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LEEDS

GROUP plc

Annual Report and Accounts 2008

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Contents

Financial Highlights	2
Directors	3
Group Information and Advisers	4
Chairman's Statement	5
Operating and Financial Review	6
Directors' Report	8
Independent Auditor's Report	11
Consolidated Income Statement and Statement of Recognised Income and Expense	13
Consolidated Balance Sheet	14
Consolidated Cash Flow Statement	15
Reconciliation of Movements in Net Debt	16
Notes to the Consolidated Financial Statements	17
Company Balance Sheet (prepared using UK GAAP)	42
Notes to the Financial Statements of the Company	43
Five Year Summary of Results and Capital Employed	47
Notice of Annual General Meeting	48

Financial Highlights

- First annual report to be prepared under IFRS
- Group profit before tax was £522,000 (2007: £830,000).
- Hemmers-Itex sales were £21,974,000 (2007: £17,523,000) and pre-tax profit was £586,000 (2007: £732,000).
- Investment in people and infrastructure completed at Hemmers-Itex to exploit growth opportunities.
- 1,633,643 shares were bought back in the year at a cost of £300,000 and 1,800,000 shares were cancelled.
- Net asset value per share increased by 16.1% to 40.3 pence.
- Earnings per share were 1.4 pence (2007: 1.7 pence).
- No dividend proposed while Board continues search for suitable investment opportunities.

“2008 has been a challenging year for the Group, with management being kept busy by both the planned growth at Hemmers-Itex and the difficult economic climate within the European countries that Hemmers-Itex sells into.”

Ewen Wigley
Chairman

Directors

Ewen Wigley (Independent Non-Executive Chairman)

Born 1961, Ewen is a businessman who has over 20 years experience in the City. Prior to his recent work with private and AIM listed companies, Ewen was a director of a corporate finance boutique that specialised in advising companies in the small cap market sector on mergers, acquisitions and restructuring. Before that, he was at Union Plc for 15 years, latterly as Chief Operating Officer, where he gained broad experience in banking, leasing and corporate finance. Ewen is a Fellow of the Association of Corporate Treasurers. He joined the Board of Leeds Group in September 2004 and became Chairman in March 2007.

Johan Claesson (Non-Executive Director)

Born 1951, Johan has been a major shareholder in the Group since 1999, and has extensive business interests, both private and in the public arena. Johan is Chairman of Claesson & Anderzén, a private property company, and a director of three public companies – Karo Bio AB (biotechnology) and Borås Wärfveri AB (textiles), both in Sweden, and K3 Business Technology Group plc. Johan joined the Board of Leeds Group in September 2004.

Peter Gyllenhammar (Non-Executive Director)

Born 1953, Peter is a professional investor and has been a major shareholder in Leeds Group since 1999. He is an active investor both in Sweden and in the UK, and has previously been a director of several public companies in the UK in which he had a substantial interest. Peter joined the Board of Leeds Group in March 2007.

Group Information and Advisers

Principal Trading Subsidiary Company

Hemmers-Itex Textil Import Export GmbH

Twentestrasse 1
48505 Nordhorn
Germany

Directors during the year

Jörg Hemmers
Thorsten Richter
Malcolm Wilson

Principal activity

Import, sale & distribution of fabric
Incorporated in Germany

Subsidiary companies of Hemmers-Itex Textil Import Export GmbH

KMT Stoffe GmbH (*incorporated in Germany*)

Itex Brummen BV (*incorporated in Holland*)

Chinoh-Tex Ltd (*incorporated in China*)

Group Advisers

Solicitors

Walker Morris
Kings Court
12 Kings Street
Leeds
LS1 2HL

Tel: 0113 283 2500

Financial Advisers And Brokers

Seymour Pierce Limited
20 Old Bailey
London
EC4M 7EN

Tel: 020 7107 8000

Auditors

BDO Stoy Hayward LLP
1 Bridgewater Place
Water Lane
Leeds
LS11 5RU

0113 244 3839

Solicitors

DLA Piper UK LLP
Princes Exchange
Princes Square
Leeds
LS1 4BY

Tel: 08700 111111

Registrars

Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
HD8 0LA

Tel: 01484 600928

Principal Bankers

Bank of Scotland
116 Wellington Street
Leeds
LS1 4LT

Tel: 0113 388 3200

Chairman's Statement

Results

2008 has been a challenging year for the Group, with management being kept busy by both the planned growth at Hemmers-Itex and the difficult economic climate within the European countries that Hemmers-Itex sells into. Profit after tax for the Group was £449,000 compared with £585,000 in the previous year, resulting in earnings per share of 1.4 pence (2007: 1.7 pence).

