

Passionate about lighting



Introduction

We specialise in designing and manufacturing professional lighting equipment. We employ nearly 600 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.

In this year's report

Business review

- 1 Highlights of the year
- 2 FW Thorpe at a glance
- 4 Chairman's statement
- 12 Directors and advisers

Governance

- 13 Report of the directors
- 17 Directors' remuneration report
- 20 Statement of directors' responsibilities
- 21 Independent auditor's report

Accounts

- 22 Consolidated income statement
- 23 Consolidated statement of comprehensive income
- 24 Consolidated and company balance sheets
- 25 Consolidated statement of changes in equity
- 26 Consolidated and Company statements of cash flows
- 27 Notes to the consolidated financial statements

Additional information

- 55 Notice of meeting
- IBC Financial calendar

Highlights of the year

Financial highlights

Revenue (£m)

2010	55.6
2009	53.4
2008	51.8
2007	45.7
2006	44.2

£55.6m ▲ 4.3%

Operating profit (£m)

2010	11.2
2009	10.7
2008	10.5
2007	8.4
2006	6.9

£11.2m ▲ 4.6%

Earnings per share (p)

2010	70.1
2009	71.4
2008	73.3
2007	59.2
2006	43.8

70.1p ▼ 1.9%

Dividend per share (p)

2010	16.7
2009	16.2
2008	13.9
2007	12.2
2006	10.5

16.7p ▲ 3.1%

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 and 2009 excludes the special dividend of 12.0p per share.

Operational highlights

- ▶ Growth in revenue and operating profits.
- ▶ Strong operating cash flows.
- ▶ Development of LED applications.
- ▶ Joint venture established in Australia.

For more information on our business, 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.

Ireland

1 location

Thorlux Lighting
Dublin

United Kingdom

6 locations

Thorlux Lighting
Redditch

Mackwell Electronics
Aldridge

Philip Payne
Solihull

Solite Europe
Manchester

Sugg Lighting
Horsham

Compact Lighting
Portsmouth

Germany

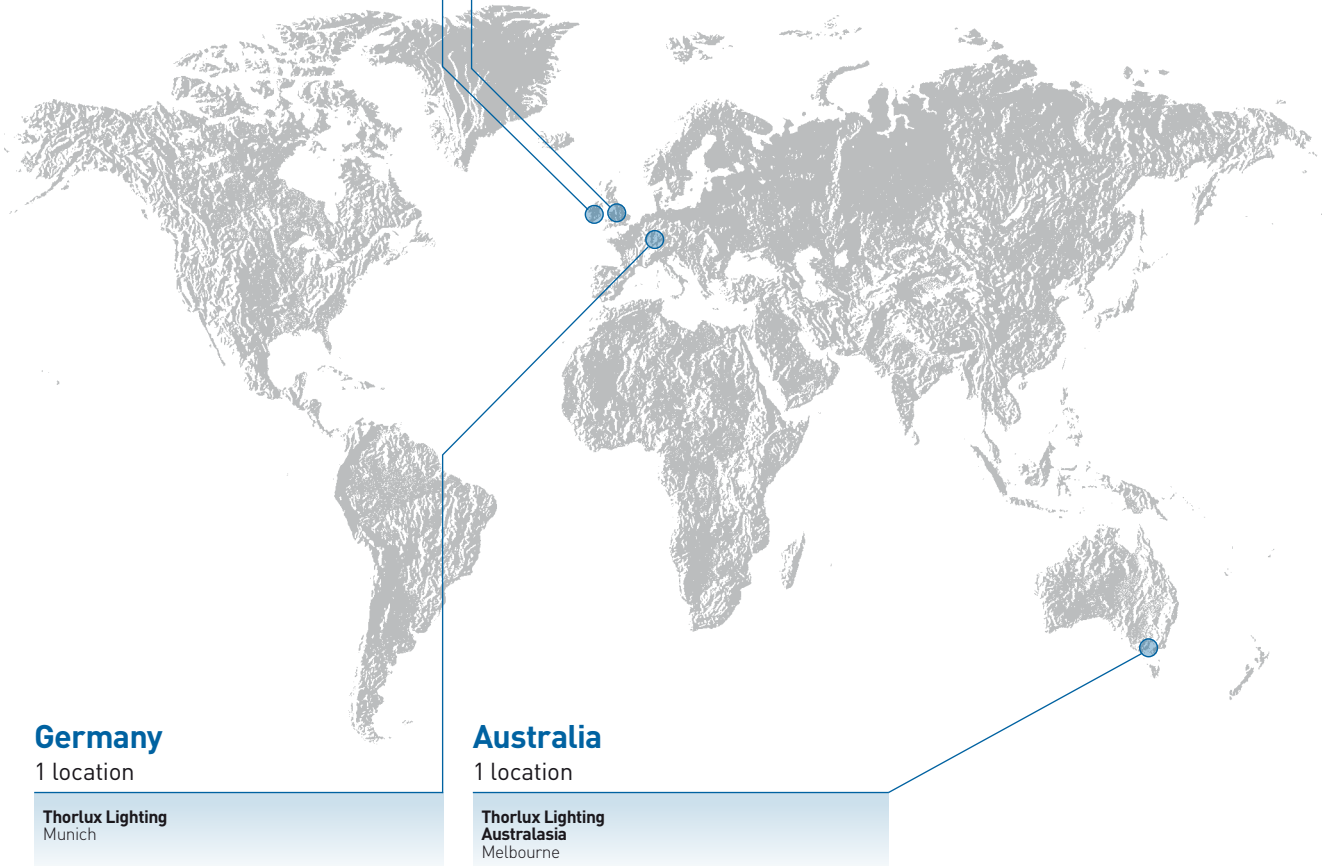
1 location

Thorlux Lighting
Munich

Australia

1 location

**Thorlux Lighting
Australasia**
Melbourne



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 3,800 square metres in Aldridge, West Midlands.

It 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

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 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.



A B Thorpe
Chairman

“We have strived to be at the forefront of lighting application technology within our sector and with this aim we will continue.”

Your company's revenue for the financial year ended 30 June 2010 was £55.6m, pleasingly an increase of 4.3% compared to a revenue of £53.4m for the last corresponding period. Operating profit rose by 4.6% to £11.2m compared to £10.7m for the year to 30 June 2009. Once again interest income from company investments declined causing a reduction in profit before tax of 2.3% to £11.3m compared to £11.5m for the comparable period in 2008/2009. It is felt that the circle of reducing income from company investments has now closed and that any further change in this regard should be positive.

Generally the business environment became more stable as the financial year July 2009 to June 2010 progressed with many of the international fall-outs of the “global crisis” having been quantified and measures to deal with them having been devised and introduced. In the UK we enjoyed the added temporary economic stabiliser of an oncoming general election. This stabilisation may, however, come at a price to be paid later as it would seem that the high borrowings of Mr Brown in support of that stability are soon to be curbed with the most possible effects on the economy of “things coming home to roost”. More of the future, however, in the report's closing paragraphs.

Business for the group as a whole over the past year has been very much on a level with no new factories bought, no new companies purchased, or any major investments made. Over and above the sometimes frantic pace of everyday business in the various subsidiaries, at group level, thoughts have been very much focused on the possible scenarios of election outcomes and their potential effect on the various sectors of the business. There are always measures that can be taken to steer the business in directions that are least likely to be affected by a change, and we trust that measures taken and yet to be taken in various companies within the group will give us advantage for the future.

A statement concerning the lighting industry would not, in this day and age, be complete without mention of LED's, and so may I confirm that your company is fully appraised in LED technology, offers LED products in certain areas, has design

programmes including LED technology and offers LED lighting solutions where practicable from a performance and cost point of view.

"Time stands still for no man" they say, and as announced to the market some months ago the company must soon say farewell, at least on a full-time basis, to my friend and colleague Peter Mason. Peter has already stepped down from his post as Joint Group Chief Executive and Group Financial Director and will retire to a non-executive role at the end of September 2010. Peter joined FW Thorpe Plc in 1987 when the sole trading name of the company was "Thorlux Lighting" and, if I may repeat words in the previous announcement, Peter has successfully seen the company through considerable growth and I and the FW Thorpe Plc Board would like to thank him very sincerely for his diligence, long hours, commitment and loyalty during his time in office.

Again, as mentioned in the earlier AIM announcement the Board would like to welcome Mr Craig Muncaster to the company in his role as Group Financial Director and Company Secretary. Craig, who gained a BA in Business Administration prior to his ACMA and subsequent FCMA, has extensive industrial experience and joined the group from his post of UK Financial Director at Durr Ltd.

