FW Thorpe Plc

Annual Report and Accounts 2009

Passionate about lighting

Welcome to FW Thorpe

We specialise in designing and manufacturing lighting equipment. We employ approximately 500 people and although each company works autonomously, our skills and markets are complementary. Our focus is for long-term growth and stability achieved by developing market leading products backed by excellent customer service.

Our products are sold throughout the world. The Group management team is passionate about developing the business for the benefit of the shareholders, employees and customers. With the energy and ability of our staff we look forward to the future with enthusiasm.

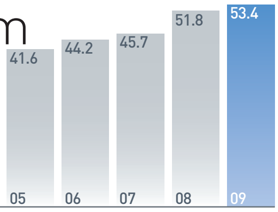
Our aim is to create shareholder value through market leadership in the design, manufacture and supply of professional lighting systems.

Highlights of the year

Financial highlights

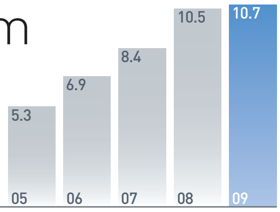
Revenue £m

£53.4m
+3%



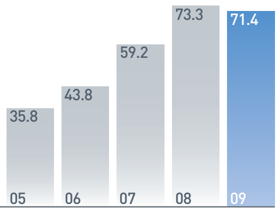
Operating profit £m

£10.7m
+2%



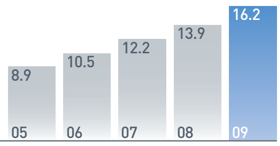
Earnings per share p

71.4p
–3%



Dividend paid per share p

16.2p
+16%



Restatement of results has not been made for years prior to 2007 following the adoption of International Financial Reporting Standards (IFRS).

The dividend per share for 2007 excludes the special dividend of 12.0p per share.

Operational highlights

→ Growth in revenue and operating profits during a year of world economic recession.
→ Strong balance sheet maintained.
→ Successful move by Sugg Lighting to a new factory, recently purchased by the Group.
→ The carbon off-setting project has progressed with the completion of the purchase of 215 acres of land in Monmouthshire and the first planting of trees.

Contents

For more information visit our website **www.fwthorpe.co.uk**

FW Thorpe at a glance
From inspiration to innovation

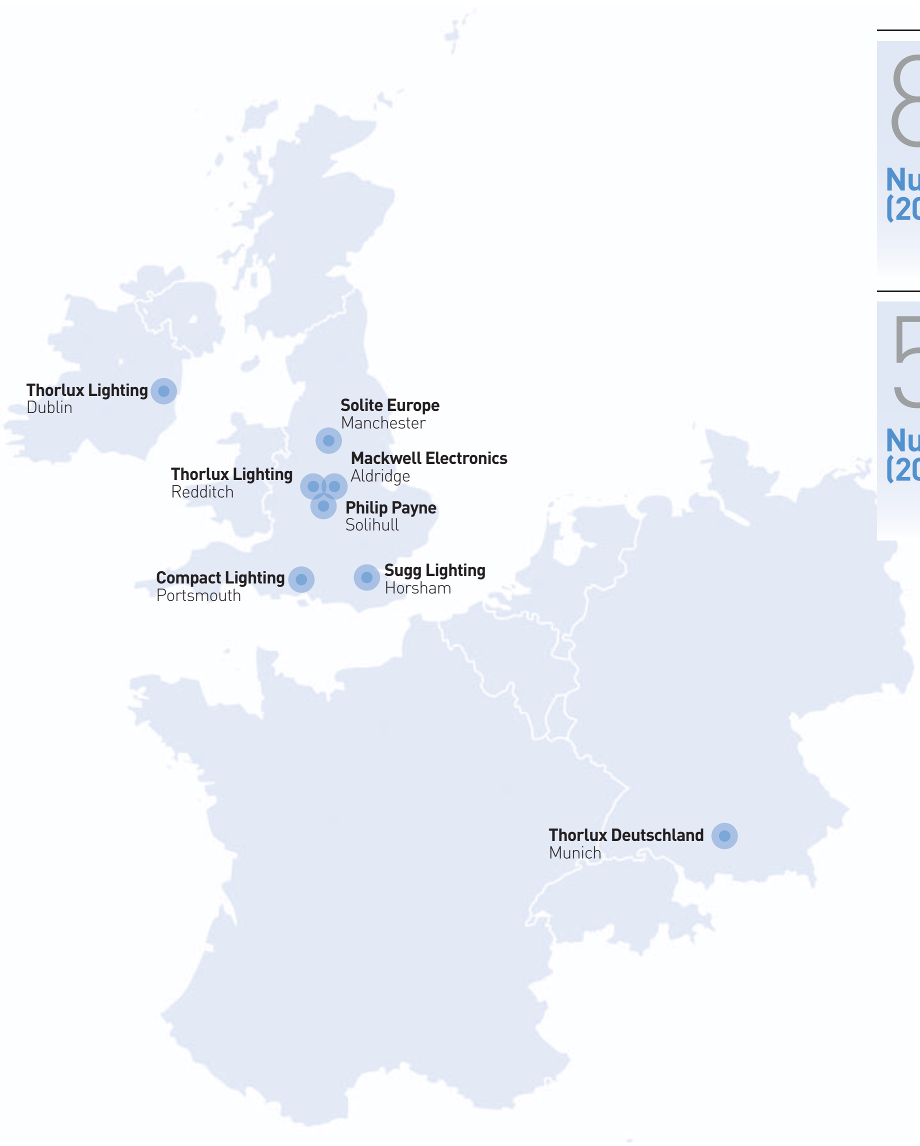
Our strategy

Our aim is to create shareholder value through market leadership in the design, manufacture and supply of professional lighting systems.

We focus on long-term growth and stability, achieved by developing market leading products, backed by excellent customer service.

We operate as six companies and although each company works autonomously, our skills and markets are complementary.

Our locations



8
Number of locations (2008: 7)

571
Number of employees (2008: 545)

Our brands

Thorlux Lighting

The Thorlux range of luminaires is designed, manufactured and distributed by Thorlux Lighting, a division of the FW Thorpe Plc Group.

Thorlux luminaires have been manufactured continuously since 1936, the year Frederick William Thorpe founded the company.

The company now operates from the group's modern 14,410 square metre self-contained factory in Redditch, Worcestershire, central England.

Philip Payne

Philip Payne recognise that most trade Emergency Exit Signage products are generally designed with the functional in mind.

Philip Payne offer a backbone range of quality standard products but more importantly encourage direct dialogue with architects and designers to ensure via product variation or bespoke work aesthetic aspirations and requirements are fully met.

Mackwell Electronics

Mackwell Electronics was formed in 1979 and has grown consistently since that time to become one of the leading manufacturers of emergency lighting components in the UK. Mackwell now operate from purpose designed premises of over 40,000 square feet (3,800 square metres) in Aldridge, West Midlands.

Mackwell Electronics develops all products in house and has a wide and innovative product portfolio which now includes emergency modules incorporating DALI interface and a range of LED conversion kits.

Sugg Lighting

Established in 1837, Sugg Lighting is renowned as the leading name in decorative and heritage lighting.

Ornate Sugg Lighting columns and decorative columns are in use throughout the world, with many nineteenth century installations still in excellent working order.

The historic skills and traditions behind this unique pedigree remain the cornerstone of the Sugg Lighting success story.

Compact Lighting

Compact manufactures and supplies professional lighting systems to retailers. Its focus on this market enables it to produce cost effective products designed specifically for today's retail environment.

Its aim is to enable retailers to design and test new lighting concepts, control their implementation and manage the roll-out to a budget. It employs both lighting and project management professionals and already supplies lighting to many of the UK's top 100 retailers.

Solite Europe

Solite Europe is a leading manufacturer and supplier of cleanroom lighting equipment and luminaires within the UK and Europe.

It provides luminaires for laboratories, pharmaceutical and semi-conductor manufacturing areas including hospitals, kitchens and food preparation applications.

Chairman's statement

Business has presented your group with many and various challenges throughout the year, those challenges being on a much wider front to most previous years and of those challenges many have been specific to different companies within the group.

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The financial year ended 30 June 2009 produced a revenue of £53.4m, being 3.0% up compared to the previous year's figure of £51.8m. This is a pleasing result in view of the recent prevailing international economic climate. Operating profit also rose to £10.7m from £10.5m for the year ended 30 June 2008, an increase of 1.6%. Financial income from our investments, however, reduced compared to the corresponding previous period due to the lower interest rates on offer to give a resulting profit before taxation of £11.5m down 1.5% from 2007/2008.

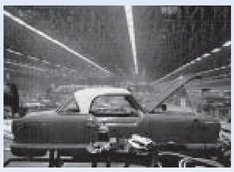
Business has, for the aforementioned reasons of international instability, presented your group with many and various challenges throughout the year, those challenges being on a much wider front to most previous years and of those challenges many have been specific to different companies within the group. More detail concerning particular companies will be presented later in this report but to name but a few, one company has moved premises, one has had particular problems due to the sudden and unprecedented movement in the Pound Sterling to US Dollar relationship, and another suffering due to the downturn in retail fortunes causing serious cutbacks in retailers' store refurbishment programmes. These diverse challenges have kept your group's managers busy throughout this year which has been a most interesting period!

In certain areas of the business and where practical, due to product type, the pressure has been kept on our efforts to increase exports, with a deal of success chiefly by Thorlux and Mackwell. Our efforts here are to continue in the widening of our selling platform which, it is felt, is most important at this time as there must be some concern in regard to the continuing health of the UK market after the next election, and perhaps even before it.

Investment in the business, this year has continued generally as and when replacement or new efficiency improving equipment has been required, but no major items of particular note fall into this sector. Three major investments that do fall into this reporting period are a new £1.3m factory in Horsham,

Significant milestones

1936
The history of the business began in 1936 when Frederick William Thorpe started producing "Thorlux" circular reflectors in his workshop in Birmingham.



1936–1994
Ernest Thorpe, son of the founder, extends the business of Thorlux Lighting to the motor industry and other industrial users.

West Sussex, for Sugg Lighting Ltd financed out of our own cash resources and to replace the previously occupied leased premises in Crawley which after substantial dilapidation repairs has now been handed back to the freeholder. Secondly the group's 215 acre carbon off-setting project land in Monmouth was purchased, various governmental approvals attained and a first batch of trees planted. The group has planted sufficient trees to not only offset all carbon emissions of its own business but enough to commence offering offsetting planting purchases to its customers. At this stage, whilst we cannot say that a large number of plantings have been purchased, it is true to say that our various sales staff in the field are reporting that a large amount of "green street-cred" is being gained amongst our customers. Productwise some more avant-garde offerings often take a while to produce fruit and we are confident that this investment will do likewise. The third major investment has been the purchase of Solite Lighting Europe Ltd in Denton near Manchester for £0.4m. Solite, employing some 13 people, specialises in cleanroom lighting. Cleanrooms for the uninitiated, are areas where the atmosphere is required to be virtually free of airborne contaminants and where such products as pharmaceuticals are manufactured or where certain types of medical procedures are undertaken.

Moving to financial affairs, your company took the opportunity to purchase 220,000 FW Thorpe Plc ordinary shares during the year of which 170,000 are held in treasury.

Your group's results as detailed above allow your Board to recommend a dividend of 12.1p per share (2008: 12.1p) which together with the interim dividend already paid makes a total dividend per share of 16.2p (2008: 16.0p) for the year to 30 June 2009, this being an increase of 1.25% over the previous corresponding period.

Further, your Board now recommends, as it considers group cash resources to be adequate for the foreseeable future and the timing prudent, that a special final dividend of 12.0p per share be paid together with the final dividend for the year ended 30 June 2009 on 19 November 2009.

£53.4m

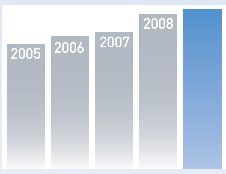
Revenue
(2008: £51.8m)

£10.7m

Operating profit
(2008: £10.5m)

1989
Thorlux Lighting moves into a modern purpose built factory in Redditch in Worcestershire which was later extended to a total area of 15,000 square metres.

1990
Mackwell Electronics, established in 1979, is the group's first acquisition and diversifies its operations within the lighting industry.



2008
The group attains £50m sales and £10m operating profit.

2009
Group's first planting of trees on its own land as a carbon offset project.

Thorlux Lighting

Thorlux Lighting, remaining the largest individual business within in the group, producing professional industrial and commercial lighting fittings and control systems advanced further with turnover and operating profit up 7.3% and 15.3% respectively.

The year to 30 June 2009 has proved to be another successful year but orders for normal catalogued products have been more hard fought than in previous years with competitors sharpening their pencils and customers with more time on their hands, due to the economic climate, soliciting more alternative quotations for their requirements.

Away from the "everyday" products Thorlux has furthered its success in road tunnel lighting by gaining, in association with its commercial partner in tunnel lighting PDS Systems Ltd, a contract for re-lighting of the Bell Common Tunnel on the northern sector of the M25 around London. Such projects are also hard fought but high value and other similar contracts are being pursued. Since the first contact with tunnel lighting by Thorlux contract manufacturing tunnel fittings for the tunnels underneath Hong Kong Harbour for its then agent, it has taken some 15 years for Thorlux to be able to offer fully developed systems to this market. Such lighting is heavy duty and complex.

The export drive continues for Thorlux with Thorlux Deutschland in Munich taking one step back again in the number of people employed but an 18% advance in respect of sales to the year ended 30 June 2009. Efforts continue to make the breakthrough to find suitable sales engineers in Germany where Thorlux still finds the problem of persuading the high calibre German sales engineer to join the "new kid on the block".