Accounting

This is the first set of audited results prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The transition to IFRS represents an accounting change only and the underlying performance of the Group and its cash flows are unaffected. Full details of the effect of the transition to IFRS are set out in note 28 to the accounts.

Hemmers-Itex

I explained, both in my Chairman's statement last year and in the 2008 Interim Results, that the Group had invested in both people and infrastructure at Hemmers-Itex following the demise of a competitor. Revenue at Hemmers-Itex during the year was €28.7 million, a 14.3% increase from the previous year of €25.1million. However the anticipated growth in the business developed at a slower rate than management had wished, and consequently the increased gross profit was insufficient to offset the higher overhead and interest charge arising from the investment we had made. Profit before tax at Hemmers-Itex was €766,000 compared with €1,050,000 in the previous year. During the current year, the business will seek to build on the growth that it achieved last year, whilst always being aware of any opportunities that might arise in the current difficult economic climate.

Investments

Your Board has said over the last two years that it was seeking appropriate investments for the Group. Having considered many opportunities, the Group announced on 22 May 2008 that it had acquired approximately 29% of Dawson International Plc ("Dawson"), a world leading cashmere business whose shares are listed on AIM. In addition, the Group also acquired 1 million shares in European Equity Tranche Income Limited ("EETI"), a company whose shares are also listed on AIM. Although Leeds Group has no power to participate in the operating and financial policies of any of the entities in which it has invested, the directors will manage the portfolio of Group investments in a proactive manner that will encourage the respective management teams to focus on realising the perceived incremental shareholder value that was at the root of the investment decisions.

Strategic Developments

The Group has continued to take advantage of the authority, renewed at the last Annual General Meeting, to purchase its own shares into Treasury and during the year bought a total of 1,633,643 shares.

Following the cancellation of 1,800,000 Treasury shares during the year, the Group now has 33,100,000 shares in issue of which 3,300,658 are held in Treasury. Subject to Shareholder approval of the necessary resolution at the forthcoming Annual General Meeting, the Board intends to continue to buy back shares whenever the opportunity arises. In buying back the Company's shares, the Board is returning capital to those shareholders who wish to sell their shares whilst improving the net asset value per share of the remaining shareholders.

Dividend

It remains the intention of the Board to seek further opportunities to maximise the long-term value of Leeds Group by identifying appropriate investments that will strengthen the Group and benefit all shareholders. In the light of such policy, the Directors do not propose a dividend.

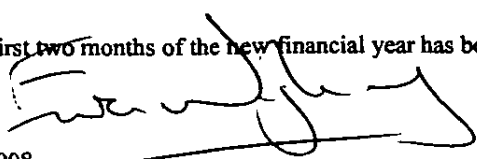
Directors and Employees

On behalf of shareholders, I would like to thank the management and staff of Hemmers-Itex for their efforts during a year which saw further change.

Outlook

Trading in the first two months of the new financial year has been steady.

Ewen Wigley
Chairman,
15 December 2008



Operating and financial review

Effect of International Reporting Standards

The Group is required to adopt as its accounting basis for the year ended 30 September 2008 International Financial Reporting Standards, incorporating International Accounting Standards (IAS) and Interpretations (collectively IFRS) as endorsed by the European Union. This annual report is therefore the first to include financial statements produced under IFRS.

The adoption of IFRS has required the Group to restate its results for the year ended 30 September 2007 and to restate the balance sheets as at 30 September 2007 and at 1 October 2006, which was the date of transition. Details of the transition to IFRS are shown in note 28 to these financial statements.

Group Result

Group revenue increased in the year by 25.4% to £21,974,000 (2007: £17,523,000). Of this increase, £1,697,000 is caused by translating 2008 revenue at a weaker Sterling exchange rate and £2,754,000 reflects increased revenue of 14.3% in Euro terms.