Your Board would also like to offer its congratulations to Mr "Mike" Allcock on assuming the role of Group Joint Managing Director, a position vacated by Peter Mason. Mike who has trodden the road of 16 year old Thorlux Lighting apprentice through to Chartered Engineer is currently Managing Director of Thorlux Lighting, the largest business segment in the group.

The group's results defined at the start of the report allow your Board to recommend a dividend of 12.6p per share (2009: 12.1p) which taken together with the interim dividend paid in April 2010 makes a total dividend per share of 16.7p (2009: 16.2p).

Thorlux Lighting

Thorlux, the group's manufacturer of professional commercial and industrial lighting systems enjoyed further improvement with revenue up 5.0% and operating profit up 7.1%.

Thankfully the company's general market remained reasonably firm throughout the year possibly assisted by maintained government borrowing.

Over and above "everyday" products new project successes were made in gaining contracts for the provision of lighting systems for further road tunnels including the Blackwall Tunnel under the River Thames on the A102 near the O² Arena. The Thorlux "Scanlight AT" LED "interrogate from anywhere" emergency lighting system first mentioned in the 2008 report continues to gain market share and underpins the Thorlux ethos to offer new and innovative products to the market. Exciting new product ranges are, as one would expect, under development and these have a notable leaning toward LED lighting solutions.

"On a level" must also be the statement in regard to exports for the year in question. An increase of 2.8% was achieved but this should be considered as no mean feat considering the global financial turmoil that has prevailed through the 2009/2010 year. The new high level operative in Germany has settled in well and is assisting us to add new directions to the slow assault on that market. We hope that these actions will quicken the pace of our penetration.

It is regrettable to say that our first Thorlux employed Swedish national has already deserted and we are assessing methods of advancements in that market. The Republic of Ireland continues to add to its market success and progress is being made with Thorlux Lighting Australasia Pty Ltd.

Case study

Thorlux applications in a commercial setting

Thorlux Lighting in Ireland has recently supplied a range of interior and exterior energy efficient luminaires to the new head office of a large insurance company.

For the main office areas the client selected Thorlux HiStyle Glo luminaires due to their aesthetic design and energy efficiency.

In addition, a range of exterior and specialist solutions were supplied for meeting areas, presentation rooms, reception areas, stairs and exit routes, as well as the more functional building areas such as plant rooms and kitchens.





“Whatever the project, the keynote in our lighting solutions is one of lighting in the most energy efficient way.”

Mackwell

The group emergency lighting control gear and systems maker found calmer waters during this financial year and with a more stable Pound to Dollar ratio has been regularising its activities to cater for the current level of exchange rate. A mixture of product redesign, changes of customer profile and efficiency improvements have all played their part.

Commerce as it is, a sizeable contract for emergency lighting conversion work hard fought by Mackwell eventually found its way elsewhere and overseas and with this, the residual Dollar problems and the current well documented worldwide shortage of electronic components, Mackwell have performed well with revenue only dropping 3.6%.

Profitability is currently the issue and the year 2010/2011 will be devoted to rebuilding margins.

Compact Lighting

Retail lighting systems supplier Compact Lighting, as commented in last year's report, got to grips with the downturn in business under the guidance of new Managing Director Simon Wootton.

Measures taken last year together with the increasing number of high-quality tooled display lighting products in the range, a reasonable upturn in the retail market and new customer success has meant a much improved performance. A notable recent and sizeable order for Compact comprises substantially of their new tooled display lighting products and this success hopefully demonstrates that the group's desire for Compact to be a high-tier display lighting company may be becoming a reality.

Philip Payne

Philip Payne the group's manufacturer of specialist exit signs enjoyed a very similar year to the last, in regard to revenue and operating profit.

Though a small company of some 17 people it has been noted that the top management at "Payne's" comprises only of one director being the Managing Director. It is the group's pleasure, therefore, to welcome to the Philip Payne board Mr David Ball who took up the role of Operations Director in September 2009. David joined Philip Payne Ltd over 13 years ago rising to Works Manager before his recent appointment and we would like to take this opportunity to wish him every success in his new role.

Two notable project successes for Philip Payne during the year have been to supply emergency exit lighting for the Olympic Stadium in Stratford along with its VIP and press areas, and the supply of exit signs to Madame Tussauds.



Case study

Special exit signs light the way



With just under two years to go before the 2012 Olympic Games are declared open, Philip Payne supplied an order in July 2010 which required the manufacture of a range of special exit signs. Product required for the project included exit signage for all front of house and VIP areas as well the trackside seated areas and associated escape routes.

As with previous sports venue projects at Wembley Stadium, Royal Ascot and Wimbledon it is the flexibility of Payne that won favour with the project Architects Populous.

The new Olympic stadium has all of the architectural, aesthetic and fixing obstacles previously encountered on major venues, but on this occasion an architectural ambition to utilise what are essential indoor designs in under canopy areas required redesign in both materials and componentry to ensure the products supplied are fit for purpose.

Case study

Tunnel lighting projects for the Highways Agency

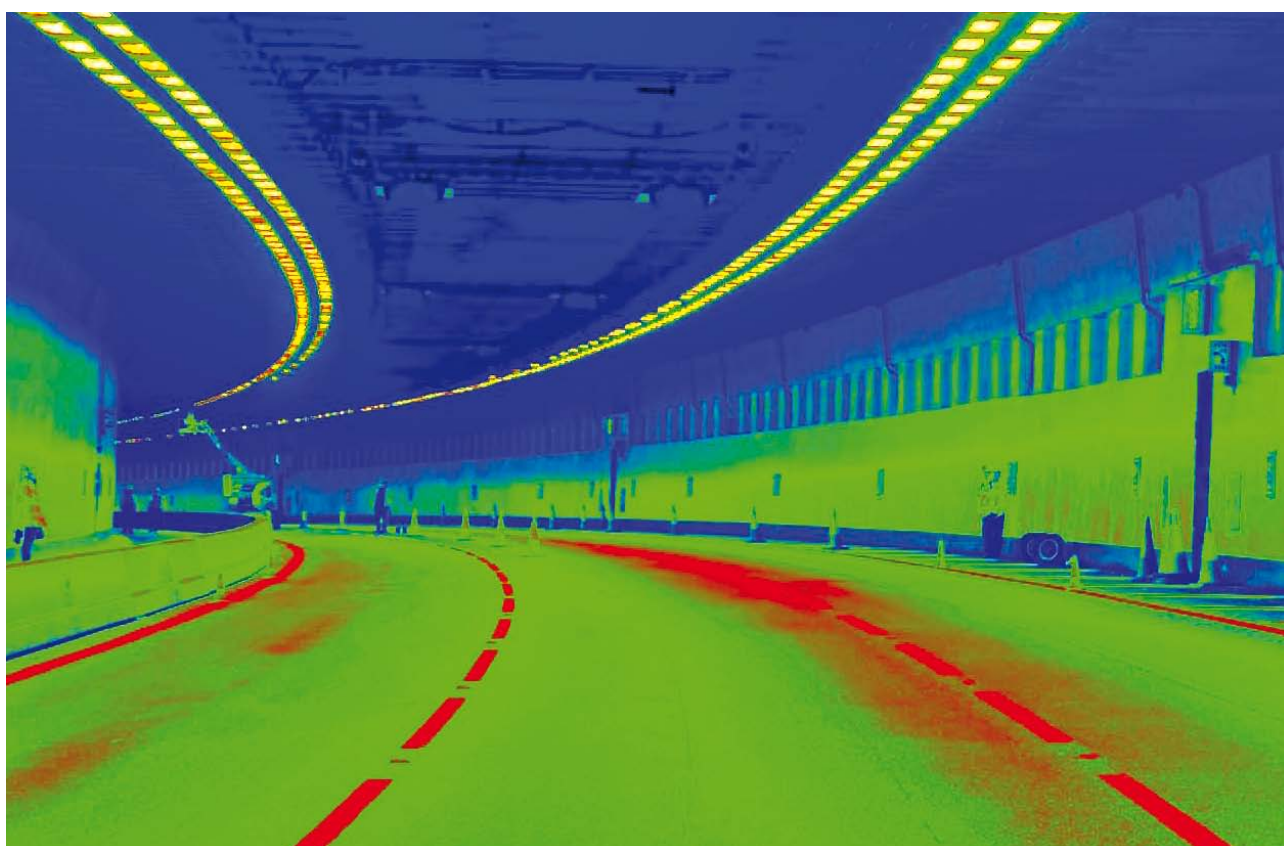


Hatfield tunnel on A1(M).

During the year Thorlux Lighting has undertaken a number of tunnel lighting projects. Using our experience and the latest technology the aim has been to provide a quality solution for the road users and the tunnel operators in terms of running and maintenance costs for high volume traffic routes.

Visual comfort for road users has been achieved by automatic dimming of individual lamps to provide a seamless transition from external daylight conditions into and through the tunnel.

