from increase in debt		(4,447)		(750)	
Change in net debt resulting from cash flows			8,447		(7,958)
Movement in net debt in the period			8,447		(7,958)
Disposal of debt on sale of subsidiary			1,732		-
Net debt at 1st January 2004			(53,977)		(46,019)
Net debt at 31st December 2004	25		(43,798)		(53,977)

The notes on pages 26 to 39 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 P.L.C. and all its subsidiary undertakings drawn up to 31st December each year. No profit and loss account is presented for Panther Securities P.L.C. 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 2004.

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.

NOTES TO THE FINANCIAL STATEMENTS

continued

1. Accounting policies continued

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

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

1.7 Current asset investments

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

1.8 Deferred taxation

Deferred taxation 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 the 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.

1.13 Liquid resources

The group does not consider its current asset investments to be liquid resources.

2. Turnover

The whole of the turnover and profit before taxation is attributable to the principal activity of the group. All turnover arose in the United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS

continued

	2004 £'000	2003 £'000
3. Operating profit		
The operating profit is stated after charging:		
Depreciation of tangible fixed assets – owned by the group	14	15
Auditors' fees (including parent company – £7,000 (2003 – £7,000))	56	58
Non-audit services – corporation tax compliance	29	35
– corporation tax advisory	18	18
– other	10	16
Operating lease charges – properties	257	298

	2004 £'000	2003 £'000
4. Staff costs		
Staff costs, including directors' remuneration, were as follows:		
Wages and salaries	905	478
Social security costs	104	49
	1,009	527

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 are three employees whose costs are recoverable through service charges.

	2004 £'000	2003 £'000
5. Directors' remuneration		
Emoluments for services as directors	157	157
Other emoluments	356	5
	513	162

There are no directors with retirement benefits accruing under money purchase pension schemes in respect of qualifying services. Please refer to the remuneration report for information on the highest paid director.

No payments were made in respect of pension contributions during the year.

	2004 £'000	2003 £'000
6. Interest receivable		
On bank deposits	357	293
Other	6	–
	363	293

	2004 £'000	2003 £'000
7. Interest payable		
On loans	3,996	4,020

NOTES TO THE FINANCIAL STATEMENTS

continued

	2004 £'000	2003 £'000
8. Taxation		
Factors affecting tax charge for the year:		
Profit on ordinary activities before tax	3,139	3,413
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003 – 30%)	942	1,024
<i>Effects of:</i>		
Dividend income not allowable for tax purposes	(33)	(136)
Associate's share of profit/(loss) not allowable for tax purposes	(11)	20
Expenses not deductible for tax purposes	13	–
Capital allowances for period in excess of depreciation	(63)	(26)
Overprovision prior years	(88)	(2)
Utilisation of tax losses	(189)	(5)
Disposal of subsidiary	(106)	–
Disposal or transfer of properties	1,142	8
Marginal relief	(2)	(3)
Current tax charge for period	1,605	880
U.K. Corporation Tax – current year	1,693	882
– prior years	(88)	(2)
	1,605	880
9. Profit attributable to members of the parent undertaking	2004 £'000	2003 £'000
Dealt with in the accounts of:		
– the parent undertaking	5,043	1,606
– subsidiary undertakings	(3,550)	1,003
– undertaking in which there is a participating interest	37	(67)
	1,530	2,542
10. Dividends	2004 £'000	2003 £'000
On equity shares		
Special – nil (2003 – 5p)	–	850
Interim – 4p (2003 – 3.5p)	680	595
Final – 4p (2003 – 4p)	680	680
	1,360	2,125

11. Earnings per ordinary share

The calculation of earnings per ordinary share is based on earnings, after minority interests, of £1,530,000 (2003 – £2,542,000) and on 16,998,151 ordinary shares being the weighted average number of ordinary shares in issue during the year (2003 – 16,922,408).

NOTES TO THE FINANCIAL STATEMENTS

continued

12. Tangible assets	Investment Properties £'000	Fixtures and Equipment £'000	Motor Vehicles £'000	Total £'000
GROUP				
Cost or valuation				
At 1st January 2004	93,973	135	25	94,133
Additions	1,087	-	-	1,087
Disposals	(11,962)	-	-	(11,962)
Revaluations	4,714	-	-	4,714
At 31st December 2004	87,812	135	25	87,972
Depreciation				
At 1st January 2004	-	115	22	137
Charge for year	-	11	3	14
At 31st December 2004	-	126	25	151
Net book value				
At 31st December 2004	87,812	9	-	87,821
At 31st December 2003	93,973	20	3	93,996

At 31st December 2004, £75,137,000 and £12,675,000 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:

	2004 £'000	2003 £'000
Cost	64,167	64,502
Cumulative depreciation	-	-
Net book amount	64,167	64,502

If the investment properties had been sold at their valuation at 31st December 2004, there would be a liability to tax of £6,894,000 (2003 - £7,189,000).