Profit before tax was £522,000 (2007: £830,000). The principal cause of the profit reduction is the impairment provision of £231,000 that has been made against available-for-sale investments, while pre-tax profit in Hemmers-Itex fell by 19.9% to £586,000 (2007: £732,000).

The tax charge in the year was £73,000 (2007: £245,000), and earnings per share were 1.4 pence (2007: 1.7 pence).

Hemmers-Itex

This German-based subsidiary is engaged in the import, warehousing and wholesaling of fabrics. In the year, fabric sales grew by 10% to 12.6 million linear metres. Although market conditions remained difficult in the year for our retail customers, Hemmers obtained further increases in sales to the ready-made manufacturing sector and overall revenue increased by 14.3% to €28.7 million (2007: €25.1 million).

Gross margin was 23.5%, fractionally ahead of the 23.4% achieved last year. Profit before tax was £586,000 (2007: £732,000) and this reduction reflected difficult trading conditions in the retail sector together with the costs of creating a larger infrastructure, including the establishment of a subsidiary in China, to support further sales growth in future years.

Holding Companies' Costs

The table below illustrates the continuing downward trend in holding companies' costs:

	2008	2007	2006	2005	2004
	£000	£000	£000	£000	£000
Holding companies' costs	225	242	262	373	545
Exchange (gain)/loss	(64)	(13)	9	2	56
Net operating expense	161	229	271	375	601
Finance income	(328)	(327)	(281)	(140)	(179)
	(167)	(98)	(10)	235	422
Impairment of available-for-sale investments	231	-	-	-	-
Exceptional items	-	-	-	(135)	1,431
Net costs/(income) before tax of holding companies (note 7)	64	(98)	(10)	100	1,853

Available-for-sale investments.

During the year the Group acquired approximately 1% of European Equity Tranche Income Limited ("EETI"), and approximately 29% of Dawson International ("Dawson"), both of which companies are listed on AIM. EETI has been severely affected by the recent turmoil in financial markets, and a provision of £231,000 has been made against the cost of this investment on the grounds that the directors consider there has been a significant and prolonged decline in its fair value. The directors believe that the current share price of Dawson does not reflect its long-term value.

Operating and financial review (continued)

Textile Manufacturing

The withdrawal from textile manufacture is now complete, with very few issues remaining outstanding. The Langholm Dyeing business (Langholm) was sold to its management in February 2002, and the Group remains entitled to participate to a maximum of £375,000 in the proceeds of any onward sale completed before December 2008. However, administrators were appointed at Langholm in July 2008, and the directors have discounted any possibility of further receipts.

The Group owns the freehold title to a plot of land of approximately 5 acres adjacent to the site of the former Scott & Rhodes factory in Yeadon, and in February 2007 Leeds City Council resolved to register this land as a town or village green. The Directors are seeking a judicial review of that decision, and expect the case to be heard early in 2009. Meanwhile, the directors are of the opinion that, in its current use, the value of the land is negligible.

Fixed Assets

Capital additions in the year amounted to £1,812,000 (2007: £155,000). Tangible fixed assets in the Balance Sheet amount to £2,053,000 (2007: £308,000).

A project to enlarge the Hemmers facility was approved in September 2007, and was substantially completed in April 2008 to time and within budget. There remain final amounts to be paid in the current year of approximately £240,000 relating to the completion of this project.

Working Capital

Working capital increased during the year by £2,261,000 (2007: £652,000). This increase comprises growth in inventories of £684,000 and growth in trade and other receivables of £1,701,000, both attributable to sales growth, and was mitigated by an increase in trade and other payables of £124,000.

Debt Profile

The funding policy of the Group continues to be to match its funding requirement in trading subsidiaries in a cost-effective fashion with an appropriate combination of short and longer-term debt. As part of this strategy, the new warehouse in Germany has been financed by a 20-year loan at fixed interest of 5.1%. The Group's net indebtedness at 30 September 2008 can be analysed as follows:

	Holding Companies £000	Hemmers- Itex £000	Total Group £000
Cash	2,366	120	2,486
Overdrafts	(19)	(100)	(119)
Total on demand	2,347	20	2,367
Fixed rate loans due within one year	-	(4,125)	(4,125)
Fixed rate loans due after more than one year	-	(1,977)	(1,977)
Net cash balances/(indebtedness)	2,347	(6,082)	(3,735)

Bank debt in the subsidiaries is secured by charges on inventories, receivables and property and is without recourse to the parent company.