The Bell Common tunnel on the M25 is the first Highways Agency tunnel to be lit with state of the art luminaires controlled with the Scanlight system. There are immediate savings in energy usage, extended maintenance periods and predicted re-lamping times leading to lower operational running costs and environmental benefits.



Bell Common tunnel on M25. This picture was taken with a specialised photometric camera.

Sugg Lighting

Heritage lantern maker and refurbisher Sugg Lighting also enjoyed a similar year's performance to the previous year. Bolstering of the sales force of two by another one in 2009 is showing signs of helping maintain a higher order book level and further plans are in place to improve northern territory coverage. Operationally it is recognised that profitability improvements must be made at Sugg and 2010/2011 will see a concentration on this area of operations.

Notwithstanding the above Sugg Lighting has achieved some notable successes during the year and one to note is the current project of refurbishing the lanterns on Richmond Bridge, London and fitting the installation with energy saving control systems.

Solite

A specialist lighting supplier for "clean rooms", Solite ended the 2009/2010 financial year on a high. Struggling through the earlier part of the year with little activity in their market, projects started to move as the year progressed enabling an increase in revenue.

Since FW Thorpe Plc took ownership of Solite much work has been done in the organisation of new catalogues and production of the company's first website, but with an increase in production requirement the coming year will see improvements in the efficiency of manufacturing methods.

People

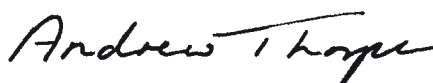
I am pleased to say that after a shaky start, not knowing which way the winds of demand would blow, your group was able to keep its staff busy at an increasing pace throughout the year and I would, therefore, once again like to thank all employees of FW Thorpe Plc for their hard work throughout the period.

I would also, this year, like to thank all those temporary agency workers, some now gone but some still with us, who bolster our work force during our busy summer period and without whom meeting peak demand would be most difficult.

The future

Our country has, no doubt, been "feather bedded" during recent financial crises by excessive government borrowing. The new government is determined to reduce borrowing and we cannot predict the effect this will have on us as a lighting company. Fewer "Building Schools for the Future" projects will probably mean more refurbishments! We are also gaining strength in other areas of lighting where projects will continue, such as tunnel lighting, prison lighting etc and at the same time bringing on stream new innovative products in market areas where we have not recently been strong. Whatever the project, the keynote in our lighting solutions is one of lighting in the most energy efficient way and this alone should stand us in good stead.

In recent years we have strived to be at the forefront of lighting application technology within our sector and with this aim we will continue.



A B Thorpe

Chairman
23 September 2010

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.

Mike Allcock

Joint Group Chief Executive and 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.

Craig Muncaster – appointed 28 June 2010

Financial Director and Company Secretary

After graduating in Business Administration, Craig qualified as a Chartered Management Accountant in 2000. He has spent time in the manufacturing and engineering sectors, more recently as UK Financial Director for Durr, which included a number of overseas ventures and projects for the wider group.

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.

Peter Mason

Non-executive director

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. He became a non-executive director in June 2010.

Advisers

Auditors

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

Bankers

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

Solicitors

Martineau
No 1 Colmore Square,
Birmingham B4 6AA

Nominated Adviser

Brewin Dolphin Securities
12 Smithfield Street,
London EC1A 9BD

Registrars

Equiniti
Aspect House, Spencer Road,
Lancing BN99 6DA

Registered Office

Merse Road, North Moons Moat,
Redditch,
Worcestershire B98 9HH

Registered No.

F W Thorpe Plc is registered in
England and Wales No. 317886

Websites

www.fwthorpe.co.uk
www.thorlux.com
www.thorluxdesign.com
www.thorlux.com.au
www.thorlux.de
www.thorlux.ie
www.thorlux.es
www.thorlux.se
www.mackwell.co.uk
www.compact-lighting.co.uk
www.philippayne.co.uk
www.solite-europe.com
www.sugglighting.co.uk

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 2010.

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 11.

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 2010 or 30 June 2009.

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

The directors consider the main financial key performance indicators (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 which have appropriate measurements that reflect their nature. 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 1 April 2010 the company paid an interim dividend of 4.1p per share (2009: 4.1p) amounting to £481,000 (2009: £488,000). A final dividend of 12.6p (2009: 12.1p and special of 12.0p) per ordinary share is proposed amounting to £1,477,000 (2009: £2,825,000) and, if approved, will be paid on 18 November 2010. Total dividends paid during the year amounted to £3,306,000 in aggregate (2009: £1,927,000).

Directors

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

C Muncaster was appointed to the Board on 28 June 2010. In accordance with the Articles of Association he will retire from office at the Annual General Meeting, but offers himself for election at that meeting.

The directors retiring by rotation are A B Thorpe, N A Brangwin and A M Cooper who, being eligible, offer themselves for re-election. The contracts for N A Brangwin and A M Cooper are terminable on 12 months' notice. The contract for A B Thorpe is terminable on two years' notice.

Directors' share interests

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

Directors' indemnities

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its directors.

Substantial shareholdings

At 13 October 2010 the company had received notification of the following interests in 3% or more of the issued share capital, excluding holdings of directors:

BBHISL Nominees Ltd	450,000 shares (3.8%)
E G Thorpe	655,698 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 £3,550 (2009: £3,765) for charitable purposes. This is made up of donations to UK charities for healthcare of £150, children's welfare of £2,575, educational schemes of £200, cancer care of £65, emergency aid of £150 and local causes of £410.

Pension scheme deficit

The pension scheme deficit, as shown in the balance sheet, has decreased during the year, which is a combination of an increase in the market value of the investments held by the scheme and additional company contributions, movement on the discount rate, offset by an 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 was carried out in 2009 and following the results a funding level for the future has been agreed between the trustees of the scheme and the directors of the company. 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 43 and 45 respectively (2009: 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

There is no longer a requirement to obtain 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 to disapply generally the statutory pre-emption rights conferred by section 561 of the Companies Act 2006. Ordinary resolution number 9 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 £781,961 (which represents approximately 66.7% of the company's issued ordinary shares, excluding treasury shares, as at 13 October 2010). 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 £390,395 (which represents approximately 33.3% of the company's issued ordinary shares (excluding treasury shares) as at that date). Special resolution number 10 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 £781,961 (which represents approximately 66.7% of the company's issued ordinary shares, excluding treasury shares) as at 13 October 2010.

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 £58,618 (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 11 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 13 October 2010 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 2011. 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 2008"). 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 contract for A B Thorpe exceeds one year.
- The pensionable salary includes 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.

Report of the directors

continued

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.

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.

Internal financial control

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 process as part of a continuous review of the group's internal controls. This process 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 £9m cash and £16m 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



C Muncaster

Company Secretary

13 October 2010

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

Company Registration Number: 317886

Directors' remuneration report

The Board has prepared this report to the shareholders, taking into account the provisions in Section B of the Combined Code 2008 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.

Remuneration policy – non-executive directors

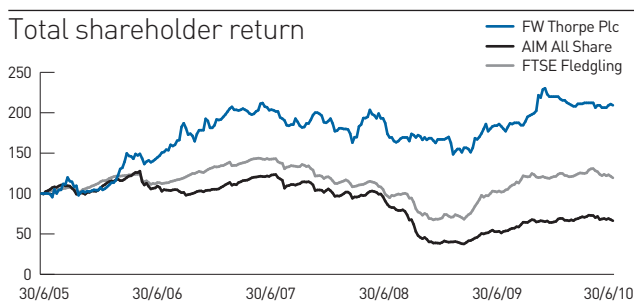
The Board as whole determines the remuneration of the non-executive directors. The Board takes into account the contribution made and the relative time spent on the company's affairs. The non-executive directors do not receive bonuses. Their benefits in kind consist of the provision of health insurance.

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. A B Thorpe has a service contract which is terminable on two years' notice. This contract does not comply with the Code because it is in excess of one year. P D Mason, 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' remuneration report

continued

Directors' emoluments

	2010 Salary/fees £'000	2010 Bonus £'000	2010 Benefits £'000	2010 Total £'000	2009 Total £'000
Executive directors					
A B Thorpe	178	82	15	275	274
M Allcock	129	82	13	224	207
D A Dimeloe	105	91	12	208	236
D Taylor	64	29	13	106	107
N A Brangwin	60	34	10	104	89
A M Cooper	80	55	11	146	145
C Muncaster – appointed 28 June 2010	–	–	–	–	n/a
Non-executive directors					
C M Brangwin	30	–	3	33	34
I A Thorpe	33	–	2	35	36
P D Mason	169	82	15	266	266
Total emoluments	848	455	94	1,397	1,394

The bonus for D A Dimeloe includes a contribution of £46,000 (2009: £59,000) to the pension scheme.