In the Republic of Ireland the extra second person employed, as mentioned in last year's report, along with the opening of an office in Dublin has proved successful with business activity increasing despite the Republic's financial difficulties.

Throughout 2008/2009 discussions have been held with the Thorlux Australian agent in regard to the possibilities of forming a joint venture Australian company to target sales of Thorlux Commercial Lighting Products and Systems in that market where previously market penetration has been centred very much on products suitable for the industrial and mining markets. These discussions have now concluded and I can report that a new joint venture company Thorlux Lighting Australasia Pty Ltd has been formed, after the year end, to widen the selling platform in Australia.

Mackwell

Mackwell Electronics, manufacturer of emergency lighting control gear, experienced a turbulent year sliding down from the crest of the wave with the Pound Sterling being at its highest exchange rate against the US Dollar for many years down to the trough with the Pound at its lowest exchange rate for many years; not easy for a company whose purchases of electronic components are to a high degree in Dollars, and for a company already entering a down turn in the general market.

I am pleased to report, however, that Mackwell with a combination of self sacrifice on behalf of Mackwell staff accepting temporary reduced rewards, a restricted number of redundancies, repatriation of outworked products, re-negotiations with customers in regard to pricing etc. has remained in profit for the year in question with a fall of only 18%.

I would, at this time, like to thank all the staff at Mackwell for their help and sacrifices during this period.

Case study
Energy saving comes home; Thorlux Lighting re-lights its own factory

In 2008 the decision was made to re-light the Thorlux factory and warehouse using selected products from its SMART luminaire ranges. The existing luminaires were, in the main, already equipped with efficient high frequency electronic control gear but recent technology developed at Thorlux allows for greater energy savings by introducing daylight control and passive infra-red movement detection. The latter was thought to be needed particularly in the warehouse areas where occupancy rates are lower and consequently lights can be switched off or dimmed to minimum output for significant periods of the day.

The main factory benefits from natural light through roof-lights allowing the lamps to be dimmed on sunny days without compromising the light levels on the shop-floor workstations.

Benefits:

30% reduction in energy consumed during November

50% reduction in energy consumed during March

79% reduction in energy consumed during May

Chairman's statement
continued

Compact Lighting

Compact Lighting, manufacturer of retail lighting has been the Group company to suffer most during the recession and progressively as retailers reduced, delayed, or cancelled their store refurbishment aspirations.

It was mentioned in last year's report that David Lippold stood down as MD aiming for new pastures and we would like to thank Barry Compton for his sterling performance as caretaker MD. Barry, rather than retiring, has opted to remain with the business in a support role for the time being.

In October 2008 Simon Wootton was appointed MD of Compact Lighting Ltd having previously served 12 years as Compact Manufacturing and Operations Director following some seven years at Thorlux in various manufacturing and quality roles. Since his appointment Simon has energetically embarked on a series of cost reduction programmes, including some regrettable redundancies, to trim company costs to more reflect available business levels.

We would like to welcome Simon to his new role and wish him continued success in his programme to deliver ranges of more highly tooled display lighting products as Compact has been charged by the group and as was mentioned in last year's report.

Philip Payne

Philip Payne, manufacturer of specialist exit signs has achieved a successful year in 2008/2009 and, although not making its usual incremental improvement has managed to provide the group with a similar performance in turnover and profitability as within the previous corresponding period.

It was mentioned last year that a new and extra salesman had joined the one existing sales engineer and, now well embedded into Philip Payne methods and ideology he has successfully managed to help maintain current levels of business during the recession rather than to increase it.

The company is, therefore, well set to take advantage of any upturn when the economy allows.

Sugg Lighting

Sugg Lighting, the group heritage lighting manufacturer and refurbisher, has now settled into its new factory in Horsham and has been providing significant monthly operating profits throughout most of the year to June 2009.

Any company moving to a new factory, as those who have experienced such an event will know, undergoes serious operational challenges in the period leading up to, during, and after such an event. Sugg was no different and despite, at the time of writing, now again operating profitably, the move seriously affected performance during March, April and May of 2009.

In the future, and perhaps unusually for Sugg, they should hopefully now be in for a long period of plain sailing.

To name but one interesting project for the year, particularly for theatre goers, Sugg is currently refurbishing the art deco light fittings in the Round Room and car park for the refurbished Royal Shakespeare Theatre in Stratford-upon-Avon.

Solite

Solite, mentioned earlier as a specialist in cleanroom lighting, joined the group in March 2009 and we would like to welcome the Solite workforce of 12 people under MD Keith Bennett.

Solite performance figures have had a negligible effect on the group during the year 2008/2009. They are currently in a phase of bringing themselves to FW Thorpe Plc standards in regard to the production of a website, new sales literature, and upgrading of production methods and controls.

Solite products will fit well within the group and complement ranges from other group companies especially Thorlux. Solite also has the opportunity to add other group products to its own offering.

Case study
Mackwell Electronics installs new automated test rig

Mackwell Electronics is the group's manufacturer of emergency lighting components, and is a high volume manufacturer. Each month Mackwell manufactures around 30,000 electronic products, each of which needs to be tested before despatch.

Traditionally this has been carried out using manually operated test rigs, where an operator initiates all the relevant test sequences. To speed up this process, Mackwell specified and purchased a bespoke semi-automatic test rig which is showing a reduction in the test cycle from an average of 20 seconds to four seconds.

As every Mackwell product is tested before despatch, this is making a substantial difference to the efficiency and throughput of the test department. In addition the automatic test rig provides valuable data on test times and efficiency and reduces impact on the environment as fluorescent lamps are no longer required during this testing procedure.

Chairman's statement
continued

£11.5m

Profit before taxation (2008: £11.7m)

16.20p

Dividend paid per share (2008: 13.90p)

People

Once again it comes to that time of year when I would like to thank all those in FW Thorpe Plc for their loyalty and diligence throughout the last year. I would also like to apologise to those whom we have found it necessary to let go and to wish them every success in their future.

Future

I doubt that even one with a crystal ball could predict the future at the moment. Reading the newspapers every day it would seem that even our "rulers" do not appear to have a handle on events, especially those of a financial nature.

What I can say, however, is that your company remains in good shape to continue to capitalise upon the market that is there both home and abroad. The only question is to what extent those markets will remain with burgeoning government debt especially within the UK and an election due in the short term. We will, as ever, continue to do our best in current markets and to pursue our newer markets with verve.

Andrew Thorpe

A B Thorpe

Chairman
24 September 2009

Case study
Arup offices
Fitzroy Street,London

Philip Payne supplied Emergency Exit Signage used in the redevelopment of the Fitzroy Street offices of Arup, the global firm of planners, designers, engineers and consultants.

Directors and advisers

Directors

Andrew Thorpe
Chairman and Joint Group Chief Executive
Andrew is the grandson of the company founder, Frederick William Thorpe. After serving an apprenticeship with the company, he has worked in various parts of the business leading to the positions of Export Sales Director, Manufacturing Director and then Managing Director of Thorlux Lighting. In 2000, he became Joint Group Chief Executive and in 2003 Group Chairman.

Peter Mason
Joint Group Chief Executive, Finance Director and Company Secretary
After studying Electrical Engineering at Aberdeen University, Peter qualified as a Chartered Accountant with Price Waterhouse in 1976. He spent time with Planet Group and TI Group before joining FW Thorpe Group in 1987 as Finance Director. He became Joint Chief Executive in July 2000.

Mike Allcock
Managing Director, Thorlux Lighting
Mike joined FW Thorpe Plc in 1984 as an apprentice working his way to Technical Director for Thorlux Lighting in 1998, taking responsibility for the company's design programme. He was appointed Group Technical Director in 2001 and became Managing Director of Thorlux Lighting in 2003. Mike is a Chartered Electrical Engineer and a Fellow of the Institution of Engineering and Technology. He is passionate about developing innovative, high technology, market leading products.

David Dimeloe
Managing Director, Mackwell Electronics
David graduated from Birmingham University, with a Ph.D. in Chemical Engineering. His early career was based in the commercial areas of the process control industry. In August 1995, David was appointed as Managing Director of Mackwell Electronics, and appointed a Group Director of FW Thorpe Plc in July 1997. David has been actively involved in the Lighting Industry Federation for many years and he was elected President of this federation in April 2003, a post he held for two years.

Tony Cooper
Manufacturing Director, Thorlux Lighting
Tony graduated from Loughborough University with a B.Tech in Production Engineering and Management in 1984 and became a Chartered Engineer in 1988. He worked in various manufacturing industries, including Mars Electronics and Thomas & Betts, before joining Thorlux Lighting as Manufacturing Director in 1998.

David Taylor
Managing Director, Philip Payne
David joined FW Thorpe Plc in 1978 and on completion of a commercial apprenticeship leading to an HNC in Business Studies he worked in various roles at Thorlux Lighting and elsewhere within the group. In 1996, he became Managing Director of Philip Payne Limited.

Nicholas Brangwin
Sales Director, Mackwell Electronics
Nick joined Mackwell Electronics Limited, the emergency lighting component division of FW Thorpe Plc, in 1991, having previously worked within the Electrical Wholesale sector. His initial years were spent developing the UK business, moving to Export Sales Manager in 1998 to set up and develop the company's international business. He was appointed Sales Director of Mackwell Electronics Limited in 2004.

Colin Brangwin
Non-executive director
After joining the company in 1963, Colin was appointed a director in 1969, later as joint Managing Director and in 1995 was appointed Chairman. He became non-executive Chairman in 2000 resigning from this role on 30 June 2003. Colin is a member of the remuneration committee.

Ian Thorpe
Non-executive director
Ian, grandson of the company founder, was Manufacturing Director of Thorlux Lighting from 1978 until 1993 when he became Personnel Director. He became a non-executive director on 1 October 1997 and is a member of the remuneration committee.

Advisers

Auditors
PricewaterhouseCoopers LLP
Cornwall Court,
19 Cornwall Street,
Birmingham B3 2DT

Bankers
Lloyds TSB
Church Green East,
Redditch,
Worcestershire B98 8BZ

Solicitors
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No 1 Colmore Square,
Birmingham B4 6AA

Nominated Adviser
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Web Sites
www.fwthorpe.co.uk
www.thorlux.com
www.thorlux.de
www.thorlux.ie
www.thorlux.es
www.mackwell.co.uk
www.compact-lighting.co.uk
www.p-payne.co.uk
www.sugglighting.co.uk
www.solite-europe.com

Report of the directors

The directors have pleasure in submitting their annual report and the audited consolidated financial statements of the group and the company for the year ended 30 June 2009.

Principal activity and business review

The main activity of the group continues to be the design, manufacture and supply of professional lighting equipment.

A review of the business and future developments is included in the Chairman's statement on pages 4 to 10.

The stock shown in the group balance sheet increased by 21% between 30 June 2008 and 30 June 2009. During the year the financial viability of key component suppliers was reviewed and as a result of this review it was decided to increase the level of certain component stocks held in order to minimise the risks to the business in the event of financial failure of a supplier.

The most significant uncertainties for the business arise from fluctuations in the macro-economic cycle.

The group has financial risks and seeks to minimise and manage these by incorporating controls into key functions as part of the normal business operation.

Management reviews prices at least annually to take into account fluctuations in costs in order to minimise the risk of reduction in gross margin, or loss of market share from lack of competitiveness.

The group offers credit terms to the majority of its customers and this activity carries financial risks of default and slow payment. There is a credit policy, which includes an assessment of the risk of bad debt and management of higher risk customers. The group has underwritten a significant part of its customer debt risk with a credit insurance policy.

The group's cash is managed in accordance with the treasury policy. The group primarily trades in sterling. There is a small exposure to foreign currency as the group buys and sells in foreign currencies and maintains currency bank accounts in US Dollars and Euros. The activities of buying and selling in foreign currency are broadly matched with currencies bought and sold as required in order to minimise currency exposures. Larger exposures would be hedged in order to reduce the risk of adverse exchange rate movement. There were no currency hedging derivatives in place at 30 June 2009 or 30 June 2008.

Details of other risk management procedures are included within the internal control section of this report.

The directors consider the main financial KPIs to be those disclosed within page 1 of the financial highlights. The two most important KPIs to the business are turnover and operating profit.

The directors monitor non-financial areas of the business relating to energy saving and environmental responsibility, market and product development, customer service and product support on a regular basis. Objectives are set for each company within the group incorporating financial and non-financial targets and these are monitored regularly at local and group board level. During the year the majority of objectives were achieved or substantially achieved.

Results and dividends

The results for the year are set out in detail on page 22.

On 12 May 2009 the company paid an interim dividend of 4.1p per share (2008: 3.9p) amounting to £488,000 (2008: £465,000). A final dividend of 12.1 p (2008:12.1p) per ordinary share and a special final dividend of 12.0p (2008: nil) are proposed amounting to £2,825,000 in aggregate (2008: £1,442,000) and, if approved, will be paid on 19 November 2009. Total dividends paid during the year amounted to £1,927,000 in aggregate (2008: £1,655,000).

Directors

The directors of the company at the date of this report are set out on page 12.

The directors retiring by rotation are M Allcock, D Dimeloe and C M Brangwin who, being eligible, offer themselves for re-election. The contracts for M Allcock and D Dimeloe are terminable on 12 months' notice. C M Brangwin does not have a service contract.

Directors' share interests

The details of the directors' share interests are set out in the Directors' remuneration report on pages 17 to 19.

Substantial shareholdings

At 14 October 2009 the company had received notification of the following interests in 3% or more of the issued share capital, excluding holdings of directors:

Rights and Issues Trust Plc	500,000 shares (4.2%)
EG Thorpe	657,696 shares (5.5%)

Group research and development activities

The group is committed to research and development activities in order to maintain its market share in the industrial and commercial lighting market. These activities encompass constant development of both new and existing products to ensure that a leading position in the lighting market is maintained.