Ewen Wigley
Chairman
15 December 2008

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 30 September 2008.

Principal activities

During the year, the Group's principal trading subsidiary was Hemmers-Itex Textil Import Export GmbH, a German based business that imports fabric, chiefly from the Far East, for sale and distribution throughout Europe.

Business review

The Companies Act 1985 requires the directors to set out in this report a fair review of the business of the Group during the financial year ended 30 September 2008, including an analysis of the position of the Group at the end of the financial year and a description of the principal risks and uncertainties facing the Group (known as the "Business Review"). The information that fulfils the Business Review requirements can be found in the Chairman's Statement on page 5, and the Operating and Financial Review on pages 6 and 7. This information includes a discussion of the Key Performance Indicators used by the directors to monitor the business which are:

- revenue
- gross profit margin
- fabric sales volumes, measured in linear metres
- operating overheads and central costs
- profit before tax
- profit after tax
- earnings per share
- working capital levels
- borrowing requirements

Principal risks and uncertainties

The market for fabric in Europe remains highly competitive. The risks of operating in this market are identified in note 3 to the accounts, which also deals with the way in which the directors manage those risks. This includes the use of financial instruments, details of which are set out in note 18.

Dividends

The directors do not recommend the payment of a dividend.

Major shareholdings

The Company is aware of the following shareholders having 3% or more of the issued share capital at 15 December 2008:

	% of issued share capital	% of issued share capital excluding shares held in treasury
Mr Johan Claesson and associates	24.1	26.8
Mr Peter Gyllenhammar and associates	20.3	22.6

Employees

Regular contact between senior management and employee representatives is maintained in order to keep employees informed of the ongoing situation and future prospects. It is the Group's policy to employ disabled persons if they are able to fill the relevant position satisfactorily and to continue to employ persons who become disabled while in the Group's employment where possible. No discrimination is made in the training, career development and promotion of disabled people.

Directors' and officers liability insurance

The Group maintains directors' and officers' liability insurance that gives appropriate cover for any legal actions brought against its directors or senior managers.

Directors and directors' interests

The directors who held office during the year were Mr Ewen Wigley, Mr Johann Claesson, and Mr Peter Gyllenhammar.

The director retiring by rotation is Ewen Wigley who, being eligible, offers himself for re-election at the forthcoming Annual General Meeting.

Directors' Report (continued)

The directors who held office at the end of the financial year had the following interests in the ordinary shares of the Company:

	Number of shares			
	Interest at end of year		Interest at beginning of year	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
Johan Claesson	7,978,050	-	7,978,050	-
Peter Gyllenhammar	6,732,499	-	6,732,499	-
Ewen Wigley	-	-	-	-

There are no outstanding share options granted to directors or employees of the Company.

No changes in directors' share interests or share options have taken place between the end of the financial year and 15 December 2008.

The market value of Leeds Group shares between 1 October 2007 and 30 September 2008 ranged between 21.5p and 16.5p. The average market value for the year was 18.58p, and at 30 September 2008 the market value was 16.75p.

Political and charitable contributions

The Group made no political contributions during the year (2007: £nil). Donations to UK charities amounted to £nil (2007: £400).

Creditor payment policy

It is Group policy to agree the terms of payment with suppliers when agreeing each transaction and to abide by the terms of payment. At 30 September 2008, the amount of trade creditors shown in the consolidated balance sheet represents 14 days (2007: 16 days) while trade creditors shown in the Company balance sheet represents 2 days (2007: 8 days).

Going Concern

After making enquiries, and notwithstanding the uncertainties that currently surround the banking sector and the present downturn in the global economy, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason they have adopted the going concern basis in preparing the financial statements.

Statement by the directors on corporate governance

The Company moved to the Alternative Investment Market on 3 March 2002, and therefore is not bound by the Combined Code on Corporate Governance issued in 2003. The Company does, however, seek to comply with those provisions of the Code that it considers appropriate to its current strategy and size.

For many years an audit committee and a remuneration committee had been formally constituted as sub-committees of the main Board, both with written terms of reference. These committees comprised the Group non-executive Chairman and the two non-executive directors. Since these people now constitute the entire Board, matters previously dealt with by these sub-committees are now dealt with by the Board as a whole.