Directors' pension arrangements

M Allcock, D A Dimeloe, A M Cooper, N A Brangwin and D Taylor are members of the defined contribution section of the FW Thorpe Retirement Benefits Scheme. M Allcock and D Taylor have a final salary guarantee as they were previously members of the defined benefit section.

C M Brangwin, I A Thorpe, A B Thorpe and P D Mason are retired members of the defined benefit section.

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

The defined benefit section aims to provide a maximum pension of two-thirds of pensionable salary at normal retirement date. 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.

	Age at year end	Normal pension age	Value of accrued pension at 30 June 2010 £pa	Director's contributions during the year £	Change in value of accrued pension since 30 June 2009 £pa
M Allcock	42	65	45,730	8,858	8,687
D Taylor	48	65	29,739	4,444	3,866

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.

	2010 £	2009 £
D A Dimeloe	14,688	14,042
N A Brangwin	2,407	2,301
A M Cooper	4,000	3,676

Directors' shareholdings

The directors listed below were in office during the year. Directors' interests in the share capital of the company at 30 June 2010 and 1 July 2009 were as follows:

	Ordinary shares of 10p	
	Beneficial	
	2010	2009
A B Thorpe	2,803,843	2,803,843
P D Mason	168,337	168,337
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
C Muncaster – appointed 28 June 2010	–	n/a

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

The market price of the company's shares at the beginning and end of the financial year was 538p and 590p respectively and the range of market prices during the year was from 510p to 675p.

On 5 July 2010 the shareholding in respect of A B Thorpe increased by 1,998 shares to 2,805,841 as a result of a gift of shares to his minor children.

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 2010 to 13 October 2010.

Approved by the Board and signed on its behalf by:



C Muncaster

Company Secretary

13 October 2010

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 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; and
- 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



C Muncaster

Company Secretary

13 October 2010

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 2010 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated and company balance sheets, consolidated statement of changes in equity, consolidated and company statements of cash flows 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 chapter 3 of part 16 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 2010 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 report of the directors 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

13 October 2010

Consolidated income statement

for the year ended 30 June 2010

	Note	2010 £'000	2009 £'000
Revenue	2	55,642	53,356
Cost of sales		(31,046)	(29,900)
Gross profit		24,596	23,456
Distribution costs		(3,809)	(3,577)
Administrative expenses		(9,599)	(9,209)
Operating profit	3	11,188	10,670
Net finance income	6	116	877
Share of loss of joint venture		(27)	–
Profit before tax expense		11,277	11,547
Tax expense	7	(3,061)	(3,072)
Profit for the year	25	8,216	8,475

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

	Note	2010 Pence	2009 Pence
Basic and diluted earnings per share			
– Basic	23	70.1	71.4
– Diluted	23	70.1	71.4

The notes on pages 27 to 54 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.

All results are derived from continuing activities.

The profit for the parent company for the year was £8,022,000 (2009: £8,307,000).

Consolidated statement of comprehensive income

for the year ended 30 June 2010

	Note	2010 £'000	2009 £'000
Profit for the year:	25	8,216	8,475
Other comprehensive income			
Actuarial loss on pension scheme	29	(46)	(2,117)
Movement on associated deferred tax asset relating to the pension scheme	22	13	592
Revaluation of available-for-sale assets		5	(81)
Movement on associated deferred tax		(1)	15
Other comprehensive income for the year, net of tax		(29)	(1,591)
Total comprehensive income for the year		8,187	6,884

The above movements are recognised in the parent company statement of comprehensive income in both 2010 and 2009.

All comprehensive income is attributable to the owners of the company.

The notes on pages 27 to 54 are an integral part of these consolidated financial statements and parent company financial statements.

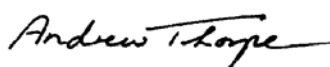
Consolidated and company balance sheets

as at 30 June 2010

	Note	Group		Company	
		2010 £'000	2009 £'000	2010 £'000	2009 £'000
Assets					
Non-current assets					
Intangible assets	9	2,683	2,575	1,715	1,436
Investment in subsidiaries	30	–	–	1,008	997
Investment property	13	1,006	1,028	1,006	1,028
Property, plant and equipment	10	10,634	10,590	9,713	9,670
Investment in joint venture	31	156	–	156	–
Available-for-sale financial assets	14	78	43	78	43
Deferred tax assets	22	622	833	534	751
		15,179	15,069	14,210	13,925
Current assets					
Inventories	17	11,363	10,458	7,172	7,032
Trade and other receivables	18	11,040	9,118	9,729	8,244
Other financial assets at fair value through profit or loss	19	386	385	386	385
Short-term financial assets – deposits	15	16,058	14,489	16,058	14,489
Cash and cash equivalents	16	8,754	7,132	8,770	7,190
		47,601	41,582	42,115	37,340
Total assets		62,780	56,651	56,325	51,265
Liabilities					
Current liabilities					
Trade and other payables	20	(8,309)	(6,228)	(8,936)	(7,798)
Current tax liabilities		(1,668)	(1,875)	(1,483)	(1,678)
		(9,977)	(8,103)	(10,419)	(9,476)
Net current assets		37,624	33,479	31,696	27,864
Non-current liabilities					
Retirement benefit deficit	29	(1,379)	(2,033)	(1,379)	(2,033)
Provisions for liabilities and charges	21	(102)	(102)	(102)	(102)
Deferred tax liabilities	22	(684)	(656)	(506)	(422)
Total liabilities		(12,142)	(10,894)	(12,406)	(12,033)
Net assets		50,638	45,757	43,919	39,232
Equity attributable to owners of the company					
Called up share capital	24	1,189	1,189	1,189	1,189
Share premium account	26	656	656	656	656
Capital redemption reserve	26	137	137	137	137
Retained earnings	25	48,656	43,775	41,937	37,250
Total equity		50,638	45,757	43,919	39,232

The notes on pages 27 to 54 form part of these financial statements.

The financial statements on pages 22 to 54 were approved by the Board on 13 October 2010 and signed on its behalf by



A B Thorpe



C Muncaster

Consolidated statement of changes in equity

for the year ended 30 June 2010

	Note	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 July 2008		1,191	624	135	39,715	41,665
Comprehensive income						
Profit for the year	25	-	-	-	8,475	8,475
Actuarial loss on pension scheme	29	-	-	-	(2,117)	(2,117)
Movement on associated deferred tax asset relating to the pension scheme		-	-	-	592	592
Revaluation of available-for-sale assets		-	-	-	(81)	(81)
Movement on associated deferred tax		-	-	-	15	15
Total comprehensive income		-	-	-	6,884	6,884
Transactions with owners						
Dividends paid in respect of 2008 and 2009					(1,927)	(1,927)
Shares issued from treasury	24	-	32	-	3	35
Shares purchased and cancelled		(2)	-	2	(100)	(100)
Shares purchased and held in treasury		-	-	-	(800)	(800)
Total transactions with owners		(2)	32	2	(2,824)	(2,792)
Balance at 1 July 2009		1,189	656	137	43,775	45,757
Comprehensive income						
Profit for the year	25	-	-	-	8,216	8,216
Actuarial loss on pension scheme	29	-	-	-	(46)	(46)
Movement on associated deferred tax asset relating to the pension scheme		-	-	-	13	13
Revaluation of available-for-sale assets		-	-	-	5	5
Movement on associated deferred tax		-	-	-	(1)	(1)
Total comprehensive income		-	-	-	8,187	8,187
Transactions with owners						
Dividends paid in respect of 2009 and 2010		-	-	-	(3,306)	(3,306)
Total transactions with owners		-	-	-	(3,306)	(3,306)
Balance at 30 June 2010		1,189	656	137	48,656	50,638

The notes on pages 27 to 54 form part of these financial statements.