Property, plant and equipment

The directors are of the opinion that the market value of the freehold land and buildings is in excess of their net book value.

Charitable gifts

During the year the group gave £3,765 (2008: £4,125) for charitable purposes. This is made up of donations for healthcare of £470, children's welfare of £125, educational schemes of £2,580, cancer care of £515 and local causes of £75.

Pension scheme deficit

The pension scheme deficit, as shown in the balance sheet, has increased during the year as a result of a fall in the market value of the investments held by the scheme and the increase in projected liabilities arising from increased life expectancy rates of members. Some of these effects are expected to reverse whilst others may continue to adversely affect the deficit. A triennial actuarial valuation of the fund will be carried out in the near future and at that time the trustees of the scheme and the directors of the company will decide on the best funding level for the scheme into the future. The directors consider it unlikely that any changes to the present funding levels will have any significant effect on the strength of the company's balance sheet.

Creditor payment policy

The group's policy concerning the payment of its trade creditors is to accept and follow the normal terms of payment amongst suppliers to the lighting industry. Payments are made when they fall due which is usually on the day after the end of the calendar month following the month in which delivery of goods or services is made. Where reasonable settlement discount terms are offered for early payment, these terms are usually taken up. The number of days represented by the company's and the group's year end trade creditors is 42 and 45 respectively (2008: 42 and 45).

Employee policies

Employees are kept informed of matters of concern to them as employees by publication and distribution of a company newsletter and other notices, or by specially convened meetings.

Committees representing the different groups of employees meet regularly to ensure the views of employees are taken into account in making decisions that are likely to affect their interests.

The involvement of employees in the group's performance is encouraged by various incentive schemes including a profit related bonus scheme.

Information on the financial and economic factors affecting the performance of the group is made available twice yearly at the time of publication of the interim and annual statements to shareholders.

The group is committed to developing a safe and healthy working environment for all employees consistent with the requirements of the Health and Safety at Work Act. Within the constraints of health and safety, disabled people are given full and fair consideration for job vacancies. Depending on their skills and abilities, disabled people enjoy the same career prospects as other employees, and if employees become disabled every effort is made to ensure their continued employment, with appropriate training where necessary.

Policies for recruiting employees are designed to ensure equal opportunities irrespective of colour, ethnic or national origin, nationality, sex or marital status.

Statement on the provision of information to auditors

Each of the directors confirms that, as far as he is aware, there is no relevant audit information of which the group's auditors are unaware, and that he has taken all the steps he ought to have as a director to make himself aware of any relevant audit information, and to establish that the auditors are aware of that information. The above is in accordance with the provisions of section 418 of the Companies Act 2006.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have expressed their willingness to continue in office and a resolution for their re-appointment will be proposed at the next Annual General Meeting.

Directors' authority to issue shares

The UK Listing Authority no longer requires the consent of shareholders to each issue by the company of equity share capital for cash made otherwise than to existing shareholders in proportion to their existing shareholdings. This relaxation is subject to the company obtaining the authority of shareholders under section 571 of the Companies Act 2006 (which has replaced section 95 of the Companies Act 1985) to disapply generally the statutory pre-emption rights conferred by section 561 of the Companies Act 2006 (which has replaced section 89 of the Companies Act 1985). Ordinary resolution number 8 would give the directors the authority to allot shares in the company or to grant rights to subscribe for, or to convert any security into shares in the company up to an aggregate nominal amount of £7,819,614 (which represents approximately 66.7% of the company's issued ordinary shares, excluding treasury shares, as at 14 October 2009). This authority would however, only allow the directors to allot equity securities up to that amount in connection with a pre-emptive rights issue; in any other case, the maximum nominal amount of equity securities which may be allotted pursuant to this authority is £3,909,807 (which represents approximately 33.3% of the company's issued ordinary shares (excluding treasury shares) as at that date). Special resolution number 9 would further allow the directors to allot equity securities or sell treasury shares for cash without first offering them to existing shareholders, in proportion to existing holdings, up to a maximum nominal amount of £7,819,614 (which represents approximately 66.7% of the company's issued ordinary shares, excluding treasury shares) as at 14 October 2009.

This authority would, however, only allow the directors to do so in connection with a pre-emptive rights issue and, in any other case, the maximum nominal amount of equity securities which may be so allotted is £586,178 (which represents approximately 5% of the company's issued ordinary shares (excluding treasury shares) as at that date.

These authorities, if approved, would expire at the conclusion of the next Annual General Meeting, save that the authority relating to section 561 would expire 15 months after being passed, if earlier.

Purchase of own shares

Resolution number 10 set out in the notice of the Annual General Meeting will, if it is approved, allow the company to exercise the authority contained in the Articles of Association to purchase its own shares. The Board has no firm intention that the company should make purchases of its own shares if the proposed authority becomes effective, but would like to be able to act quickly if circumstances arise in which such a purchase would be desirable. Purchases will only be made on the Alternative Investment Market and only in circumstances where the directors believe that they are in the best interests of the shareholders generally. Furthermore, purchases will only be made if the directors believe that they would result in an increase in earnings per share.

The proposed authority will be limited by the terms of the special resolution to the purchase of 1,189,356 ordinary shares representing 10% of the company's issued ordinary share capital at 14 October 2009 and a nominal value of £118,936.

The minimum price per ordinary share payable by the company (exclusive of expenses) will be 10p. The maximum to be paid will be an amount not more than 5% above the average of the middle market quotations for ordinary shares of the company as derived from the Alternative Investment Market on the five business days immediately preceding the date of each purchase. The company may either cancel any shares which it purchases under this authority or transfer them into treasury (and subsequently sell or transfer them out of treasury or cancel them). The maximum number of shares and the permitted price range are stated in order to comply with statutory and Stock Exchange requirements and should not be taken as representative of the number of shares (if any) which may be purchased, or the terms of such a purchase. The authority will lapse on the date of the Annual General Meeting of the company in 2010. However, in order to maintain the Board's flexibility of action it is envisaged that it will be renewed at future Annual General Meetings.

Corporate governance

As a company whose shares are traded on the Alternative Investment Market of the London Stock Exchange Plc, the company is not required to comply with the Principles of Good Governance and Code of Best Practice ("The Combined Code"). However, the Board supports the standards required by The Combined Code and fully endorses the principles of openness, integrity and accountability of the Code. The directors consider that the company applies the principles of best practice with the exception of the matters listed below.

- The Board does not have an independent audit committee.
- At least half the Board does not comprise independent non-executive directors and the Board has not appointed a senior independent director.
- The terminable period of the service contracts for A B Thorpe and P D Mason exceeds one year.
- The pensionable salary includes benefits in kind and/or profit bonus for those directors who are members of the defined benefit scheme.
- The Board has combined the roles of Joint Chief Executive and Chairman.
- There are no independent Board members.

The directors believe that the exceptions, which are more fully explained in the sections relating to the Board constitution and the directors' remuneration report, are appropriate for the size and context of the group's business

Board constitution

The company continues to be proprietorial in nature and the directors act as a unitary Board and as a consequence are unable to see the benefits of splitting the Board into sub-committees and in particular of constituting audit and nomination committees, as recommended by the Code, as matters that would normally be considered by an audit or nomination committee are addressed by the full Board with the non-executive directors present and the auditors attending as appropriate.

A remuneration committee has been established with the following people serving on it:

C M Brangwin
Non-executive director and chairman of the committee.

I A Thorpe
Non-executive director.

Terms and conditions for the operation of this committee are in place and it meets as and when required. The committee's report is presented on pages 17 to 19.

The auditors have direct access to all members of the Board and attend and present their reports at appropriate Board meetings. The Board considers, at least annually, the relationships and fees in place with the auditors to confirm their independence is maintained.

Nomination committees are formed when it is felt to be appropriate for senior personnel and subsidiary Board appointments. Any appointment to a group Board position would involve all Board members in the selection process.

The Board meets regularly during the year and has a schedule of matters reserved for its approval, which only the Board may change.

Relations with shareholders

Directors are kept informed of the views of shareholders by face-to-face contact at the company's premises on the day of the Annual General Meeting and, if appropriate, by meeting with major shareholders at other times during the year.

Internal control

The Board of directors has overall responsibility for the system of internal control and for reviewing its effectiveness throughout the group. The internal controls systems are designed to meet the group's particular needs and the risks to which it is exposed, and by their nature can only provide reasonable but not absolute assurance against misstatement or loss.

Internal financial control

The directors have responsibility for maintaining a system of internal control which provides reasonable assurance of the effective and efficient operations, internal financial control and compliance with laws and regulations.

During the year a member of the group finance department has visited all operating sites to assess their compliance with a selection of key control procedures and non-compliance has been reported to the group Board. Significant areas of non-compliance noted as part of this process have been addressed.

In addition, the executive directors regularly visit all operating sites and review with local management financial and commercial issues affecting the group's operations. Regular financial reporting includes budgets, rolling forecasts and monthly financial reports comparing performance against plan. These reports are reviewed locally with a group representative and monitored by the group Board. Accordingly, the directors do not consider that an internal audit department is required.

Other areas of control

The Combined Code introduced a requirement that directors review the effectiveness of the group's systems of internal controls on an annual basis. This requirement extends the directors' review to cover all controls, including operational, compliance and risk management as well as financial.

During the year and continuing after the year end, the Board has operated a formal risk identification and evaluation programme as part of a continuous review of the group's internal controls. This programme considers financial, operational and compliance risks and includes participation from senior executives from all operating subsidiaries.
The results of this process to date have been utilised by the Board to focus the ongoing process for identifying, evaluating and managing the group's significant risks. The programme is utilised to monitor the potential impact of the risks identified and, where appropriate, actions are taken to ensure they are effectively controlled. This process is extended to include a detailed review of risk as assessed by local senior executives, and procedures have been established to ensure that the group Board is made aware of any additional significant risks identified and to consider appropriate action. This process culminated in the provision of a certificate, by senior executives at the operating sites, confirming that they have identified and addressed the risks arising in their business and reported them to the group Board accordingly.

Going concern

The directors confirm that they are satisfied that the group and company have adequate resources with £7m cash and £14m short-term deposits to continue in business for the foreseeable future, and for this reason, they continue to adopt the going concern basis in preparing the accounts.

By order of the Board

P D Mason
Company Secretary

14 October 2009

Registered Office:
Merse Road
North Moons Moat
Redditch
Worcestershire
B98 9HH

Directors' remuneration report

The Board has prepared this report to the shareholders, taking into account the provisions in Schedule B of the Combined Code on Corporate Governance and Directors' Remuneration Report Regulations 2002. The Board has delegated the responsibility for the executive directors' remuneration to the remuneration committee. The scope of their responsibilities includes the executive directors' service contracts, salaries and other benefits, which comprise their terms and condition of employment.

Remuneration committee

The current members of the remuneration committee are the non-executive directors C M Brangwin (Chairman of the committee) and I A Thorpe. The committee has met as and when required during the financial year. No member of the committee has any personal financial interest in the matters to be decided other than as shareholders. There are no conflicts of interest arising from cross-directorships or day-to-day involvement in running the business. The committee has access to market data provided by Monks Partnership when considering the remuneration of the executive directors

Remuneration policy – executive directors

The aim of the committee is to ensure that the executive directors are fairly rewarded for their responsibilities and contribution to the performance of the group. The committee seeks to achieve this with a combination of performance and non-performance related remuneration designed to attract, retain and motivate the directors.

In establishing the salaries of the directors, the committee takes into account the responsibilities and performance of the individual together with data from comparable organisations and indicative trends for the business and its economic sector.

The remuneration package consists of the following elements.

1. Basic salary, benefits in kind and other benefits. The salary is determined in August each year, unless there has been a change in responsibilities, where an adjustment will be made at the same time. The benefits in kind mainly consist of the provision of a car and health insurance. A director may choose to take a cash allowance instead of a car. Other benefits consist of pension arrangements and life assurance.
2. Annual bonus. The bonus is made up of two elements. The first element relates to the operating profit of the business unit for which the director has specific performance responsibilities. The second element relates to the operating profit of the group as a whole. The bonuses are paid in September and relate to the period ending on 30 June in the same year.
3. Share options. The two executive share option schemes in place expired in May 2009 and were completed. Options were granted to directors on 6 May 1999 – the majority of which are provided as part of an Inland Revenue approved scheme. Both schemes allowed the executives to participate in share price growth and were normally exercisable between three and ten years after grant providing certain performance criteria were met.

Remuneration policy – non-executive directors

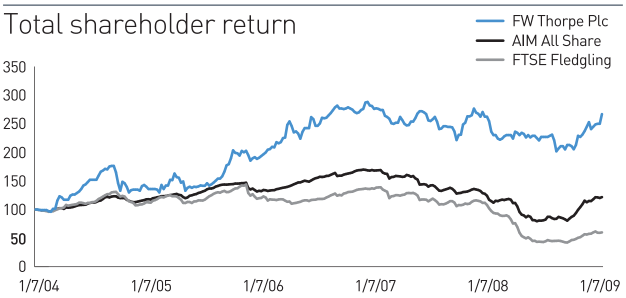
The Board as whole determines the remuneration of the non-executive directors. The Board takes into account the contribution made and the relative time spent on the company's affairs. The non-executive directors do not receive bonuses or participate in the executive share option scheme. Their benefits in kind consist of the provision of health insurance.