Costs relating to potential developments are included in additions to tangible assets and in the year ended 31st December 2004 amounted to £48,000 (2003 - £72,000).

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.

The directors have valued the investment properties at 31st December 2004 and have incorporated any material changes in these financial statements.

	2004 £'000	2003 £'000
Negative goodwill		
At 1st January	(793)	(893)
Released on disposal	222	100
At 31st December	(571)	(793)

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 2004	1,151	55	14	1,220
Additions	-	-	-	-
Disposals	-	-	-	-
At 31st December 2004	1,151	55	14	1,220
Depreciation				
At 1st January 2004	-	40	11	51
Charge for year	-	10	3	13
At 31st December 2004	-	50	14	64
Net book value				
At 31st December 2004	1,151	5	-	1,156
At 31st December 2003	1,151	15	3	1,169

At 31st December 2004, £110,000 and £1,041,000 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:

	2004 £'000	2003 £'000
Cost	1,082	1,082
Cumulative depreciation	-	-
Net book amount	1,082	1,082

Costs relating to potential developments are included in additions to tangible assets and in the year ended 31st December 2004 amounted to £nil (2003 - £nil).

The investment properties 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 directors have valued the investment properties at 31st December 2004 and consider that there have been no material changes in the year.



NOTES TO THE FINANCIAL STATEMENTS

continued

13. Fixed asset investments	Shares in associated undertakings £'000	Other investments £'000	Total £'000
<i>GROUP</i>			
At 1st January 2004	223	-	223
Additions	-	2,633	2,633
Increase in share of net assets	37	-	37
At 31st December 2004	260	2,633	2,893
At 31st December 2003	223	-	223
		2004	2003
Investments		£'000	£'000
Listed		2,633	-
Unlisted		260	223
		2,893	223

The market value of listed investments at 31st December 2004 was £3,418,000.

	Shares in group undertakings £'000	Shares in associated undertakings £'000	Other investments £'000	Total £'000
<i>COMPANY</i>				
At 1st January 2004	15,108	75	-	15,183
Additions	-	-	2,307	2,307
At 31st December 2004	15,108	75	2,307	17,490
At 31st December 2003	15,108	75	-	15,183

NOTES TO THE FINANCIAL STATEMENTS

continued

13. Fixed asset investments continued

At 31st December 2004 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 ¹	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 ⁴	England	Ordinary Shares	100%	Property
Snowbest Limited	England	Ordinary Shares	100%	Property
Surrey Motors Limited	England	Ordinary Shares	100%	Property
Westmead Building Company ¹ 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 ²	England	Ordinary Shares	100%	Dormant
Eurocity Properties (Central) Limited ²	England	Ordinary Shares	100%	Property
Eurocity Properties (Manchester) Limited ²	England	Ordinary Shares	100%	Dormant
Oak Properties Limited ³	England	Ordinary Shares	100%	Dormant
Oak II Properties Limited ³	England	Ordinary Shares	100%	Dormant
Trio Properties Limited ³	England	Ordinary Shares	100%	Dormant
Eurocity (Rugby) Limited ²	England	Ordinary Shares	100%	Dormant
CJV Properties Limited ²	England	Ordinary Shares	100%	Property

Associate	Country of registration	Holding	Proportion held	Nature of business	Aggregate share capital and reserves £'000	Net Profit for year £'000
M.R.G. Systems Limited	England	Ordinary Shares	37.5%	Electronic engineering	695	94

¹ 100% subsidiaries of Panther Shop Investment (Midlands) Limited.

² 100% subsidiaries of Eurocity Properties PLC.

³ 100% subsidiaries of Eurocity Properties (Manchester) Limited.

⁴ 100% subsidiary of Surrey Motors Limited.

NOTES TO THE FINANCIAL STATEMENTS

continued

	2004 £'000	2003 £'000
14. Capital commitments		
Capital expenditure that has been contracted for but has not been provided for in the accounts	Nil	Nil

	Group		Company	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
15. Stock				
Property	9,755	8,790	-	-

The market value of stock properties is £12,417,000 (2003 – £11,452,000).

	Group		Company	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
16. Current asset investments				
Listed investments	-	1,297	-	1,297
Unlisted investments	323	-	323	-
	323	1,297	323	1,297

The market value of listed investments at 31st December 2004 was £nil (2003 – £1,297,000).