Consolidated and Company statements of cash flows

for the year ended 30 June 2010

	Note	Group		Company	
		2010 £'000	2009 £'000	2010 £'000	2009 £'000
Cash flows from operating activities					
Cash generated from operations	27	11,474	10,564	9,564	8,355
Tax paid		(3,017)	(3,048)	(2,714)	(2,457)
Net cash generated from operating activities		8,457	7,516	6,850	5,898
Purchases of property, plant and equipment		(1,045)	(2,087)	(668)	(1,845)
Proceeds of sale of property, plant and equipment		62	74	43	55
Purchase of intangibles – development costs		(1,014)	(861)	(780)	(679)
Purchase of investment in subsidiary (net)		–	(389)	–	(405)
Purchase of investment property		(9)	(844)	(9)	(844)
Proceeds of sale of investment property		31	–	31	–
Purchase of shares in joint venture and costs		(183)	–	(183)	–
Purchase of available-for-sale financial assets		(30)	(9)	(30)	(9)
Property rental and similar income		69	95	363	337
Dividend income		–	4	676	879
Net purchase of deposits		(1,569)	(1,157)	(1,569)	(1,157)
Interest received		159	959	162	950
Net cash outflow from investing activities		(3,529)	(4,215)	(1,964)	(2,718)
Proceeds from the issuance of ordinary shares		–	35	–	35
Purchase of own shares		–	(900)	–	(900)
Dividends paid to company's shareholders		(3,306)	(1,927)	(3,306)	(1,927)
Lease payments		–	(87)	–	–
Net cash outflow from financing activities		(3,306)	(2,879)	(3,306)	(2,792)
Net increase in cash in the year		1,622	422	1,580	388
Cash and cash equivalents at beginning of year		7,132	6,710	7,190	6,802
Cash and cash equivalents at end of year		8,754	7,132	8,770	7,190

The notes on pages 27 to 54 are an integral part of these consolidated financial statements and parent company financial statements.

Notes to the consolidated financial statements

for the year ended 30 June 2010

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.

FW Thorpe Plc is incorporated in England and Wales. The company is domiciled in the UK. The company is a public limited company which is listed on the Alternative Investment Market and is incorporated and domiciled in the UK. The address of its registered office is Merse Road, North Moons Moat, Redditch, Worcestershire B98 9HH.

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 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 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, other than the amendments to IFRS 8 "Operating segments".

The company has adopted the following new and amended standards as of 1 July 2009.

IAS 1 (revised)	Presentation of financial statements (effective from 1 July 2009). The revised standard prohibits the presentation of items of income and expenses (that is, "non-owner changes in equity" to be presented separately from owner changes in equity in a statement of comprehensive income. As a result, the company presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income. Comparative information has been re-presented to conform with the revised standard.
IFRS 7 (amendment)	Financial instruments – Disclosures (effective from 1 July 2009). The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy.
IFRS 8	Operating segments (effective from 1 July 2009). The new standard requires management to assess operating segments of the group by the way it is internally reported to the chief operating decision-maker, and disclose accordingly. The effect of this standard has been to increase the number of segments disclosed within the financial statements.
IAS 1 (amendment)	Presentation of financial statements and
IAS 32 (amendment)	Financial instruments presentation
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
IAS16 (amendment)	Property, plant and equipment
IAS 19 (amendment)	Employee benefits
IAS 23 (revised)	Borrowing costs
IAS 27 (amendment)	Consolidated and separate financial statements
IAS 36 (amendment)	Impairment of assets
IFRS 1 (amendment)	First time adoption of IFRS and IAS 27 Consolidated and separate financial statements

The adoption of these account standards did not have a material impact on the company's financial statements.

Notes to the consolidated financial statements

continued

1 Accounting policies continued

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

The following interpretations to existing standards have been published that are mandatory for the company's accounting periods beginning on or after 1 July 2010 or later periods that the company has not early adopted.

IAS 1 (revised)	Presentation of financial statements
IAS 7 (amendment)	Statement of cash flows
IAS 24 (revised)	Related party disclosures
IAS 32 (amendment)	Financial Instrument, presentation
IAS 36 (amendment)	Impairment of assets
IAS 39 (amendment)	Financial instruments: Recognition and measurement
IFRS 2 (amendments)	Group cash-settled and share-based payment transactions
IFRS 9	Financial instruments
IFRIC 19	Extinguishing financial liabilities with equity instruments

The new standard and amendments to the standards are not expected to have a material impact to the company's financial statements and therefore have not been analysed in detail.

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.

Joint venture

Joint ventures are all entities over which the group exercised joint control. Investments in joint ventures are accounted for by the equity method of accounting and are initially recognised at cost.

The group discloses its share of the revenue and the operating profits on the face of the income statement. The group also discloses its share of the gross assets and liabilities on the face of the balance sheet.

The carrying amount of an investment in a joint venture is tested for impairment by comparing its recoverable amount with its carrying amount whenever there is an indication that the investment may be impaired.

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.

1 Accounting policies continued

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group board that makes strategic decisions.

The group is organised into six operating segments based on the products and customer base in the lighting market. The largest businesses are Thorlux and Mackwell. The four remaining operating segments have been aggregated into the "other companies" reportable segment based upon their size, which represents the entities Compact Lighting, Philip Payne, Sugg Lighting and Solite Europe.

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 comprehensive income 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 substantively 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 joint ventures, 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.

Notes to the consolidated financial statements

continued

1 Accounting policies continued

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.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses where applicable. Cost includes the original purchase price together with the costs attributable to bringing the asset to its working condition for its intended use.

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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within administrative expenses in the income statement.

Leases

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

Development costs

The group undertakes 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. Development assets are recognised where there is certainty that the asset will generate economic benefit.

The economic success for development activities is uncertain and carrying amounts are reviewed at each balance sheet date for impairment.

Development assets are valued at cost less accumulated amortisation and any impairment losses.

Fishing rights

Fishing rights are stated at cost less accumulated impairment where applicable. The rights are not amortised, but assessed annually 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.

1 Accounting policies continued

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.

Changes in fair values are recorded in the income statement.

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.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, the amount of the loss is recognised in the income statement within "selling and distribution costs". When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against "selling and distribution costs" 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 comprehensive income.

Trade payables

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

Provisions

Provisions are recognised in the balance sheet when a group company has a present obligation (legal or constructive) as a result of a past event; it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. A provision for restructuring is recognised when the group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced to those affected by it. Future operating costs are not provided for. In accordance with the group's published environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land is recognised when land is contaminated.

A provision for onerous contracts is recognised when the expected benefits to be derived by the group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Notes to the consolidated financial statements

continued

1 Accounting policies continued

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.

Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including currency risk, commodity price risk and security 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.

1 Accounting policies continued

(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

Financial instruments

Financial instruments that are measured at fair value are disclosed in the consolidated financial statements in accordance with the following fair value measurement hierarchy:

- i) Quoted prices (unadjusted) in active markets for identical assets and liabilities (level 1)
- ii) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices, or indirectly (that is, derived from prices) (level 2)
- iii) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Other assets and liabilities

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.

Share capital

Ordinary shares are classified as equity.

Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from the equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

Notes to the consolidated financial statements

continued

2 Segmental analysis

(a) Business segments

With effect from 1 July 2009, the group adopted IFRS 8 "Operating segments". This accounting standard requires a "through the eyes of management" approach under which segment information is presented on the same basis as that used for internal reporting purposes. For internal reporting FW Thorpe is organised into six operating segments based on the products and customer base in the lighting market – the largest businesses are Thorlux which manufactures professional lighting systems for industrial, commercial and controls markets, and Mackwell which manufactures emergency lighting components. The four remaining operating segments have been aggregated into the "other companies" reportable segment based upon their size, which represents the entities Compact Lighting, Philip Payne, Sugg Lighting and Solite Europe.

FW Thorpe's chief operating decision-maker is the group board. The group board reviews the group's internal reporting in order to monitor and assess performance of the operating segments for the purpose of making decisions about resources to be allocated. Performance is evaluated based on a combination of revenue and operating profit. The segmental information for the year ended 30 June 2009 has been restated to show Mackwell and other operating segments separately as a result of adopting IFRS 8. In accordance with updates to IFRS 8, assets and liabilities have not been segmented which is consistent with the group's internal reporting.

	Thorlux £'000	Mackwell £'000	Other companies £'000	Inter- segment adjustments £'000	Total £000
Year to 30 June 2010					
Revenue to external customers	39,386	8,692	7,564	–	55,642
Revenue to other group companies	84	2,581	395	(3,060)	–
Total revenue	39,470	11,273	7,959	(3,060)	55,642
Operating profit	9,792	572	539	285	11,188
Net finance income					116
Share of loss joint venture					(27)
Profit before tax expense					11,277
Year to 30 June 2009					
Revenue to external customers	37,492	8,776	7,088	–	53,356
Revenue to other group companies	104	2,915	354	(3,373)	–
Total revenue	37,596	11,691	7,442	(3,373)	53,356
Operating profit	9,119	1,168	(27)	410	10,670
Net finance income					877
Profit before tax expense					11,547

Inter segment adjustments to operating profit consist of property rentals on premises owned by FW Thorpe Plc, adjustments to profit related to stocks held within the group that were supplied by another segment and adjustments to investment provisions relating to group companies.