Directors' service contracts

The policy for directors' service contracts is to follow the Code for new appointments, however, for contracts in existence prior to the date the Code became effective no amendment is expected to be made in view of the predicted service lives of the people concerned. D A Dimeloe, M Allcock, A M Cooper, D Taylor and N A Brangwin have service contracts terminable on one year's notice. P D Mason and A B Thorpe have service contracts which are terminable on two years' notice. These contracts do not comply with the code because they are in excess of one year. C M Brangwin and I A Thorpe do not have service contracts with the company.

Performance graph

The graph below shows the comparative data for the FTSE Aim share index and the FTSE Fledgling share index, rebased to 100, as these are considered to be the most appropriate comparative indices for the company's business.



Directors' pension arrangements

A B Thorpe and P D Mason participated in the defined benefit section of the F W Thorpe Retirement Benefits Scheme until April 2006, and are now deferred members. M Allcock, D A Dimeloe, A M Cooper, N A Brangwin and D Taylor and are members of the defined contribution section of the scheme. M Allcock and D Taylor have a final salary guarantee as they were previously members of the defined benefit section.

C M Brangwin and I A Thorpe are retired members of the defined benefit section.

The F W Thorpe Retirement Benefits Scheme is a funded, Inland Revenue approved occupational pension scheme. The scheme is divided into two sections – a defined benefit scheme and a defined contribution scheme. The defined benefit section was closed to new members on 1 October 1995.

The defined benefit section aims to provide a maximum pension of two-thirds of pensionable salary at normal retirement date. Pensionable salary for P D Mason and A B Thorpe includes profit bonus and benefits calculated on the average of the previous three years. M Allcock's and D Taylor's pensionable salary includes an average of the previous three years' profit bonus. These definitions do not comply with the Code; however, the committee believes that they are appropriate when looking at the remuneration package as a whole. Defined contribution members contribute up to 5% of basic salary and the company contributes up to 14%.

All the executive directors are covered by life assurance benefit of four times pensionable salary. In addition, the defined benefit scheme members are entitled to a spouse's pension on death.

The following directors had accrued entitlements under the defined benefit section of the pension scheme.

	Age at year end	Normal pension age	**Value of accrued pension at 30 June 2009 £pa**	Director's contributions during the year £	Change in value of accrued pension since 30 June 2008 £pa
A B Thorpe	59	60	**130,543**	–	8,893
P D Mason	60	60	**119,112**	–	13,497
M Allcock	41	65	**37,043**	7,554	6,679
D Taylor	47	65	**25,873**	3,999	1,125

The following table shows the contributions paid by the company in respect of those directors participating in the defined contribution section of the pension scheme.

	2009 £	2008 £
D A Dimeloe	**14,042**	13,502
N A Brangwin	**2,301**	2,020
A M Cooper	**3,676**	3,534

Directors' shareholdings

The directors listed below were in office throughout the whole of the year. Directors' interests in the share capital of the company at 30 June 2009 and 1 July 2008 were as follows:

	Ordinary shares of 10p	
	Beneficial	
	2009	2008
A B Thorpe	2,803,843	2,788,843
P D Mason	168,337	172,337
M Allcock	11,400	11,400
D A Dimeloe	26,341	26,341
C M Brangwin	773,155	773,155
I A Thorpe	2,504,712	2,504,712
N A Brangwin	103,783	103,783
A M Cooper	8,400	8,400
D Taylor	5,022	5,022

In addition, C M Brangwin has a joint non-beneficial interest in 170,000 shares.

Directors' share options

Details of the share options at 30 June 2009 are as follows:

	30 June 2008	Exercised during year	Lapsed during year	At 30 June 2009	Option price	Date exercisable from
A B Thorpe	30,000	30,000	–	–	117p	7 May 2002

The performance criteria for the exercise of the executive share options require that the growth in the annualised earnings per share, adjusted to a pre-tax basis must exceed RPI by more than 3% when measured against a basis year. These criteria have been met.

Share options were exercised by the directors as follows:

Director	Date of exercise	Number of shares	Option price (pence per share)	Market price (pence per share)	Gain (£)
A B Thorpe	1 May 2009	30,000	117p	486.25	110,775

The market price of the company's shares at the beginning and end of the financial year was 575p and 538p respectively and the range of market prices during the year was from 417.5p to 575p.

There have been no other changes in the interests of the directors in the share capital of any company in the group during the period 1 July 2009 to 14 October 2009.

Approved by the Board and signed on its behalf by:

P D Mason
Company Secretary

14 October 2009

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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

In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the financial statements comply with IFRSs as adopted by the European Union;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

P D Mason
Company Secretary

14 October 2009

Independent auditors' report to the members of FW Thorpe Plc

We have audited the group and parent company financial statements (the ''financial statements'') of FW Thorpe Plc for the year ended 30 June 2009 which comprise the consolidated income statement, consolidated statement of recognised income and expense, consolidated and company balance sheets, consolidated and company cash flow statements and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities set out on page 20, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with sections 495 and 496 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2009 and of the group's profit and group's and parent company's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you, if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Matthew Mullins (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

Birmingham

14 October 2009

Consolidated income statement

for the year ended 30 June 2009

	Note	2009 £'000	2008 £'000
Revenue	2	**53,356**	51,780
Cost of sales		**(29,900)**	(29,247)
Gross profit		**23,456**	22,533
Distribution costs		**(3,577)**	(3,644)
Administrative expenses		**(9,209)**	(8,382)
Operating profit	3	**10,670**	10,507
Net finance income	6	**877**	1,213
Profit before tax expense		**11,547**	11,720
Tax expense	7	**(3,072)**	(2,989)
Profit for the year	25	**8,475**	8,731

Earnings per share for profit attributable to the equity holders of the company during the year (expressed in pence per share).

	Note	2009 Pence	2008 Pence
Basic and diluted earnings per share			
– Basic	23	**71.4**	73.3
– Diluted	23	**71.4**	73.2

The notes on pages 26 to 52 are an integral part of these consolidated financial statements and parent company financial statements.

The company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent company income statement.

The profit for the parent company for the year was £8,307,000 (2008: £7,760,000).

Consolidated statement of recognised income and expense

for the year ended 30 June 2009

	Note	2009 £'000	2008 £'000
Profit for the year:	25	**8,475**	8,731
Actuarial (loss) on pension scheme	29	**(2,117)**	(1,624)
Movement on associated deferred tax asset relating to the pension scheme	22	**592**	455
Revaluation of available-for-sale assets		**(81)**	(55)
Movement on associated deferred tax		**15**	–
Net income recognised directly in equity		**(1,591)**	(1,224)
Total recognised income for the year		**6,884**	7,507

The above movements are recognised in the parent company statement of recognised income and expense in both 2009 and 2008.

Consolidated and company balance sheets

as at 30 June 2009

	Note	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Assets					
Non-current assets					
Intangible assets	9	**2,575**	2,285	**1,436**	1,186
Investment in subsidiaries	30	**–**	–	**997**	602
Investment property	13	**1,028**	184	**1,028**	184
Property, plant and equipment	10	**10,590**	9,612	**9,670**	8,505
Available-for-sale financial assets	14	**43**	115	**43**	115
Deferred tax assets	22	**833**	276	**751**	219
		15,069	12,472	**13,925**	10,811
Current assets					
Inventories	17	**10,458**	8,646	**7,032**	5,771
Trade and other receivables	18	**9,118**	10,559	**8,244**	9,180
Other financial assets at fair value through profit or loss	19	**385**	377	**385**	377
Short-term financial assets – deposits	15	**14,489**	13,332	**14,489**	13,332
Cash and cash equivalents	16	**7,132**	6,710	**7,190**	6,802
		41,582	39,624	**37,340**	35,462
Total assets		**56,651**	52,096	**51,265**	46,273
Liabilities					
Current liabilities					
Trade and other payables	20	**(6,228)**	(7,381)	**(7,798)**	(8,748)
Current tax liabilities		**(1,875)**	(1,916)	**(1,678)**	(1,486)
		(8,103)	(9,297)	**(9,476)**	(10,234)
Net current assets		**33,479**	30,327	**27,864**	25,228
Non-current liabilities					
Retirement benefit deficit	29	**(2,033)**	(281)	**(2,033)**	(281)
Provisions for liabilities and charges	21	**(102)**	(213)	**(102)**	(102)
Deferred tax liabilities	22	**(656)**	(640)	**(422)**	(348)
Total liabilities		**(10,894)**	(10,431)	**(12,033)**	(10,965)
Net assets		**45,757**	41,665	**39,232**	35,308
Capital and reserves attributable to equity holders of the company					
Called up share capital	24	**1,189**	1,191	**1,189**	1,191
Share premium account	26	**656**	624	**656**	624
Capital redemption reserve	26	**137**	135	**137**	135
Retained earnings	25	**43,775**	39,715	**37,250**	33,358
Total equity		**45,757**	41,665	**39,232**	35,308

The notes on pages 26 to 52 form part of these financial statements.

The financial statements on pages 22 to 52 were approved by the Board on 14 October 2009 and signed on its behalf by

Andrew Thorpe

A B Thorpe

P D Mason

Consolidated and company cash flow statements

for the year ended 30 June 2009

		Group		Company	
	Note	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Cash flows from operating activities					
Cash generated from operations	27	**10,564**	12,040	**8,355**	9,485
Tax paid		**(3,048)**	(2,022)	**(2,457)**	(1,535)
Net cash generated from operating activities		**7,516**	10,018	**5,898**	7,950
Purchases of property, plant and equipment		**(2,087)**	(749)	**(1,845)**	(323)
Proceeds of sale of property, plant and equipment		**74**	75	**55**	51
Purchase of intangibles – development costs		**(861)**	(983)	**(679)**	(524)
Purchase of investment in subsidiary (net)		**(389)**	–	**(405)**	–
Purchase of investment property		**(844)**	–	**(844)**	–
Purchase of available-for-sale financial assets		**(9)**	(67)	**(9)**	(67)
Property rental and similar income		**95**	55	**337**	282
Dividend income		**4**	7	**879**	813
Net purchase of deposits		**(1,157)**	(4,467)	**(1,157)**	(4,467)
Interest received		**959**	858	**950**	784
Net cash outflow from investing activities		**(4,215)**	(5,271)	**(2,718)**	(3,451)
Proceeds from the issuance of ordinary shares		**35**	18	**35**	18
Purchase of own shares		**(900)**	–	**(900)**	–
Dividends paid to company's shareholders		**(1,927)**	(1,655)	**(1,927)**	(1,655)
Lease payments		**(87)**	(116)	**–**	–
Net cash outflow from financing activities		**(2,879)**	(1,753)	**(2,792)**	(1,637)
Net increase in cash in the year		**422**	2,994	**388**	2,862
Cash and cash equivalents at beginning of year		**6,710**	3,716	**6,802**	3,940
Cash and cash equivalents at end of year		**7,132**	6,710	**7,190**	6,802

1 Accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements and parent company financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Basis of preparation

The consolidated financial statements of FW Thorpe Plc have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC interpretations and the Companies Act 2006 applicable to Companies reporting under IFRS. The consolidated financial statements have been prepared on a going concern basis, under the historical cost convention, as modified by available-for-sale financial assets, financial assets and financial liabilities (including derivative instruments) at fair value through the profit and loss.

The consolidated and parent company financial information has been prepared under the historical cost convention.

The company and group has adopted all IAS and IFRS adopted in the EU except for IAS 34, as AIM-listed companies are not required to adopt IAS 34. The company and group has not early adopted any other standards or interpretations not yet endorsed by the EU.

The following amendments to existing standards and interpretations were effective in 2009 which are relevant to the company, and the additional disclosure requirements have been included within these financial statements.

Amendment to IAS 39 and IFRS 7 –	Financial instruments: Recognition and measurement and Financial Instruments: Disclosures (effective for annual periods beginning on or after 1 July 2008)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the company.

IAS 1 (revised)	Presentation of financial statements
IAS 1 (amendment)	Presentation of financial statements
IAS 8 (amendment)	Accounting policies, changes in accounting estimates and errors
IAS 10 (amendment)	Events after the reporting period
IAS 19 (amendment)	Employee benefits
IAS 23 (revised)	Borrowing costs
IAS 23 (amendment)	Borrowing costs
IAS 32 (amendment)	Financial Instrument, presentation
IAS 1 (amendment)	Presentation of financial statements – Puttable financial instruments and obligations arising on liquidation
IAS 36 (amendment)	Impairment of assets
IAS 39 (amendment)	Financial instruments: Recognition and measurement
IAS 16 (amendment)	Property, plant and equipment (and consequential amendment to IAS 7, Statements of cash flows)
IAS 38 (amendment)	Intangible assets
IAS 40 (amendment)	Investment property (and consequential amendment to IAS 16)
IFRS 5 (amendment)	Non-current assets held for sale and discontinued operations (and consequential amendment to IFRS 1, first time adoption)
IFRS 8	Operating segments

The above are effective for annual periods beginning on or after 1 January 2009.

IFRS 3 (Revised)	Business combinations
IAS 27 (Revised)	Consolidated and separate financial statements

The above are effective for annual periods beginning on or after 1 July 2009.

The company does not expect that the adoption of these accounting standards will have a material impact on the company's financial statements.

1 Accounting policies continued

Standards, amendments and interpretations to existing standards that are not yet effective and not relevant for the company's operations:

The following interpretations to existing standards have been published that are mandatory for the company's accounting periods beginning on or after 1 January 2009 but are not relevant for the company's operations:

IAS 20 (amendment)	Accounting for government grants and disclosure of government assistance
IAS 28 (amendment)	Investment in associates (and consequential amendments to IAS 32, Financial instruments: Presentation, and IFRS 7 Financial instruments: Disclosure)
IAS 29 (amendment)	Financial reporting in hyperinflationary economies
IAS 31 (amendment)	Interests in joint ventures (and consequential amendments to IAS 32 and IFRS 7)
IAS 34 (amendment)	Interim financial reporting
IAS 41 (amendment)	Agriculture
IFRS 2 (amendment)	Share-based payment
IFRS 1 and IAS 27 (amendment)	First time adoption of IFRS, and Consolidated and separate financial statements

The above are effective for annual periods beginning on or after 1 January 2009).