	Group		Company	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
17. Debtors				
Trade debtors	1,604	1,885	6	2
Amounts owed by group undertakings	-	-	59,659	51,411
Other debtors	2,061	3,503	58	150
Corporation tax	98	-	-	-
Prepayments and accrued income	500	192	58	56
	4,263	5,580	59,781	51,619

	Group		Company	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
18. Creditors				
Amounts falling due within one year:				
Loans and overdrafts	210	843	-	350
Trade creditors	218	317	87	87
Amounts owed to group undertakings	-	-	14,257	9,612
Social security and other taxes	242	209	88	40
Corporation tax	1,079	729	-	-
Other creditors	409	297	139	152
Accruals and deferred income	2,976	2,692	759	428
Dividends	680	680	680	680
	5,814	5,767	16,010	11,349

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	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Amounts falling due after more than one year:				
Bank loans	54,031	48,658	54,031	41,833
Building society loans	4,894	6,918	-	-
	58,925	55,576	54,031	41,833

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	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Repayable:				
Within one year	210	843	-	350
<i>In more than one year but not more than two years</i>	232	886	-	350
<i>In more than two years but not more than five years</i>	3,776	49,490	3,000	41,483
<i>In five years or more</i>	54,917	5,200	51,031	-
	59,135	56,419	54,031	42,183

Bank loans	Loan £'000	Rate %
Interest is charged as to:		
Fixed		
HSBC Bank plc	6,250	7.94
HSBC Bank plc	12,500	7.81
HSBC Bank plc	6,250	7.06
HSBC Bank plc	10,000	6.23
HSBC Bank plc	6,000	5.855
Floating		
HSBC Bank plc	13,031	

At 31st December 2004 £20,969,000 had not been drawn down from facilities available until November 2011.

NOTES TO THE FINANCIAL STATEMENTS

continued

19. Creditors

Amounts falling due after more than one year (continued)

	£'000
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	2,236
Repayable by quarterly instalments until July 2020. Interest is charged at 1.5% above LIBOR	644
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	392
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	866
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	608
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	431
	5,177

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. The fair value of debt is not considered to be materially different to the book value.

	2004 £'000	2003 £'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 (2003 – 16,998,151)	4,250	4,250

NOTES TO THE FINANCIAL STATEMENTS

continued

21. Reserves	Group £'000	Company £'000
Share Premium Account		
At 1st January 2004 and 31st December 2004	2,886	2,886
Revaluation Reserve		
At 1st January 2004	29,471	68
Surplus on revaluation of freehold property	4,714	-
Transfer of realised property revaluation gains	(6,670)	-
At 31st December 2004	27,515	68
Capital redemption reserve		
At 1st January 2004 and 31st December 2004	571	571
Negative goodwill reserve		
At 1st January 2004 and 31st December 2004	212	-
Profit and loss account		
At 1st January 2004	12,714	9,127
Retained profit for the year	170	5,123
Transfer from revaluation reserve	6,670	-
At 31st December 2004	19,554	14,250
22. Reconciliation of movements on shareholders' funds	2004 £'000	2003 £'000
Profit for the year	1,530	2,542
Dividends	(1,360)	(2,125)
	170	417
Shares issued during year	-	48
	170	465
Revaluation surplus	4,714	11,399
	4,884	11,864
Opening shareholders' funds	50,104	38,240
Closing shareholders' funds	54,988	50,104
23. Reconciliation of operating profit to operating cash flows	2004 £'000	2003 £'000
Operating profit	5,817	6,801
Depreciation of tangible fixed assets	14	15
Change in debtors	1,416	(3,581)
Change in stocks	(967)	(1,643)
Change in creditors	1,080	247
Change in current asset investments	-	403
Net cash inflow from operating activities	7,360	2,242

NOTES TO THE FINANCIAL STATEMENTS

continued

24. Analysis of cash flows for headings netted in the cash flow statement	2004	2003
	£'000	£'000
Returns on investments and servicing of finance		
Interest received	360	293
Dividends received	45	-
Interest paid	(3,999)	(4,020)
Net cash outflow for returns on investments and servicing of finance	(3,594)	(3,727)
Capital expenditure and financial investment		
Purchase of investments	(1,798)	(2,026)
Purchase of tangible fixed assets	(1,087)	(2,841)
Purchase of minority interests	-	(267)
Sale of investments	831	1,746
Sale of tangible fixed assets	9,490	-
Net cash inflow/(outflow) for capital expenditure and financial investment	7,436	(3,388)
Acquisitions and disposals		
Disposal of Eurocity (Crawley) Limited*	(42)	-
Net cash outflow for acquisitions and disposals	(42)	-
Financing		
Issue of ordinary share capital	-	48
New loans net of repayments	4,447	750
Net cash inflow from financing	4,447	798
*Disposal of Eurocity (Crawley) Limited		£'000
Fixed assets		3,000
Creditors		(130)
Loans		(1,732)
Dividend payable		(600)
		538
Negative goodwill		222
Proceeds, less costs, on disposal		(42)
		718
Satisfied by:		
Shares		325
Loan notes		325
Cash		68
		718