(b) Geographical analysis

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

	2010 £'000	2009 £'000
UK	45,094	42,225
Europe	6,632	7,809
Other countries	3,916	3,322
	55,642	53,356

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

	2010 £'000	2009 £'000
Group operating profit is stated after charging/(crediting)		
Loss/(profit) on sale of fixed assets	(31)	3
Rental income from investment property	(9)	(17)
Depreciation of tangible fixed assets (note 10):		
– owned assets	1,049	1,019
Operating lease rentals:		
– plant and machinery	29	41
– other	49	52
Intangible amortisation (note 9)	906	859
Foreign exchange (gains) and losses recognised in income statement	1	(89)

Services provided by the company's auditors

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

	2010 £'000	2009 £'000
Group		
Fees payable to company's auditors for the audit of parent company and consolidated financial statements	37	36
Fee payable to the company's auditor and its associates for other services:		
– The audit of company's subsidiaries pursuant to legislation	33	32
– Other services pursuant to legislation	6	5
	76	73

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 gains – net

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

	2010 £'000	2009 £'000
Fair value gains	1	8
	1	8

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

Notes to the consolidated financial statements

continued

5 Employee information

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

	2010 Number	2009 Number
Production	307	328
Sales and distribution	101	88
Administration	161	155
Total average headcount	569	571

Employment costs of all employees (including executive directors).

	2010 £'000	2009 £'000
Aggregate gross wages and salaries	13,438	13,068
Employers' national insurance contributions	1,369	1,343
Employers' pension and related charges	734	701
	15,541	15,112

Directors' emoluments

	2010 £'000	2009 £'000
Aggregate emoluments	1,397	1,394
Contributions to money purchase pension scheme	21	20
	1,418	1,414

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 £nil (2009: £111,000).

Highest paid director

	2010 £'000	2009 £'000
Total of emoluments and amounts receivable	275	274

During the year the highest paid director did not exercise any share options (2009: 30,000 generating a gain of £111,000).

The highest paid director is a pensioner of the retirement benefits scheme (2010 and 2009: accrued pension of £131,000).

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

6 Net financial income

	2010 £'000	2009 £'000
Finance income		
Current assets		
Interest receivable	173	749
Non-current assets		
Dividend income on available-for-sale financial assets	-	4
Net rental income	69	95
Net interest on pension scheme assets and liabilities	(126)	29
	116	877

7 Income tax expense

Analysis of income tax expense in the year.

	2010 £'000	2009 £'000
Current tax		
Current tax on profits for the year	2,883	3,073
Adjustments in respect of prior years	(73)	(66)
Total current tax	2,810	3,007
Deferred tax (note 22)		
Origination and reversal of temporary differences	251	65
Total deferred tax	251	65
Income tax expense	3,061	3,072

The tax assessed for the year is lower (2009: lower) than the standard rate of corporation tax in the UK of 28% (2009: 28%).

The differences are explained below:

	2010 £'000	2009 £'000
Profit before tax	11,277	11,547
Profit on ordinary activities multiplied by the standard rate in the UK of 28% (2009: 28%)	3,158	3,233
Effects of:		
Expenses not deductible for tax purposes	8	11
Accelerated tax allowances and other timing differences	(153)	(130)
Adjustments in respect of prior years	(73)	(66)
Profits taxed at small companies rate	(7)	(5)
Other	134	29
Tax charge	3,061	3,072

The weighted average applicable tax rate was 27.1% (2009: 26.6%).

8 Dividends

The dividends paid in 2010 and 2009 were £3,306,000 (28.2p per share) and £1,927,000 (16.2p per share) respectively.

A final dividend in respect of the year ended 30 June 2010 of 12.6p per share, amounting to a total dividend of £1,477,000, is to be proposed at the Annual General Meeting on 11 November 2010. These financial statements do not reflect this dividend payable.

Notes to the consolidated financial statements

continued

9 Intangible assets

	Group			Company		
	Goodwill £'000	Other £'000	Total £'000	Goodwill £'000	Other £'000	Total £'000
Cost						
At 1 July 2009	885	3,851	4,736	600	2,288	2,888
Additions	–	1,014	1,014	–	780	780
Write-offs	–	(685)	(685)	–	(306)	(306)
At 30 June 2010	885	4,180	5,065	600	2,762	3,362
Accumulated amortisation						
At 1 July 2009	600	1,561	2,161	600	852	1,452
Charge for the year	–	906	906	–	501	501
Write-offs	–	(685)	(685)	–	(306)	(306)
At 30 June 2010	600	1,782	2,382	600	1,047	1,647
Net book amount						
At 30 June 2010	285	2,398	2,683	–	1,715	1,715

	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

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

At 30 June 2010 the net book amount for "other" is analysed as follows:

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Development costs	2,241	2,138	1,602	1,304
Software costs	122	117	78	97
Fishing rights	35	35	35	35
	2,398	2,290	1,715	1,436

Amortisation of £906,000 (2009: £859,000) 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 2009	9,559	13,637	23,196	9,454	8,743	18,197
Additions	154	971	1,125	154	564	718
Disposals	–	(312)	(312)	–	(211)	(211)
Written off	(105)	–	(105)	–	–	–
At 30 June 2010	9,608	14,296	23,904	9,608	9,096	18,704
Accumulated depreciation						
At 1 July 2009	1,789	10,817	12,606	1,684	6,843	8,527
Charge for the year	164	885	1,049	164	488	652
Disposals	–	(280)	(280)	–	(188)	(188)
Written off	(105)	–	(105)	–	–	–
At 30 June 2010	1,848	11,422	13,270	1,848	7,143	8,991
Net book amount						
At 30 June 2010	7,760	2,874	10,634	7,760	1,953	9,713

Freehold land which was not depreciated at 30 June 2010 amounted to £1,218,000 (2009: £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 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

Notes to the consolidated financial statements

continued

11 Commitments

(a) Capital commitments

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

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Property, plant and equipment	210	48	206	24

(b) Operating lease commitments

The group leases premises under non-cancellable operating lease agreements. The lease terms are between five and 20 years (2009: five and 20 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 2010 £'000	Land and buildings 2009 £'000	Other 2010 £'000	Other 2009 £'000
Within one year	46	46	-	-
Within two to five years	126	172	-	-
Over five years	-	-	-	-
	172	218	-	-

12 Financial instruments by category

All financial instruments measured at fair value are categorised as level 2 in the fair value measurement hierarchy, whereby the fair value is determined by using valuation techniques, except for £464,000 (2009: £428,000) of fixed rate listed investments included in available-for-sale and other financial assets at fair value through profit or loss that are classified as level 1. The valuation techniques for level 2 instruments use observable market data where it is available, for example quoted market prices, and rely less on estimates.

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 2010				
Assets as per balance sheet				
Available-for-sale financial assets	-	78	-	78
Other financial assets at fair value through profit or loss	-	-	386	386
Trade and other receivables	11,040	-	-	11,040
Short-term financial assets – deposits	16,058	-	-	16,058
Cash and cash equivalents	8,754	-	-	8,754
Total	35,852	78	386	36,316

12 Financial instruments by category continued

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	30,739	43	385	31,167

Company	Loans and receivables £'000	Available- for-sale £'000	Assets at fair value through the profit and loss £'000	Total £'000
30 June 2010				
Assets as per balance sheet				
Available-for-sale financial assets	–	78	–	78
Other financial assets at fair value through profit or loss	–	–	386	386
Trade and other receivables	9,729	–	–	9,729
Loans and receivables – deposits	16,058	–	–	16,058
Loans and receivables – cash and cash equivalents	8,770	–	–	8,770
Total	34,557	78	386	35,021

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
Loans and receivables – deposits	14,489	–	–	14,489
Loans and receivables – cash and cash equivalents	7,190	–	–	7,190
Total	29,923	43	385	30,351

Notes to the consolidated financial statements

continued

12 Financial instruments by category continued

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Liabilities as per balance sheet				
Trade and other payables	8,309	6,228	8,936	7,798
	8,309	6,228	8,936	7,798

The group and company did not have derivative financial instruments at 30 June 2010 or 30 June 2009.

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

13 Investment property

	2010 £'000	2009 £'000
Group and company		
At 1 July	1,028	184
Addition	9	844
Disposal	(31)	-
At 30 June	1,006	1,028

The following amounts have been recognised in the income statement:

	2010 £'000	2009 £'000
Group and company		
Rental income	9	17
Direct operating expenses arising from investment properties that generate rental income	(19)	(25)

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

	2010 £'000	2009 £'000
Group and company		
Beginning of year	43	115
Additions	30	9
Revaluation	5	(81)
End of year	78	43

There were no impairment provisions on available-for-sale financial assets in 2010 or 2009.

Available-for-sale financial assets comprise listed equity.