IFRIC 13	Customer loyalty programmes (effective for annual periods beginning on or after 1 July 2008)
IFRS 1 (revised)	First time adoption of International Financial Reporting Standards (effective for annual periods beginning on or after 1 July 2009)
IAS 39 (amendment)	Eligible hedged items (effective for annual periods beginning on or after 1 July 2009)

The preparation of financial information in conformity with the basis of preparation described above requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's and group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial information are disclosed in the Critical accounting estimates and judgements section.

Basis of consolidation

The financial statements for FW Thorpe Plc incorporate the financial statements of the company and its subsidiary undertakings. A subsidiary is a company controlled directly by the group and all the subsidiaries are wholly owned by the group. The group achieves control over the subsidiaries by being able to influence financial and operating policies so as to obtain benefits from their activities.

Intra-group transactions, balances, income and expenses are eliminated in preparing consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Revenue recognition

The group recognises revenue when the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the group's activities. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Revenue is subsequently recognised based upon the goods and services provided, when these goods have been delivered to the customer or the service performed, excluding VAT and trade discounts.

Interest income

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired the group reduces the carrying amount to its recoverable amount, being the estimated cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income.

Interest on impaired loans is recognised using the original effective interest rate.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Segment reporting

The company's and group's primary segment is that of the sale and distribution of professional lighting equipment.
The company's and group's secondary segment is by geographical location.

1 Accounting policies continued

Pension costs

The group operates a hybrid defined benefit and defined contribution pension scheme. The assets of the scheme are invested and managed independently of the finances of the group. Pension costs are assessed in accordance with the advice of an independent qualified actuary. Costs include the regular cost of providing benefits which it is intended should remain at a substantially level percentage of current and expected future earnings of the employees covered. Variations from the regular pensions cost are spread evenly through the income statement over the remaining service lives of current employees. Contributions made to the defined benefit scheme are charged to the income statement in the period in which they are made.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in the statement of recognised income and expense (SORIE) in the period in which they arise.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Foreign currencies

Transactions in foreign currency are converted to sterling using the exchange rate applicable to the date of the transaction. Foreign currency gains and losses resulting from the settlement of foreign currency transactions at a different time are recognised in the income statement. Currency exchange differences arising from holding monetary assets or liabilities in a foreign currency are fair valued at the balance sheet date in accordance with prevailing exchange rates and resulting gains or losses are recognised in the income statement.

Taxation

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Dividend distribution

Final dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the company's shareholders.

Interim dividends are recognised as a liability in the group's financial statements when approved by the directors.

1 Accounting policies continued

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses where applicable. Leased assets are included where they are held under a finance lease.

Depreciation is calculated on a straight-line basis to write down the cost less estimated residual value of all plant and equipment assets by equal instalments over their expected useful life. The rates generally applicable are:

Freehold land	Nil
Buildings	2–4%
Plant, vehicles and equipment	7–33%

The assets residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Assets are reviewed for impairment where there is an indication that the carrying value may not be recoverable.

Leases

Leases are classified as finance leases where the risks and rewards of ownership are transferred to the lessee. The related asset is recognised at the inception of the lease at the fair value of the leased asset. The interest element of the lease is charged to the income statement over the period of the lease based on the capital element outstanding.

All other leases are operating leases, and payments made under them are charged to the income statement on a straight-line basis over the term of the lease.

Intangible assets

Research and development

The group undertakes research and development activities on an ongoing basis. Part of these costs relate to projects where the benefit is received in the short term (less than one year) and part relates to longer term projects where the benefit is expected to be received for several years to come. Costs associated with the shorter term activities are expensed as and when they are incurred. Costs associated with the longer term projects are capitalised as an intangible asset and amortised over the expected life of the benefit, generally at 33.33% per annum, commencing when the income stream is expected to flow into the business. Research and development assets are recognised where there is certainty that the asset will generate economic benefit. The economic success for research and development activities is uncertain and carrying amounts are reviewed at each balance sheet date for impairment.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net assets of the acquired subsidiary undertaking at the date of acquisition. Goodwill is tested at least annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Impairment losses on goodwill are not reversed.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from business combination in which the goodwill arose.

Software costs

Software costs are stated at cost less accumulated amortisation and impairment where applicable. Amortisation is calculated on a straight-line basis to write down the cost less estimated residual value over its useful life. The amortisation rates are between 20% and 50% per annum.

Investment properties

Investment properties are stated at depreciated historical cost or the higher of market value or residual value if lower. The residual value of the property is assessed annually.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. Provision is made against the cost of slow-moving stock lines based on the estimated recoverable amounts.

1 Accounting policies continued

Warranty

The group recognises the obligation to repair or replace parts or products supplied still under warranty at the balance sheet date. This provision is principally based on past experience.

Trade receivables

Trade receivables are recorded at their fair value on initial recognition less provision for expected settlement discounts and for impairment. A provision for impairment of trade receivables is established when there is evidence between the carrying value and present value of expected cash flows receivable. Any change in the value of trade receivables through impairment or reversal of impairment is recognised as an administrative expense in the income statement.

Short-term financial assets

Short-term financial assets are defined as cash term deposits with banks with an original term of three months and over.

Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, on demand deposits and short-term deposits with banks with an original term less than three months.

Current asset investments

Current asset investments are valued at fair value. Changes in fair value are recognised in the income statement.

Available-for-sale financial assets

The fair value of quoted investments are based on current bid prices. Changes to fair value are recognised in the statement of recognised income and expense.

Trade payables

Trade payables are not interest bearing and are recorded at their settlement amount.

Provisions

Provisions are recognised when the group has an obligation as a result of past events which can be quantified or reasonably estimated at the balance sheet date.

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Retirement benefit obligations

The group recognises its obligations to employee retirement benefits. The quantification of these obligations is subject to significant estimates and assumptions regarding life expectancy, discount and inflation rates and the rate of increase in pension payments. In making these assumptions the group takes advice from an independent qualified actuary about which assumptions best reflect the nature of the group's obligations to employee retirement benefits. These assumptions are regularly reviewed by SBJ Benefit Consultants Ltd to ensure their appropriateness.

Inventory provisions

The group values inventory on the basis of its use in the current market and the ability of the products and components to result in revenue streams for the business in the future. This assumption requires estimates of the market requirements and expectations. The group makes provision for inventory on the basis of product obsolescence and usage during the preceding periods together with market adjustments where required. These methods have been used consistently on a historic basis.

Warranty provisions

The group makes provisions for the warranty provided with the terms and conditions of sale to the customer based on past experience together with specific provisions for known issues. There are quality control procedures in place to ensure that products reaching customers are of a high standard. The technical support areas record all warranty issues in order that problems can be identified that may affect a wider customer base. Additionally, product failures are tested thoroughly to examine technical failures and strategies are developed to minimise and correct issues arising from that examination. The group works closely with its suppliers to ensure a low failure rate for components.

1 Accounting policies continued

Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. The group may use derivative financial instruments to hedge certain risk exposures.

(a) Market risk

(i) Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro, US Dollar and the UK Pound. Foreign exchange risk arises from future commercial transactions denominated in a currency that is not the entity's functional currency.

(ii) Price risk

The group is exposed to equity securities price risk because of investments held by the group and classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss.

The group's investments in equity of other entities that are publicly traded and are included in the FTSE 100 UK equity index and Dow Jones equity index.

(iii) Commodity price risk

The group has an exposure to the risk of commodity price changes, in particular, metals. The group seeks to minimise the risk by agreeing prices with major suppliers in advance.

(b) Credit risk

Credit risk is managed on group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum Fitch rating of F1+ are accepted. If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the ability to close out market positions.

Management monitors rolling forecasts of the group's liquidity reserve which comprises cash and cash equivalents together with short-term financial assets (note 15) on the basis of expected cash flow.

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the group is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

2 Segmental analysis

(a) Primary reporting format – business segments

At 30 June 2009, the group trades solely from the UK and operates in one business segment, that of the manufacture and supply of lighting systems for the professional lighting market.

(b) Secondary reporting format – geographical segments

The group's business segment operates in two main areas, UK and the rest of Europe, even though they are managed on a worldwide basis.

The home country of the company, which is also the main operating company, is the UK.

The group's revenue is generated mainly within the UK and Europe.

	2009 £'000	2008 £'000
UK	**42,225**	42,806
Europe	**7,809**	6,281
Other countries	**3,322**	2,693
	53,356	51,780

All assets and consequently capital expenditure are in the UK, and cannot be split geographically in relation to the group's revenues.

3 Group operating profit

	2009 £'000	2008 £'000
Group operating profit is stated after charging/(crediting)		
Loss/(profit) on sale of fixed assets	**3**	(37)
Rental income from investment property	**(17)**	(8)
Depreciation of tangible fixed assets (note 10):		
– owned assets	**1,019**	1,085
Operating lease rentals:		
– plant and machinery	**41**	45
– other	**52**	163
Intangible amortisation (note 9)	**859**	826
Foreign exchange gains recognised in income statement	**(89)**	(132)

Services provided by the company's auditors

During the year, the group obtained the following services from the company's audit and its auditors:

Group	**2009 £'000**	2008 £'000
Fees payable to company's auditors for the audit of parent company and consolidated financial statements	**36**	35
Fee payable to the company's auditor and its associates for other services:		
– The audit of company's subsidiaries pursuant to legislation	**32**	27
– Other services pursuant to legislation	**5**	25
– Tax services	**–**	3
	73	90

It is the group's practice to employ PricewaterhouseCoopers LLP on assignments additional to their statutory audit duties where their expertise and experience with the group are important.

4 Other (losses)/gains – net

Other financial assets at fair value through profit or loss (note 19).

	2009 £'000	2008 £'000
Fair value gains	8	18

Other financial assets at fair value consist of units in a sterling cash fund.

5 Employee information

The average monthly number of employees employed by the group (including executive directors) during the year is analysed below:

	Group		Company	
	2009 Number	2008 Number	2009 Number	2008 Number
Production	328	319	141	140
Sales and distribution	88	84	79	77
Administration	155	142	94	86
Total average headcount	571	545	314	303

Employment costs of all employees (including executive directors).

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Aggregate gross wages and salaries	13,068	12,377	8,311	7,905
Employers' national insurance contributions	1,343	1,255	907	837
Employers' pension and related charges	701	701	505	495
	15,112	14,333	9,723	9,237

Directors' emoluments

	2009 £'000	2008 £'000
Aggregate emoluments	1,390	1,159
Contributions to money purchase pension scheme	20	17
	1,410	1,176

Employers' pension related charges include health insurance, pension administration and professional charges, a pension paid to a former director and contribution to Sugg Lighting Ltd group personal pension plan.

Aggregate gains on the exercise of share options in the year were £111,000 (2008: £53,000).

Highest paid director

	2009 £'000	2008 £'000
Total of emoluments and amounts receivable	274	261

During the year the highest paid director exercised 30,000 share options (2008: nil) with a gain of £111,000.

The accrued pension for the highest paid director is £131,000 at 30 June 2009 (2008: £122,000).

Further details are provided in the Directors' remuneration report on pages 17 to 19.

6 Net financial income

	2009 £'000	2008 £'000
Finance income		
Current assets		
Net interest receivable	**749**	1,027
Non-current assets		
Dividend income on available-for-sale financial assets	**4**	7
Net rental income	**95**	–
Net interest on pension scheme assets and liabilities	**29**	179
	877	1,213

7 Income tax expense

Analysis of income tax expense in the year.

	2009 £'000	2008 £'000
Current tax	**3,007**	3,113
Deferred tax (note 22)	**65**	(124)
	3,072	2,989

The tax assessed for the year is lower (2008: lower) than the standard rate of corporation tax in the UK of 28% (2008: 29.5%). The differences are explained below:

	2009 £'000	2008 £'000
Profit before tax	**11,547**	11,720
Profit on ordinary activities multiplied by the standard rate in the UK of 28% (2008: 29.5%)	**3,233**	3,457
Effects of:		
Expenses not deductible for tax purposes	**11**	(121)
Accelerated tax allowances and other timing differences	**(130)**	(115)
Adjustments in respect of prior years	**(66)**	(91)
Profits taxed at small companies rate	**(5)**	(4)
Other	**29**	(137)
Tax charge	**3,072**	2,989

The weighted average applicable tax rate was 26.6% (2008: 25.5%).

8 Dividends

The dividends paid in 2009 and 2008 were £1,927,000 (16.2p per share) and £1,655,000 (13.9p per share) respectively.

A final dividend in respect of the year ended 30 June 2009 of 12.1p per share, together with a special final dividend of 12.0p per share, amounting to a total dividend of £2,825,000, is to be proposed at the Annual General Meeting on 12 November 2009. These financial statements do not reflect this dividend payable.