NOTES TO THE FINANCIAL STATEMENTS

continued

	At 1st January 2004 £'000	Cash flow £'000	Other movements £'000	At 31st December 2004 £'000
25. Analysis of net debt				
Cash at bank	2,444	12,893	-	15,337
Overdrafts	(1)	1	-	-
	2,443	12,894	-	15,337
Net debt due after 1 year	(55,576)	(5,087)	1,738	(58,925)
Net debt due within 1 year	(844)	640	(6)	(210)
	(56,420)	(4,447)	1,732	(59,135)
Total	(53,977)	8,447	1,732	(43,798)

26. Other commitments

At 31st December 2004 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Expiry date:				
Between 1 and 5 years	400	-	-	-
In more than 5 years	257	259	-	-
	657	259	-	-

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

	2004 £'000	2003 £'000	2002 £'000	2001 £'000	2000 £'000
Rental Income	9,192	9,125	7,951	6,020	5,518
Other Income	100	666	289	3,408	1,001
Turnover	9,292	9,791	8,240	9,428	6,519
Profit before interest	6,772	7,140	6,008	5,718	4,405
Profit on ordinary activities before taxation	3,139	3,413	2,956	3,531	2,396
Profit attributable to members of the holding company	1,530	2,542	1,994	2,716	1,768
Earnings per ordinary share	9.0p	15.0p	11.8p	16.0p	10.1p
Dividend per ordinary share	8.0p	12.5p*	7.0p	9.0p*	6.5p

Employment of finance:

Fixed assets	90,143	93,426	79,166	62,232	53,619
Net current assets	23,864	12,344	12,593	12,183	9,021
Minority interests ("MI")	(94)	(90)	(266)	(92)	(97)
Total assets less current liabilities and MI	113,913	105,680	91,493	74,323	62,543

Financed by:

Shareholders' funds	54,988	50,104	38,240	37,186	32,285
Loans	58,925	55,576	53,253	37,137	30,258
	113,913	105,680	91,493	74,323	62,543

Net assets per ordinary share	323.5p	294.8p	226.2p	219.4p	190.5p
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*Includes special dividend

NOTICE OF MEETING

Notice is hereby given that the 71st 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 23rd June 2005 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 2004.
2. To authorise the payment of a final dividend of 4p per ordinary share.
3. To re-elect B. R. Galan, who is retiring by rotation, as a director.
4. 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:

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

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

6. That, subject to the passing of resolution 6, 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 6 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

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


By order of the Board
P.A. Rowson
Secretary

Panther House
38 Mount Pleasant
London WC1X 0AP

23rd May 2005

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.



FORM OF PROXY

I/We _____

of _____

being (a) member(s) of the above-named Company, **HEREBY APPOINT** Mr. Andrew Stewart Perloff, whom failing Mr. Peter Aston Rowson, whom failing the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 23rd June 2005 and at every adjournment thereof. (If you desire someone else to act as your proxy delete these names and insert the name of the proxy desired). This form is to be used.

Ordinary Resolutions

	For	Against
1. To adopt the report of the Directors and report of the Auditors and financial statements for the year ended 31st December 2004.	<input type="checkbox"/>	<input type="checkbox"/>
2. To authorise the payment of a final dividend of 4p per ordinary share.	<input type="checkbox"/>	<input type="checkbox"/>
3. To approve the re-election of Mr. B. R. Galan as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-appoint the auditors Nexia Audit Limited as auditors.	<input type="checkbox"/>	<input type="checkbox"/>

Special Business

5. To authorise the directors to exercise all the powers of the Company to allot relevant securities in accordance with Section 80 of the Companies Act 1985.	<input type="checkbox"/>	<input type="checkbox"/>
6. To authorise the directors to disapply the pre-emption provisions of Section 89 of the Companies Act 1985.	<input type="checkbox"/>	<input type="checkbox"/>
7. To authorise the directors to exercise the Company's powers to purchase its own shares by way of market purchase in accordance with the Companies Act 1985.	<input type="checkbox"/>	<input type="checkbox"/>
8. That the directors be authorised to make a payment of £25,000 by way of donation to the Conservative Party	<input type="checkbox"/>	<input type="checkbox"/>

As witness my/our hand this _____ day of _____ 2005

Signature(s) _____

Notes:

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

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

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

A proxy need not be a member of the Company.



THIRD FOLD AND TUCK IN

BUSINESS REPLY SERVICE
Licence No.MB 122



FIRST FOLD

Capita Registrars (Proxies)
P.O. Box 25
Beckenham
Kent
BR3 4BR

SECOND FOLD



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Panther House
38 Mount Pleasant
London WC1X 0AP