15 Deposits

Group and company	2010 £'000	2009 £'000
Beginning of year	14,489	13,332
Net additions	1,569	1,157
End of year	16,058	14,489

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	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Cash at bank and on hand	8,754	7,132	8,770	7,190

17 Inventories

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Raw materials	6,240	4,996	3,196	2,747
Work in progress	2,066	1,689	1,599	1,383
Finished goods	3,057	3,773	2,377	2,902
	11,363	10,458	7,172	7,032

The cost of inventories recognised as an expense and included in cost of sales amounted to £24,357,000 (2009: £23,606,000).

18 Trade and other receivables

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Current				
Trade receivables	10,465	8,585	7,322	6,211
Other debtors	52	46	44	39
Prepayments and accrued income	523	487	234	218
Amounts owed by subsidiaries	–	–	2,129	1,776
	11,040	9,118	9,729	8,244

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Trade receivables past due date not provided	478	286	210	114

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 2010 the bad debt provision for the group amounted to £61,000 (2009: £45,000) and for the company £14,000 (2009: £7,000).

Notes to the consolidated financial statements

continued

18 Trade and other receivables continued

During the year the following amounts were written off:

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Bad debts written off	60	217	9	114
Bad debts recovered	(3)	(135)	(2)	(131)
Net bad debt expense	57	82	7	(17)

At 30 June 2010, trade receivables were due to the group and company in the following currency denominations.

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Due in £ sterling	9,491	7,959	6,956	5,919
Due in € Euro	973	626	365	292
Due in Swedish krona	1	-	1	-
Total trade receivables	10,465	8,585	7,322	6,211

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 2010 this amounted to £386,000 (2009: £385,000).

20 Trade and other payables

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Current				
Trade payables	5,213	3,569	3,146	2,207
Social security and other taxes	906	617	696	479
Other creditors	1,511	1,417	1,148	1,354
Accruals and deferred income	679	625	174	121
Amounts owed to subsidiaries	-	-	3,772	3,637
	8,309	6,228	8,936	7,798

21 Provisions for liabilities and charges

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
WEEE provision	102	102	102	102
Total	102	102	102	102

Analysis of total provisions:	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Non-current	102	102	102	102
Total	102	102	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		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Deferred tax assets:				
– Deferred tax assets to be recovered after more than 12 months	622	833	534	751
– Deferred tax asset to be recovered within 12 months	–	–	–	–
	622	833	534	751
Deferred tax liabilities:				
– Deferred tax liability to be recovered after more than 12 months	(684)	(656)	(506)	(422)
– Deferred tax liability to be recovered within 12 months	–	–	–	–
	(684)	(656)	(506)	(422)
Net deferred tax liabilities	(62)	177	28	329

Notes to the consolidated financial statements

continued

22 Deferred income tax continued

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

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Beginning of year	177	(364)	329	(129)
Income statement charge (note 7)	(251)	(65)	(313)	(148)
Tax charged directly to equity	12	606	12	606
End of year	(62)	177	28	329

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:

	Accelerated tax depreciation £'000	Retirement benefit obligations £'000	Fair value gains and losses £'000	Other £'000	Total £'000
Deferred tax assets					
At 1 July 2008	197	79	–	–	276
(Charged)/credited to the income statement	53	(102)	–	–	(49)
Credited directly to equity	–	592	–	14	606
At 1 July 2009	250	569	–	14	833
(Charged) to the income statement	(26)	(196)	–	–	(222)
Credited/(charged) directly to equity	–	13	–	(2)	11
At 30 June 2010	224	386	–	12	622

	Accelerated tax depreciation £'000	Retirement benefit obligations £'000	Fair value gains and losses £'000	Other £'000	Total £'000
Deferred tax liabilities					
At 1 July 2008	–	–	57	583	640
Credited to the income statement	–	–	–	16	16
Charged directly to equity	–	–	–	–	–
At 1 July 2009	–	–	57	599	656
Charged to the income statement	–	–	–	28	28
Charged directly to equity	–	–	–	–	–
At 30 June 2010	–	–	57	627	684

The "other" deferred tax liabilities consist of deferred tax on development expenditure classified as an intangible asset.

22 Deferred income tax continued

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

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Tax on actuarial gain/(loss) on retirement benefits scheme	(13)	(592)	(13)	(592)
Tax on revaluation of available-for-sale assets	2	(14)	2	(14)
	(11)	(606)	(11)	(606)

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.

	2010	2009
Profit attributable to equity holders of the company (£'000)	8,216	8,475
Weighted average number of shares in issue	11,723,559	11,864,901
Basic earnings per share (pence per share)	70.1	71.4

Diluted earnings per share

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company does not have any dilutive potential ordinary shares; hence there is no difference between basic earnings per share and dilutive earnings per share.

	2010	2009
Profit attributable to equity holders of the company (£'000)	8,216	8,475
Weighted average number of ordinary shares in issue	11,723,559	11,864,901
Adjustment for share options – share options	–	–
Weighted average number of ordinary shares for diluted earnings per share	11,723,559	11,864,901
Diluted earnings per share (pence per share)	70.1	71.4

24 Share capital

	Group and Company	
	2010 £'000	2009 £'000
Authorised		
15,000,000 ordinary shares of 10p each (2009: 15,000,000 ordinary shares of 10p each)	1,500	1,500
Allotted and fully paid		
11,893,559 ordinary shares of 10p each (2009: 11,893,559 ordinary shares of 10p each)	1,189	1,189

The ordinary shareholders each have one vote per share.

	Group and Company	
	2010 £'000	2009 £'000
Share capital at 1 July	1,189	1,191
Shares purchased and cancelled	–	(2)
Share capital at 30 June	1,189	1,189

Notes to the consolidated financial statements

continued

24 Share capital continued

	Group and Company	
	2010 £'000	2009 £'000
Movements in treasury shares included in share capital		
Shares held in treasury at 1 July	17	-
Shares purchased and held in treasury	-	20
Shares issued from treasury	-	(3)
Share capital at 30 June	17	17
Number of shares held in treasury at 30 June	170,000	170,000

There were no shares issued during the year (2009: 30,000)

There are no share options outstanding at the year end (2009: nil).

25 Retained earnings

	Group £'000	Company £'000
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	(66)	(66)
At 30 June 2009	43,775	37,250
At 1 July 2009	43,775	37,250
Profit for the year	8,216	8,022
Dividends paid in respect of 2009 and 2010	(3,306)	(3,306)
Actuarial gains/(losses) net of tax	(33)	(33)
Revaluation of available-for-sale assets net of tax	4	4
At 30 June 2010	48,656	41,937

26 Other reserves

Group and Company	Share premium £'000	Capital redemption reserves £'000
At 1 July 2008	624	135
Share issue	32	-
Shares purchased and cancelled	-	2
At 30 June 2009 and 30 June 2010	656	137

27 Cash generated from operations

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Profit before income tax	11,277	11,547	10,854	11,104
Depreciation charge	1,049	1,019	652	603
Amortisation of intangibles	906	859	501	429
Loss/(profit) on disposal of property, plant and equipment	(31)	3	(21)	(11)
Finance income	(116)	(877)	(1,088)	(1,985)
Retirement benefit contributions in excess of current and past service charge	(826)	(336)	(826)	(336)
Share of loss from joint venture	27	-	27	-
Changes in working capital				
– Inventories	(905)	(1,773)	(140)	(1,260)
– Trade and other receivables	(1,903)	1,368	(1,467)	718
– Trade and other payables	1,996	(1,246)	1,072	(907)
Cash generated from operations	11,474	10,564	9,564	8,355

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 £18,489 (2009: £18,801).

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

	Purchases of goods £'000	Sales of goods £'000	Sales of services £'000	Dividends paid to company £'000
2010				
Mackwell Electronics Ltd	2,277	7	3	501
Compact Lighting Ltd	61	8	3	-
Philip Payne Ltd	268	1	1	175
Sugg Lighting Ltd	-	5	18	-
Solite Europe Ltd	7	1	1	-
2009				
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	-

Notes to the consolidated financial statements

continued

28 Related party transactions continued

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	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Mackwell Electronics Ltd	(1,926)	(2,087)	574	452
Compact Lighting Ltd	(274)	(317)	1,031	1,023
Philip Payne Ltd	(1,375)	(1,232)	9	9
Sugg Lighting Ltd	(49)	–	3,882	3,665
Solite Europe Ltd	(147)	–	18	50
Axis Lighting Ltd	(1)	(1)	–	–
Total	(3,772)	(3,637)	5,514	5,199

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 £3,385,000 (2009: £3,423,000).

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 2010 amounted to £1,384,000 (2009: £855,000). 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 the value of the fund was £17,169,000 and this was sufficient to cover 83% 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	3.75%
Salary increases	5.66%
Discount rate	5.50%
Revaluation for deferred pensioners	3.75%
Pension increases in payment of 5% pa or RPI if less	3.60%
Pension increases in payment of 2.5% pa or RPI if less	2.35%

29 Pension scheme continued

The figures at 1 July 2009 have been updated as at the balance sheet dates in order to assess the additional disclosures required under IAS 19 as at 30 June 2010 by an independent qualified actuary using the following major assumptions.