9 Intangible assets

	Group			Company		
	Goodwill £'000	Other £'000	Total £'000	Goodwill £'000	Other £'000	Total £'000
Cost						
At 1 July 2008	600	3,699	4,299	600	1,929	2,529
Additions	285	861	1,146	–	679	679
On acquisition of subsidiary	–	5	5	–	–	–
Write-offs	–	(714)	(714)	–	(320)	(320)
At 30 June 2009	**885**	**3,851**	**4,736**	**600**	**2,288**	**2,888**
Accumulated amortisation						
At 1 July 2008	600	1,414	2,014	600	743	1,343
Charge for the year	–	859	859	–	429	429
On acquisition of subsidiary	–	2	2	–	–	–
Write-offs	–	(714)	(714)	–	(320)	(320)
At 30 June 2009	**600**	**1,561**	**2,161**	**600**	**852**	**1,452**
Net book amount						
At 30 June 2009	**285**	**2,290**	**2,575**	**–**	**1,436**	**1,436**

	Group			Company		
	Goodwill £'000	Other £'000	Total £'000	Goodwill £'000	Other £'000	Total £'000
Cost						
At 1 July 2007	600	3,550	4,150	600	1,708	2,308
Additions	–	983	983	–	525	525
Write-offs	–	(834)	(834)	–	(304)	(304)
At 30 June 2008	600	3,699	4,299	600	1,929	2,529
Accumulated amortisation						
At 1 July 2007	600	1,422	2,022	600	662	1,262
Charge for the year	–	826	826	–	385	385
Write-offs	–	(834)	(834)	–	(304)	(304)
At 30 June 2008	600	1,414	2,014	600	743	1,343
Net book amount						
At 30 June 2008	–	2,285	2,285	–	1,186	1,186

Other intangible assets include research and development costs, computer software and fishing rights on owned freehold land.

At 30 June 2009 the net book amount for "other" is analysed as follows:

	Group		Company	
	2009 £'000	2008 £'000	**2009 £'000**	2008 £'000
Research and development costs	**2,138**	2,111	**1,304**	1,039
Software costs	**117**	139	**97**	112
Fishing rights	**35**	35	**35**	35
	2,290	2,285	**1,436**	1,186

Amortisation of £859,000 (2008: £826,000) is included in the administration costs.

10 Property, plant and equipment

	Group			Company		
	Freehold land and buildings £'000	Plant and equipment £'000	Total £'000	Freehold land and buildings £'000	Plant and equipment £'000	Total £'000
Cost						
At 1 July 2008	8,288	13,062	21,350	8,183	8,496	16,679
Additions	1,271	783	2,054	1,271	540	1,811
On acquisition of subsidiary	–	164	164	–	–	–
Disposals	–	(372)	(372)	–	(293)	(293)
At 30 June 2009	**9,559**	**13,637**	**23,196**	**9,454**	**8,743**	**18,197**
Accumulated depreciation						
At 1 July 2008	1,644	10,094	11,738	1,539	6,635	8,174
Charge for the year	145	874	1,019	145	458	603
On acquisition of subsidiary	–	144	144	–	–	–
Disposals	–	(295)	(295)	–	(250)	(250)
At 30 June 2009	**1,789**	**10,817**	**12,606**	**1,684**	**6,843**	**8,527**
Net book amount						
At 30 June 2009	**7,770**	**2,820**	**10,590**	**7,770**	**1,900**	**9,670**

Freehold land which was not depreciated at 30 June 2009 amounted to £1,218,000 (2008: £1,218,000) (group and company).

	Group			Company		
	Freehold land and buildings £'000	Plant and equipment £'000	Total £'000	Freehold land and buildings £'000	Plant and equipment £'000	Total £'000
Cost						
At 1 July 2007	8,288	12,735	21,023	8,183	8,442	16,625
Additions	–	786	786	–	359	359
Disposals	–	(459)	(459)	–	(305)	(305)
At 30 June 2008	8,288	13,062	21,350	8,183	8,496	16,679
Accumulated depreciation						
At 1 July 2007	1,506	9,568	11,074	1,401	6,421	7,822
Charge for the year	138	947	1,085	138	490	628
Disposals	–	(421)	(421)	–	(276)	(276)
At 30 June 2008	1,644	10,094	11,738	1,539	6,635	8,174
Net book amount						
At 30 June 2008	6,644	2,968	9,612	6,644	1,861	8,505

Included in land and buildings in 2008 is a finance lease which has a nil book amount (group and company).

11 Commitments

(a) Capital commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Property, plant and equipment	**48**	45	**24**	44

(b) Operating lease commitments

The group leases premises under non-cancellable operating lease agreements. The lease terms are between five and 20 years (2008: 20 and 25 years), and the lease agreements are renewable at the end of the lease period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Group			
	Land and buildings 2009 £'000	Land and buildings 2008 £'000	Other 2009 £'000	Other 2008 £'000
No later than one year	**–**	32	**–**	–
Later than one year and no later than five years	**218**	–	**–**	–
	218	32	**–**	–

	Company			
	Land and buildings 2009 £'000	Land and buildings 2008 £'000	Other 2009 £'000	Other 2008 £'000
No later than one year	**–**	3	**–**	–
Later than one year and no later than five years	**–**	–	**–**	–
	–	3	**–**	–

Finance leases

Lease liabilities for the group are effectively secured as the rights to the leased asset revert to the lessor in event of default.

Gross finance lease liabilities – minimum lease payments:	2009 £'000	2008 £'000
No later than one year	**–**	87
Later than one year and no later than five years	**–**	–
Future finance charges on finance leases	**–**	(2)
Present value of finance lease liabilities	**–**	85
The present value of finance lease liabilities is as follows:		
No later than one year	**–**	85
Later than one year and no later than five years	**–**	–
	–	85

12 Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

Group	Loans and receivables £'000	Available-for-sale £'000	Assets at fair value through the profit and loss £'000	Total £'000
30 June 2009				
Assets as per balance sheet				
Available-for-sale financial assets	–	43	–	43
Other financial assets at fair value through profit or loss	–	–	385	385
Trade and other receivables	9,118	–	–	9,118
Short-term financial assets – deposits	14,489	–	–	14,489
Cash and cash equivalents	–	–	7,132	7,132
Total	23,607	43	7,517	31,167

Group	Loans and receivables £'000	Available-for-sale £'000	Assets at fair value through the profit and loss £'000	Total £'000
30 June 2008				
Assets as per balance sheet				
Available-for-sale financial assets	–	115	–	115
Other financial assets at fair value through profit or loss	–	–	377	377
Trade and other receivables	10,559	–	–	10.559
Short-term financial assets – deposits	13,332	–	–	13,332
Cash and cash equivalents	–	–	6,710	6,710
Total	23,891	115	7,087	31,093

Company	Loans and receivables £'000	Available-for-sale £'000	Assets at fair value through the profit and loss £'000	Total £'000
30 June 2009				
Assets as per balance sheet				
Available-for-sale financial assets	–	43	–	43
Other financial assets at fair value through profit or loss	–	–	385	385
Trade and other receivables	8,244	–	–	8,244
Short-term financial assets – deposits	14,489	–	–	14,489
Cash and cash equivalents	–	–	7,190	7,190
Total	22,733	43	7,575	30,351

12 Financial instruments by category (continued)

Company	Loans and receivables £'000	Available-for-sale £'000	Assets at fair value through the profit and loss £'000	Total £'000
30 June 2008				
Assets as per balance sheet				
Available-for-sale financial assets	–	115	–	115
Other financial assets at fair value through profit or loss	–	–	377	377
Trade and other receivables	9,180	–	–	9,180
Short-term financial assets – deposits	13,332	–	–	13,332
Cash and cash equivalents	–	–	6,802	6,802
Total	22,512	115	7,179	29,806

Group	Payables £'000	Lease obligation £'000	Total £'000
30 June 2009			
Liabilities as per balance sheet			
Trade and other payables	6,228	–	6,228
Finance lease obligation	–	–	–
Total	6,228	–	6,228

Group	Payables £'000	Lease obligation £'000	Total £'000
30 June 2008			
Liabilities as per balance sheet			
Trade and other payables	7,381	–	7,381
Finance lease obligation	–	85	85
Total	7,381	85	7,466

Company	Payables £'000	Lease obligation £'000	Total £'000
30 June 2009			
Liabilities as per balance sheet			
Trade and other payables	7,798	–	7,798
Finance lease obligation	–	–	–
Total	7,798	–	7,798

Company	Payables £'000	Lease obligation £'000	Total £'000
30 June 2008			
Liabilities as per balance sheet			
Trade and other payables	8,748	–	8,748
Finance lease obligation	–	–	–
Total	8.847	–	8,748

The group and company did not have derivative financial instruments at 30 June 2009 or 30 June 2008.

All assets and liabilities above are considered to be at fair value.

Business review 01–12
Governance 13–21
Accounts 22–52
Additional information 53–56

13 Investment property

Group and company	2009 £'000	2008 £'000
At 1 July	**184**	184
Addition	**844**	–
Total	**1,028**	184

The investment property is held at depreciated cost.

The following amounts have been recognised in the income statement:

Group and company	2009 £'000	2008 £'000
Rental income	**17**	8
Direct operating expenses arising from investment properties that generate rental income	**(25)**	(17)

The investment property and land consists of a property by the river Wye, and land designated for woodland in Monmouthshire. The associated fishing rights for the property by the river Wye are included in intangible assets.

14 Available-for-sale financial assets

Group and company	2009 £'000	2008 £'000
Beginning of year	**115**	103
Additions	**9**	67
Revaluation	**(81)**	(55)
End of year	**43**	115

There were no impairment provisions on available-for-sale financial assets in 2009 or 2008.

Available-for-sale financial assets comprise listed equity.

15 Short-term financial assets – deposits

Group and company	2009 £'000	2008 £'000
Beginning of year	**13,332**	8,865
Net additions	**1,157**	4,467
End of year	**14,489**	13,332

The short-term financial assets consist of term cash deposits in sterling with an original term in excess of three months.

16 Cash and cash equivalents

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Cash at bank and on hand	**7,132**	6,710	**7,190**	6,802

17 Inventories

	Group		Company	
	2009 £'000	2008 £'000	**2009 £'000**	2008 £'000
Raw materials	**4,996**	4,088	**2,747**	2,136
Work in progress	**1,689**	1,551	**1,383**	1,168
Finished goods	**3,773**	3,007	**2,902**	2,467
	10,458	8,646	**7,032**	5,771

In the opinion of the directors, the replacement cost of stocks is not materially different from their carrying value.

The cost of inventories recognised as an expense and included in cost of sales amounted to £23,606,000 (2008: £23,070,000).

18 Trade and other receivables

	Group		Company	
Current	**2009 £'000**	2008 £'000	**2009 £'000**	2008 £'000
Trade receivables	**8,585**	9,909	**6,211**	6,636
Other debtors	**46**	295	**39**	259
Prepayments and accrued income	**487**	355	**218**	163
Amounts owed by subsidiaries	**–**	–	**1,776**	2,122
	9,118	10,559	**8,244**	9,180

	Group		Company	
	2009 £'000	2008 £'000	**2009 £'000**	2008 £'000
Trade receivables past due date not provided	**286**	737	**114**	140

A significant proportion of the amounts past due date were settled shortly after the end of the financial year, and taken together with the credit insurance policy and good credit history, the directors considered that there is no impairment and the trade receivables are therefore stated at their fair value, which equals their book value.

Provisions are made for bad debt when an undisputed debt is three months past due date or earlier if an adverse event occurs. A significant proportion of the trade receivables are insured. The policy covers 90% of the debt in the event of a claim for default. The bad debt provision includes the remaining 10% of the default in the event of a potential claim. No bad debt provision is made in respect of trade receivables from government departments or agencies. At 30 June 2009 the bad debt provision for the group amounted to £45,000 (2008: £33,000) and for the company £7,000 (2008: £25,000).

During the year the following amounts were written off:

	Group		Company	
	2009 £'000	2008 £'000	**2009 £'000**	2008 £'000
Bad debts written off	**217**	148	**114**	102
Bad debts recovered	**(135)**	(125)	**(131)**	(98)
Net bad debt expense	**82**	23	**(17)**	4

At 30 June 2009, trade receivables were due to the group and company in the following currency denominations.

	Group		Company	
	2009 £'000	2008 £'000	**2009 £'000**	2008 £'000
Due in £ sterling	**7,959**	9,006	**5,919**	6,238
Due in € Euro	**626**	903	**292**	398
Total trade receivables	**8,585**	9.909	**6,211**	6,636

19 Other financial assets at fair value through profit and loss

The group and company have units in a sterling cash fund. At 30 June 2008 this amounted to £385,000 (2008: £377,000).

20 Trade and other payables

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Current				
Trade payables	**3,569**	4,265	**2,207**	2,276
Social security and other taxes	**617**	1,032	**479**	765
Other creditors	**1,417**	1,255	**1,354**	1,219
Finance lease creditor	**–**	85	**–**	–
Accruals and deferred income	**625**	744	**121**	177
Amounts owed to subsidiaries	**–**	–	**3,637**	4,311
	6,228	7,381	**7,798**	8,748

21 Provisions for liabilities and charges

	Group			Company	
	Onerous rental and dilapidations provision £'000	WEEE provision £'000	Total £'000	WEEE provision £'000	Total £'000
At 1 July 2008	111	102	213	102	102
Credited to the income statement	(111)	–	(111)	–	–
At 30 June 2009	**–**	**102**	**102**	**102**	**102**

	Group		Company	
Analysis of total provisions:	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Current	**–**	111	**–**	–
Non-current	**102**	102	**102**	102
Total	**102**	213	**102**	102

WEEE provision

A potential liability exists for the future cost of disposal of products under the WEEE legislation for a transitional period between the adoption of the WEEE legislation in the European Union in August 2005 and the effective date in the UK of 1 July 2007. From 1 July 2007 the group has followed Regulation 9 of the Legislation and amended the terms of sale to its customers so that the customer is responsible for the actual costs of WEEE at the time of disposal.