	2010	2009	2008	2007
Price inflation	3.50%	3.75%	4.00%	3.30%
Salary increases	5.25%	5.66%	5.89%	5.21%
Discount rate	5.35%	6.00%	6.40%	5.80%
Revaluation for deferred pensioners	3.50%	3.75%	4.00%	3.30%
Pension increases in payment of 5% pa or RPI if less	3.30%	3.60%	3.80%	3.15%
Pension increases in payment of 2.5% pa or RPI if less	2.20%	2.35%	2.40%	2.25%
Life expectancy at age 65 – men	22.3 years	22.2 years	22.0 years	21.7 years
Life expectancy at age 65 – women	24.7 years	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 2010		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	Expected long-term rate of return	Value £'000
Equities	7.65%	9,045	7.80%	7,265	7.75%	8,573	7.75%	9,471
Bonds	4.84%	9,464	5.30%	8,066	5.60%	7,002	4.75%	4,198
Property	7.35%	19	7.80%	12	7.75%	11	7.45%	11
Other	0.50%	1,565	0.50%	1,832	5.00%	1,755	5.25%	4,104
Total market value of assets		20,093		17,175		17,341		17,784
Present value of scheme liabilities		(21,472)		(19,208)		(17,622)		(16,903)
Surplus/(deficit) in the scheme		(1,379)		(2,033)		(281)		881
Related deferred tax asset/(liability) – note 22		386		569		79		(247)
Net pension surplus/(deficit)		(993)		(1,464)		(202)		634

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

	2010 £'000	2009 £'000
Present value of funded obligations	(21,472)	(19,208)
Fair value of plan assets	20,093	17,175
(Liability)/asset in the balance sheet	(1,379)	(2,033)

Notes to the consolidated financial statements

continued

29 Pension scheme continued

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

	2010 £'000	2009 £'000
Beginning of year	(19,208)	(17,622)
Current service cost	(558)	(519)
Interest cost	(1,136)	(1,137)
Contributions by plan participants	(327)	(292)
Actuarial losses	(1,759)	(148)
Benefits paid	1,516	510
End of year	(21,472)	(19,208)

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

	2010 £'000	2009 £'000
Beginning of the year	17,175	17,341
Expected return in plan assets	1,010	1,166
Actuarial gains/(losses)	1,713	(1,969)
Employer contributions	1,384	855
Employee contributions	327	292
Benefits paid	(1,516)	(510)
End of year	20,093	17,175

The amount recognised in the income statement areas follows:

	2010 £'000	2009 £'000
Current service cost	558	519
Interest cost	1,136	1,137
Expected return on plan assets	(1,010)	(1,166)
Total included within staff costs and other financial income	684	490

Of the total charge, £558,000 (2009: £519,000) and £(126,000) (2009: £29,000) were included in "administrative expenses" and "net finance income" respectively.

29 Pension scheme continued

Analysis of amount recognised in the statement of comprehensive income

	2010 £'000	2009 £'000
Actual return less expected return on pension scheme assets	1,713	(1,969)
Experience losses arising on the scheme liabilities	(388)	(492)
Changes in assumptions underlying the present value on the scheme liabilities	(1,371)	344
Actuarial loss recognised in the statement of comprehensive income	(46)	(2,117)
	2010 £'000	2009 £'000
Cumulative actuarial loss recognised in the statement of comprehensive income at 1 July	(3,872)	(1,755)
Actuarial loss recognised in the statement of comprehensive income for the year	(46)	(2,117)
Cumulative actuarial loss recognised in the statement of comprehensive income at 30 June	(3,918)	(3,872)

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 2010 was £2,723,000 or 16%.

The group expect to pay £1,424,000 contributions (2009: £890,000) into the pension scheme during the forthcoming year.

History of experience gains and losses recognised in the statement of comprehensive income

	2010		2009		2008		2007		2006	
	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%
Difference between the expected and actual return on scheme assets	1,713		(1,969)		(2,038)		556		661	
Percentage of scheme assets		9%		11%		12%		3%		5%
Experience loss on scheme liabilities	(388)		(492)		(219)		(622)		(164)	
Percentage of the present value of scheme liabilities		2%		3%		1%		4%		1%
Changes in assumptions underlying the present value of scheme liabilities	(1,371)		344		633		512		917	
Percentage of the present value of scheme liabilities		6%		2%		4%		3%		6%
Amount which has been recognised in the SoCI	(46)		(2,117)		(1,624)		446		1,414	
Percentage of the present value of the scheme liabilities		0%		11%		9%		3%		9%

Notes to the consolidated financial statements

continued

30 Group companies

The parent company has the following investments as at 30 June 2010 and 30 June 2009:

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	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Investment in subsidiaries – cost	–	–	2,578	2,578
Less provisions	–	–	(1,570)	(1,581)
	–	–	1,008	997

There were no additions or disposals during the year.

There has been no change to the provisional fair value of the assets and liabilities of Solite Europe Ltd as a result of the acquisition on 27 March 2009.

31 Investment in joint venture

On 11 September 2009 the group established a joint venture in Australia with its local agent. The venture is jointly controlled with equal voting rights with the group holding a 51% interest. Thorlux Lighting Pty Ltd is registered in Queensland and operates from a sales office in Melbourne. The group has applied the equity method of accounting to recognise this interest.

32 Events after the balance sheet date

After the year end a new Finance Act was enacted which reduced the rate of Corporation Tax with effect from 1 April 2011 to 27%. This will have an effect on the deferred tax assets and liabilities in the future, although it is neither material nor significant.

Notice of meeting

Notice is hereby given that the seventy-fourth Annual General Meeting of FW Thorpe Plc will be held at Merse Road, North Moons Moat, Redditch, Worcestershire B98 9HH on 11 November 2010 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 2010.
2. To declare a dividend.
3. To elect Mr C Muncaster as a director.
4. To re-elect Mr A B Thorpe as a director.
5. To re-elect Mr N A Brangwin as a director.
6. To re-elect Mr A M Cooper as a director.
7. 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 8 and 9 as ordinary resolutions and in the case of 10 and 11 as special resolutions.

8. 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 2010 be approved.
9. 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"):

9.1 comprising equity securities (as defined by section 560 of the Companies Act 2006 ("the Act")) up to an aggregate nominal amount of £781,961 (such amount to be reduced by the nominal amount of any shares allotted or Rights granted under paragraph 9.2) 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 or the requirements of any regulatory body or stock exchange; and

9.2 in any other case, comprising equity securities up to an aggregate nominal amount of £390,395 (such amount to be reduced by the nominal amount of any equity securities allotted under paragraph 9.1 above in excess of £390,395.

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.

10. That, subject to the passing of resolution number 9, 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 9 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;

10.1 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 10.1) of equity securities up to an aggregate nominal amount of £58,618 representing no more than 5% of the issued ordinary share capital at 13 October 2010.

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.

Notice of meeting

continued

11. 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 2011; 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. 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 9 November 2010 (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 holder's 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 9 November 2010 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 13 October 2010 (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 170,000 shares held in treasury, the total voting rights in the company as at 13 October 2010 are 11,723,559.

7. 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.

By order of the Board



C Muncaster
Company Secretary

Merse Road
North Moons Moat
Redditch
Worcestershire
B98 9HH

13 October 2010

Financial calendar

2010

- 19 October Posting of Report and Accounts
- 11 November Annual General Meeting
- 18 November Payment of final dividend

2011

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

Produced by **Radley Yeldar** www.ry.com using the paperless proofing system Wizardry.

Printed by Park Communications on FSC certified paper.

Park is an EMAS certified CarbonNeutral® Company and its Environmental Management System is certified to ISO 14001.



100% of the inks used are vegetable oil based, 95% of press chemicals are recycled for further use and on average 99% of any waste associated with this production will be recycled.

This document is printed on paper bleached using a chlorine free process. 90% of the pulp fibre for this paper is sourced within a 200km radius of the mill, further reducing the carbon footprint for production.

FSC – Forest Stewardship Council. This ensures there is an audited chain of custody from the tree in the well-managed forest through to the finished document in the printing factory.

ISO 14001 – A pattern of control for an environmental management system against which an organisation can be credited by a third party.



FW Thorpe Plc

Merse Road
North Moons Moat
Redditch
Worcestershire
B98 9HH
England

Tel: + 44 (0)1527 583200

Fax: + 44 (0)1527 584177

Incorporating
Thorlux Lighting
Mackwell Electronics
Compact Lighting
Philip Payne
Sugg Lighting
Solite Europe