22 Deferred income tax

Deferred income tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Deferred tax assets:				
– Deferred tax assets to be recovered after more than 12 months	**833**	276	**751**	219
– Deferred tax asset to be recovered within 12 months	**–**	–	**–**	–
	833	276	**751**	219
Deferred tax liabilities:				
– Deferred tax liability to be recovered after more than 12 months	**(656)**	(640)	**(422)**	(348)
– Deferred tax liability to be recovered within 12 months	**–**	–	**–**	–
	(656)	(640)	**(422)**	(348)
Net deferred tax liabilities	**177**	(364)	**329**	(129)

The net movement on the deferred income tax account is as follows:

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Beginning of year	**(364)**	(943)	**(129)**	(689)
Income statement charge (note 7)	**(65)**	124	**(148)**	105
Tax charged directly to equity	**606**	455	**606**	455
End of year	**177**	(364)	**329**	(129)

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax assets	Accelerated tax depreciation £'000	Retirement benefit obligations £'000	Fair value gains and losses £'000	Other £'000	Total £'000
At 1 July 2007	–	–	–	–	–
(Charged) to the income statement	197	(129)	–	–	68
Credited directly to equity	–	208	–	–	208
At 1 July 2008	197	79	–	–	276
(Charged)/credited to the income statement	53	(102)	–	–	(49)
Credited directly to equity	–	592	–	14	606
At 30 June 2009	**250**	**569**	**–**	**14**	**833**

Deferred tax liabilities	Accelerated tax depreciation £'000	Retirement benefit obligations £'000	Fair value gains and losses £'000	Other £'000	Total £'000
At 1 July 2007	92	247	63	541	943
(Charged)/credited to the income statement	(92)	–	(6)	42	(56)
Charged directly to equity	–	(247)	–	–	(247)
At 1 July 2008	–	–	57	583	640
Charged/(credited) to the income statement	–	–	–	16	16
Charged directly to equity	–	–	–	–	–
At 30 June 2009	**–**	**–**	**57**	**599**	**656**

22 Deferred income tax (continued)

The deferred income tax charged to equity during the year is as follows:

	Group		Company	
	2009 £'000	2008 £'000	**2009 £'000**	2008 £'000
Tax on actuarial gain/(loss) on retirement benefits scheme	**(592)**	(455)	**(592)**	(455)
Tax on revaluation of available-for-sale assets	**(14)**	–	**(14)**	–
	(606)	(455)	**(606)**	(455)

No provision has been made for deferred tax on gains recognised on revaluing property to its market value, or on the sale of properties where potentially taxable gains have been rolled over into replacement assets. Such tax would become payable only if the property were sold without it being possible to claim rollover relief.

23 Earnings per share

Basic earnings per share for profit attributable to equity holders of the company.

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the period.

	2009	2008
Profit attributable to equity holders of the company (£'000)	**8,475**	8,731
Weighted average number of shares in issue	**11,864,901**	11,908,970
Basic earnings per share (pence per share)	**71.4**	73.3

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company has one category of dilutive potential ordinary shares being share options, which were fully exercised during the year. A calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. The impact of this in the current year is negligible.

The diluted earnings per share have been calculated on the following earnings and weighted average number of shares in issue:

	2009	2008
Profit attributable to equity holders of the company (£'000)	**8,475**	8,731
Weighted average number of ordinary shares in issue	**11,864,901**	11,908,970
Adjustment for share options – share options	**–**	23,870
Weighted average number of ordinary shares for diluted earnings per share	**11,864,901**	11,932,840
Diluted earnings per share (pence per share)	**71.4**	73.2

24 Share capital

	Group and Company	
	2009 £'000	2008 £'000
Authorised		
15,000,000 ordinary shares of 10p each (2008: 15,000,000 ordinary shares of 10p each)	**1,500**	1,500
Allotted and fully paid		
11,893,559 ordinary shares of 10p each (2008: 11,913,559 ordinary shares of 10p each)	**1,189**	1,191

The ordinary shareholders each have one vote per share.

	Group and Company	
	2009 £'000	2008 £'000
Share capital at 1 July 2008	**1,191**	1,190
Shares issued	**–**	1
Shares purchased and cancelled	**(2)**	–
Share capital at 30 June 2009	**1,189**	1,191

During the year, the company purchased 220,000 ordinary shares, of which 20,000 were cancelled, and 200,000 were held in treasury, with 170,000 remaining in treasury at 30 June 2009. The total amount paid was £900,000 and has been deducted from retained earnings.

	Group and Company	
	2009 £'000	2008 £'000
Movements in treasury shares included in share capital		
Shares held in treasury at 1 July 2008	**–**	–
Shares purchased and held in treasury	**20**	–
Shares issued from treasury	**(3)**	–
Share capital at 30 June 2009	**17**	–
Number of shares held in treasury at 30 June 2009	**170,000**	–

During the year shares were issued at 117p as follows:

Date of issue	Reason for issue	Number of shares
1 May 2009	Exercise of options	30,000

There are no share options outstanding at the year end.

25 Retained earnings

	Group £'000	Company £'000
At 1 July 2007	33,863	28,477
Profit for the year	8,731	7,760
Dividends paid in respect of 2007 and 2008	(1,655)	(1,655)
Actuarial gains/(losses) net of tax	(1,169)	(1,169)
Revaluation of available-for-sale assets	(55)	(55)
At 30 June 2008	39,715	33,358
At 1 July 2008	39,715	33,358
Profit for the year	8,475	8,307
Dividends paid in respect of 2008 and 2009	(1,927)	(1,927)
Shares issued from treasury	3	3
Cost of shares purchased and cancelled	(100)	(100)
Cost of shares purchased and held in treasury	(800)	(800)
Actuarial gains/(losses) net of tax	(1,525)	(1,525)
Revaluation of available-for-sale assets net of tax	(66)	(66)
At 30 June 2009	**43,775**	**37,250**

26 Other reserves

Group and Company	Share premium £'000	Capital redemption reserves £'000
At 1 July 2007	607	135
Share issue	17	–
At 30 June 2008	624	135
Shares purchased and cancelled	–	2
Shares issued from treasury	32	–
At 30 June 2009	**656**	**137**

27 Cash generated from operations

	2009 Group £'000	2008 Group £'000	**2009 Company £'000**	2008 Company £'000
Profit before income tax	**11,547**	11,720	**11,104**	10,136
Depreciation charge	**1,019**	1,085	**603**	628
Amortisation of intangibles	**859**	826	**429**	385
Loss/(profit) on disposal of property, plant and equipment	**3**	(37)	**(11)**	(22)
Finance income	**(877)**	(1,213)	**(1,985)**	(2,227)
Retirement benefit contributions in excess of current and past service charge	**(336)**	(283)	**(336)**	(283)
Changes in working capital				
– Inventories	**(1,773)**	(155)	**(1,260)**	14
– Trade and other receivables	**1,368**	(937)	**718**	291
– Trade and other payables	**(1,246)**	1,034	**(907)**	563
Cash generated from operations	**10,564**	12,040	**8,355**	9,485

28 Related party transactions

D A Dimeloe is also a director of Lighting Industry Federation Ltd, a company limited by guarantee whose aims are committed to raising standards for safety, performance and quality within the lighting industry. D A Dimeloe does not receive a salary, benefits or expenses from Lighting Industry Federation Ltd. The trading companies within the group are members of the Lighting Industry Federation and pay a subscription for membership on the same terms as other lighting organisations. The subscription paid by the group amounted to £18,801 (2008: £20,354).

The following amounts relate to transactions between the company and its subsidiaries:

2009	Purchases of goods £'000	Sales of goods £'000	Sales of services £'000	Dividends paid to company £'000
Mackwell Electronics Ltd	**2,446**	**56**	**3**	**597**
Compact Lighting Ltd	**51**	**34**	**3**	**114**
Philip Payne Ltd	**300**	**11**	**1**	**164**
Sugg Lighting Ltd	**–**	**3**	**18**	**–**
Solite Europe Ltd	**–**	**–**	**6**	**–**

2008	Purchases of goods £'000	Sales of goods £'000	Sales of services £'000	Dividends paid to company £'000
Mackwell Electronics Ltd	2,138	66	3	473
Compact Lighting Ltd	59	97	3	153
Philip Payne Ltd	280	21	1	180
Sugg Lighting Ltd	6	6	18	–

Balances due to and from the company by related entities were as follows:

	Amounts due to related party at 30 June		Amounts due from related party at 30 June	
	2009 £'000	2008 £'000	**2009 £'000**	2008 £'000
Mackwell Electronics Ltd	**(2,087)**	(1,585)	**452**	73
Compact Lighting Ltd	**(317)**	(1,507)	**1,023**	2,013
Philip Payne Ltd	**(1,232)**	(1,217)	**9**	7
Sugg Lighting Ltd	**–**	(1)	**3,665**	3,254
Solite Europe Ltd	**–**	–	**50**	–
Axis Lighting Ltd	**(1)**	(1)	**–**	–
Total	**(3,637)**	(4,311)	**5,199**	5,347

Trading balances arise from transactions of goods and services carried out under normal commercial terms.

Cash resources are managed centrally by the company and result in balances owed to and from the company when cash is transferred.

In addition to the balances stated above, the company has made a provision for losses at Sugg Lighting Ltd, and this amounts to £3,423,000 (2008: £3,225,000).

The key management personnel are the group Board directors; their interests are disclosed in the Directors' remuneration report on pages 17 to 19.

29 Pension scheme

The group operates a funded combined defined benefits/defined contribution scheme for employees in the UK. Entrants who joined after 1 October 1995 join a defined contribution section. The scheme is approved by the Inland Revenue under Chapter 1 Part XIV of the Income and Corporation Taxes Act 1988. Membership is contracted in to the second state pension.

The assets of the scheme are held separately from the assets of the group, being invested in Managed Funds. Contributions by the group to the scheme during the year ended 30 June 2008 amounted to £855,000 (2007: £755,000). Contributions are determined by an independent qualified actuary on the basis of triennial valuations using the Project Unit Method.

The date of the most recent actuarial valuation was 1 July 2009, and is in progress. The previous actuarial valuation was at 1 July 2006, and the value of the fund was £13,716,000 and this was sufficient to cover 88% of the value of the benefits accrued to members after allowing for future increases in earnings. In arriving at the actuarial valuation, the following assumptions were adopted.

Price inflation	3.10%
Salary increases	4.97%
Discount rate	5.30%
Revaluation for deferred pensioners	3.10%
Pension increases in payment of 5% pa or RPI if less	3.00%
Pension increases in payment of 2.5% pa or RPI if less	2.20%

The figures at 1 July 2006 have been updated as at the balance sheet dates in order to assess the additional disclosures required under IAS 19 as at 30 June 2009 by an independent qualified actuary using the following major assumptions.

	2009	2008	2007
Price inflation	3.75%	4.00%	3.30%
Salary increases	5.66%	5.89%	5.21%
Discount rate	6.00%	6.40%	5.80%
Revaluation for deferred pensioners	3.75%	4.00%	3.30%
Pension increases in payment of 5% pa or RPI if less	3.60%	3.80%	3.15%
Pension increases in payment of 2.5% pa or RPI if less	2.35%	2.40%	2.25%
Life expectancy at age 65 – men	22.2 years	22.0 years	21.7 years
Life expectancy at age 65 – women	24.6 years	24.9 years	24.5 years

On the basis, the balance sheet figures required under IAS 19 are as follows:

	30 June 2009		30 June 2008		30 June 2007	
	Expected long-term rate of return	Value £'000	Expected long-term rate of return	Value £'000	Expected long-term rate of return	Value £'000
Equities	7.80%	7,265	7.75%	8,573	7.75%	9,471
Bonds	5.30%	8,066	5.60%	7,002	4.75%	4,198
Property	7.75%	12	7.75%	11	7.45%	11
Other	0.50%	1,832	5.00%	1,755	5.25%	4,104
Total market value of assets		17,175		17,341		17,784
Present value of scheme liabilities		(19,208)		(17,622)		(16,903)
Surplus/(deficit) in the scheme		(2,033)		(281)		881
Related deferred tax asset/(liability) – note 22		569		79		(247)
Net pension surplus/(deficit)		(1,464)		(202)		634

29 Pension scheme (continued)

The amounts recognised in the balance sheet are determined as follows:

	2009 £'000	2008 £'000
Present value of funded obligations	(19,208)	(17,622)
Fair value of plan assets	17,175	17,341
Present value of unfunded obligations	(2,033)	(281)
Unrecognised actuarial losses	–	–
Unrecognised past service cost	–	–
(Liability)/asset in the balance sheet	(2,033)	(281)

The movement in the defined benefit obligation over the year is as follows:

	2009 £'000	2008 £'000
Beginning of year	(17,622)	(16,903)
Current service cost	(519)	(472)
Interest cost	(1,137)	(985)
Contributions by plan participants	(292)	(267)
Actuarial (losses)/gains	(148)	414
Benefits paid	510	591
End of year	(19,208)	(17,622)

The movement in the fair value of the plan assets of the year is as follows:

	2009 £'000	2008 £'000
Beginning of the year	17,341	17,784
Expected return in plan assets	1,166	1,164
Actuarial losses	(1,969)	(2,038)
Employer contributions	855	755
Employee contributions	292	267
Benefits paid	(510)	(591)
End of year	17,175	17,341

The amount recognised in the income statement areas follows:

	2009 £'000	2008 £'000
Current service cost	519	472
Interest cost	1,137	985
Expected return on plan assets	(1,166)	(1,164)
Past service cost	–	–
Total included within staff costs and other financial income	490	293

Of the total charge, £519,000 (2008: £472,000) and £29,000 (2008: £179,000) were included in "administrative expenses" and "net finance income" respectively.

Business review 01–12
Governance 13–21
Accounts 22–52
Additional information 53–56

29 Pension scheme (continued)

Analysis of amount recognised in the statement of recognised income and expense (SORIE)

	2009 £'000	2008 £'000
Actual return less expected return on pension scheme assets	**(1,969)**	(2,038)
Experience losses arising on the scheme liabilities	**(492)**	(219)
Changes in assumptions underlying the present value on the scheme liabilities	**344**	633
Actuarial loss recognised in the SORIE	**(2,117)**	(1,624)

	2009 £'000	2008 £'000
Cumulative actuarial loss recognised in the SORIE at 1 July 2008	**(1,755)**	(131)
Actuarial loss recognised in the SORIE for the year	**(2,117)**	(1,624)
Cumulative actuarial loss recognised in the SORIE at 30 June 2009	**(3,872)**	(1,755)

The expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity and property investments reflect long-term real rates of return experienced in the respective markets.

The actual return on plan assets over the period ending 30 June 2009 was £(803,000), or –4.5%.

The group expect to pay £890,000 contributions (2008: £833,000) into the pension scheme during the forthcoming year.

History of experience gains and losses recognised in the SORIE

	2009		2008		2007		2006		2005	
	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%
Difference between the expected and actual return on scheme assets	**(1,969)**		(2,038)		556		661		680	
Percentage of scheme assets		**11%**		12%		3%		5%		7%
Experience loss on scheme liabilities	**(492)**		(219)		(622)		(164)		(1,070)	
Percentage of the present value of scheme liabilities		**3%**		1%		4%		1%		7%
Changes in assumptions underlying the present value of scheme liabilities	**344**		633		512		917		(1,601)	
Percentage of the present value of scheme liabilities		**2%**		4%		3%		6%		11%
Amount which has been recognised in the SORIE	**(2,117)**		(1,624)		446		1,414		(1,991)	
Percentage of the present value of the scheme liabilities		**11%**		9%		3%		9%		13%

30 Group companies

The parent company has the following investments as at 30 June 2009 and 30 June 2008:

Name of undertaking	Country of incorporation	Description of shares held	Proportion of nominal value of issued shares held by group and company
Mackwell Electronics Limited	England	Ordinary £1 shares	100%
Compact Lighting Limited	England	Ordinary £1 shares	100%
Philip Payne Limited	England	Ordinary £1 shares	100%
Sugg Lighting Limited	England	Ordinary £1 shares	100%
Solite Europe Limited	England	Ordinary £1 shares	100%
Axis Lighting Limited	England	Ordinary £1 shares	100%

All of the above companies operated in their country of incorporation and registration, except for Axis Lighting Limited.

The principal activities of these subsidiaries are:

Mackwell Electronics Limited	– design and manufacture of lighting components
Compact Lighting Limited	– design and manufacture of lighting solutions for retail applications
Philip Payne Limited	– design and manufacture of illuminated signs
Sugg Lighting Limited	– design and manufacture of traditional architectural lighting
Solite Europe Ltd	– design and manufacture of cleanroom lighting equipment
Axis Lighting Limited	– non-trading

The cost of investment in subsidiaries is as follows:

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Investment in subsidiaries – cost	–	–	2,578	2,173
Less provisions	–	–	(1,581)	(1,571)
	–	–	997	602

There were no disposals during the year.

On 27 March 2009 the group acquired 100% of the share capital of Solite Europe Ltd for £405,000. At that date, the fair value of the net assets and liabilities in Solite Europe Ltd amounted to £120,000, there are currently no fair value adjustments. The acquired business contributed revenues of £119,000 and a net loss of £48,000 for the period from 27 March 2009 to 30 June 2009. If the acquisition had occurred on 1 July 2008, group revenue would have been £53,949,000 and profit before tax £11,503,000. These amounts have been calculated using the group's accounting policies.

Details of the net assets acquired and goodwill are as follows:

	2009 £'000
Cash paid	450
Direct costs relating to the acquisition	5
Less amounts due to the company	(50)
Total purchase consideration	405

The goodwill of £285,000 is attributable to synergy with group activities and products.

30 Group companies (continued)

The provisional fair value of the assets and liabilities at 27 March 2009 of Solite Europe Ltd are as follows:

	Fair value £'000
Cash	16
Intangible assets	3
Property, plant and equipment	20
Inventories	40
Trade and other receivables	148
Trade and other payables	(107)
Fair value of net assets	120
Goodwill	285
Total purchase consideration	405
Purchase consideration in cash	405
Cash in subsidiary acquired	(16)
Cash outflow on acquisition	389

The increase of £10,000 in the investment provision in the company related to Solite Europe Ltd.

31 Events after the balance sheet date

On 11 September 2009 a joint venture (Thorlux Lighting Australasia Pty Ltd.) was established with LCA Holdings Pty Ltd, a company registered in Australia.

Notice of meeting

Notice is hereby given that the seventy-third Annual General Meeting of FW Thorpe Plc will be held at Merse Road, North Moons Moat, Redditch, Worcestershire B98 9HH on 12 November 2009 at 3.15 pm to transact the following business:

Ordinary business

1. To receive and adopt the directors' Report and Accounts for the year ended 30 June 2009.
2. To declare a dividend.
3. To re-elect Mr M Allcock as a director.
4. To re-elect Dr D Dimeloe as a director.
5. To re-elect Mr C M Brangwin as a director.
6. To re-appoint PricewaterhouseCoopers LLP as auditors of the company, to hold office until the conclusion of the next General Meeting at which accounts are laid before the company and to authorise the directors to fix the auditors' remuneration.

Special business

To consider and, if thought fit, to pass the following resolutions which will be proposed in the case of 7 and 8 as ordinary resolutions and in the case of 9 and 10 as special resolutions.

7. That the Directors' remuneration report (as set out on pages 17 to 19 of the Annual Report and Accounts) for the year ended 30 June 2009 be approved.
8. That the directors be and hereby are generally and unconditionally authorised to allot shares in the company or to grant rights to subscribe for, or to convert any security into, shares in the company ("Rights"):

8.1 comprising equity securities (as defined by section 560 of the Companies Act 2006 ("the Act")) up to an aggregate nominal amount of £7,819,614 (such amount to be reduced by the nominal amount of any shares allotted or Rights granted under paragraph 8.2) in connection with an offer by way of a rights issue:

(a) to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings: and

(b) to holders of other equity securities as required by the rights attaching to those securities or as the directors otherwise consider necessary

but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory of the requirements of any regulatory body or stock exchange; and

8.2 in any other case, comprising equity securities up to an aggregate nominal amount of £3,909,807 (such amount to be reduced by the nominal amount of any equity securities allotted under paragraph 8.1 above in excess of £3,909,807.

Provided that this authority shall, unless renewed, varied or revoked by the company, expire on the date of the next Annual General Meeting of the company, save that the company may, before such expiry, make offers or agreements which would or might require shares to be allotted or Rights to be granted and the directors may allot shares or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

This resolution revokes and replaces all unexercised authorities previously granted to the directors to allot shares or to grant Rights but without prejudice to any allotment of shares or grant of Rights already made, offered or agreed to be made pursuant to such authorities.

9. That, subject to the passing of resolution number 8, the directors be and hereby are given the general power to allot equity securities (as defined by section 560 of the Act) for cash, either pursuant to the authority conferred by resolution number 8 or by way of a sale of treasury shares, as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to;

9.1 the allotment of equity securities in connection with an offer by way of a rights issue;

(a) to the holders of ordinary shares in proportion(as nearly as may be practicable) to their respective holdings: and

(b) to holders of other equity securities as required by the rights attaching to those securities or as the directors otherwise consider necessary

but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

the allotment (otherwise than pursuant to paragraph 9.1) of equity securities up to an aggregate nominal amount of £586,178 representing no more than 5% of the issued ordinary share capital at 14 October 2009.

The power granted by this resolution will (unless renewed, varied or revoked by the company prior to or on such date) expire on the earlier of the conclusion of the company's next Annual General Meeting and the expiry of the period of 15 months following the passing of this resolution, save that the company may, before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer of agreement notwithstanding that the power conferred by this resolution has expired.

This resolution revokes and replaces all unexercised powers previously granted to the directors to allot equity securities as if either section 89(1) of the Companies Act 1985 or section 561(1) of the 2006 Act did not apply but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such powers.

10. That the company be generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of ordinary shares of 10p each of the company provided that:

(a) the maximum number of ordinary shares hereby authorised to be acquired is 1,189,356;

(b) the minimum price which may be paid for any such share is 10p;

(c) the maximum price which may be paid for any such share is an amount equal to 105% of the average of the middle market quotations for an ordinary share in the company as derived from the Alternative Investment Market for the five business days immediately preceding the day on which such share is contracted to be purchased;

(d) the authority hereby conferred shall expire on the date of the Annual General Meeting of the company in 2010; and

(e) the company may make a contract to purchase its ordinary shares under the authority hereby conferred prior to the expiry of such authority, which contract will or may be executed wholly or partly after the expiry of such authority, and may purchase its ordinary shares in pursuance of any such contract.

Notes

1. The register of directors' share interests pursuant to section 808 of the Companies Act 2006 and copies of the directors' service contracts will be available for inspection during usual business hours, at the registered office of the company on any weekday (Saturdays and public holidays excepted) from the date of this notice until the date of the meeting and also at the meeting for at least 15 minutes prior to, and until the conclusion of the meeting.

2. To be entitled to attend and vote at the meeting (and for the purposes of the determination by the company of the votes they may cast), members must be registered in the Register of Members of the company at 6.00 pm on 10 November 2009 (or, in the event of any adjournment, 6.00 pm on the date which is two days before the time of the adjourned meeting). Changes to the Register of Members of the company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent you. Details of how to appoint the chairman of the meeting or another person as your proxy using the form of proxy are set out in the notes on the form of proxy. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.

4. To appoint more than one proxy, an additional proxy form(s) may be obtained by contacting the company's registrars, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6ZL, or you may photocopy the proxy form. Please indicate in the box next to the proxy holders name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given.

5. A reply paid form of proxy is enclosed with shareholders' copies of this document. To be valid, it should be lodged with the company's registrars, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6ZL, so as to be received not later than 3.15 pm on 10 November 2009 or 48 hours before the time appointed for any adjourned meeting or, in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll.

6. As at 14 October 2009 (being the last practicable day prior to the publication of this notice), the company's issued share capital consists of ordinary shares of 10p each, carrying one vote each. Excluding any shares held in treasury, the total voting rights in the company as at 14 October 2009 are 11,723,559.

7. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put In place at the meeting so that (a) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (b) if more than one corporate representative for the same corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives – www.icsa.org.uk – for further details of this procedure, The guidance includes a sample form of representation letter if the chairman is being appointed as described in (a) above.

8. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should he or she subsequently decide to do so. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.

9. Pursuant to section 319A of the Companies Act 2006, the company must cause to be answered at the AGM any question relating to the business being dealt with at the AGM which is put by a member attending the meeting, except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered or if to do so would involve the disclosure of confidential information.

10. In accordance with section 311A of the Companies Act 2006, the contents of this notice of meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the company after the date of this notice will be available on the company's website www.fwthorpe.co.uk.

By order of the Board

P D Mason
Company Secretary

Merse Road
North Moons Moat
Redditch
Worcestershire
B98 9HH

14 October 2009

Form of proxy

I/We ....
(BLOCK LETTERS PLEASE)

being a member of FW Thorpe Plc, hereby appoint

....

Address ....

or failing him 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 at the Registered Office of the company on 12 November 2009 and at every adjournment thereof.

☐ Please tick here if this proxy appointment is one of multiple appointments being made. For the appointment of more than one proxy, please refer to Note 4 of the Notice of Meeting.

Please indicate with a cross in the appropriate space how you wish your vote to be cast. If no specific direction as to voting is given your proxy will vote or abstain at his/her discretion.

Ordinary business	For	Against	Votes withheld
1. To adopt the directors' Report and Accounts			
2. To declare a final dividend			
3. To re-elect Mr M Allcock as a director			
4. To re-elect Dr D Dimeloe as a director			
5. To re-elect Mr C M Brangwin as a director			
6. To re-appoint PricewaterhouseCoopers LLP as auditors of the company			
Special business			
7. To approve the Directors' remuneration report			
8. To give the directors authority to allot relevant securities (section 560 C.A 2006)			
9. To give the directors authority to allot equity securities (section 560 C.A. 2006)			
10. To give the company authority to make market purchases of its ordinary shares			

Dated this.................................. day of... 2009 Signature...

Notes:

This proxy must reach the company's registered office not less than 48 hours before the time appointed for the meeting.

Any alteration made to this form of proxy should be initialled.

If you wish to appoint a proxy other than the Chairman of the meeting please insert the name of your proxy (who need not be a member of the company).

In the case of joint holders the signature of one holder will be accepted.

In the case of joint holders, the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the register of members in respect of the joint holding.

In the case of a corporation this proxy should be under its common seal or under the hand of an officer or attorney or other person duly authorised.

Completion of the proxy form will not prevent a shareholder attending and voting in person.

The "votes withheld" option on this proxy is provided to enable you to abstain on any particular resolution. However, a vote withheld is not a vote in law and will not be counted in the calculation of votes "for" or "against" a resolution.

SECOND FOLD

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1

Equiniti
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6ZL

FIRST FOLD

THIRD FOLD AND TUCK IN FLAP OPPOSITE

Financial Calendar

2009

20 October	Posting of Report and Accounts
12 November	Annual General Meeting
19 November	Payment of final and special final dividend

2010

March	Announcement of Interim results
May	Payment of interim dividend
September	Announcement of results for the year

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