Statement of directors' responsibilities

Directors' responsibilities

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group, for safeguarding the assets of the company, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' Report which complies with the requirements of the Companies Act 1985.

The directors are responsible for preparing the annual report and the financial statements in accordance with the Companies Act 1985. The directors are also required to prepare financial statements for the group in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) and the rules of the London Stock Exchange for companies trading securities on the Alternative

Directors' Report (continued)

Investment Market. The directors have chosen to prepare financial statements for the company in accordance with UK Generally Accepted Accounting Practice.

Group financial statements

International Accounting Standard 1 requires that financial statements present fairly for each financial year the group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRS. A fair presentation also requires the Directors to:

- consistently select and apply appropriate accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

Parent company financial statements

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

Financial statements are published on the group's website (www.leedsgroup.plc.uk) in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the group's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Auditors

All of the current directors have taken all the steps necessary to make themselves aware of any information needed by the Group's auditors for the purpose of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

In accordance with Section 385 of the Companies Act 1985, Resolution 4 is to be proposed at the forthcoming annual general meeting for the re-appointment of BDO Stoy Hayward LLP as auditors of the Company to hold office from the conclusion of the meeting until the conclusion of the next annual general meeting of the Company at which the accounts are laid.

By Order of the Board

Malcolm Wilson
Company Secretary
15 December 2008



Schofield House
Gateway Drive
Yeadon, Leeds
LS19 7XY

Independent Auditor's Report to the Shareholders of Leeds Group plc

Independent auditor's report to the shareholders of Leeds Group plc

We have audited the Group and parent company financial statements (the "financial statements") of Leeds Group plc for the year ended 30 September 2008 which comprise the Consolidated Income Statement, the Consolidated and the Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Recognised Income and Expense and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union, and for preparing the parent company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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

We read the chairman's statement, the operating and financial review and the directors' report and consider the implications for our report if we become aware of any apparent misstatements within them.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and company's circumstances, consistently applied and adequately disclosed.

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

Independent Auditor's Report to the Shareholders of Leeds Group plc (continued)

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union, of the state of the Group's affairs as at 30 September 2008 and of its profit for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 30 September 2008;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

BDO Stoy Hayward LLP
Chartered Accountants and Registered Auditors
1 Bridgewater Place, Water Lane, Leeds, LS11 5RU
15 December 2008

A handwritten signature in black ink, appearing to read 'BDO Stoy Hayward LLP', is written over the printed name of the firm.

Consolidated Income Statement
for the year ended 30 September 2008

	Note	2008 £000	2007 £000
Revenue	4	21,974	17,523
Cost of sales		(16,819)	(13,418)
Gross profit		5,155	4,105
Distribution costs		(1,615)	(1,096)
Administrative expenses		(3,015)	(2,296)
Profit from operations		525	713
Finance expense	8	(219)	(121)
Finance income	8	216	238
Profit before tax		522	830
Tax expense	9	(73)	(245)
Profit for the year, attributable to the equity holders of the parent	23	449	585

Earnings per share for profit attributable to the equity holders of the company

	Note	2008	2007
Basic and diluted (pence)	10	1.4p	1.7p

Consolidated Statement of Recognised Income and Expense
for the year ended 30 September 2008

		2008 £000	2007 £000
Translation differences on foreign operations	23	898	167
Unrealised gains taken to available-for-sale reserve	23	74	-
Net income recognised directly in equity		972	167
Profit for the financial year	23	449	585
Total recognised income and expense for the year		1,421	752

The results shown in the income statement derive wholly from continuing operations.

The notes on pages 16 to 41 form part of these financial statements.

Consolidated Balance Sheet
at 30 September 2008

	Note	2008 £000	2007 £000
Assets			
<i>Non-current assets</i>			
Property, plant and equipment	12	2,053	308
Intangible assets	13	883	779
Available-for-sale investments	14	1,100	-
Total non-current assets		4,036	1,087
<i>Current assets</i>			
Inventories	16	6,573	5,172
Trade and other receivables	17	6,662	4,344
Corporation tax recoverable		125	-
Derivative financial assets	18	28	-
Cash available on demand	19	2,486	4,764
Total current assets		15,874	14,280
Total assets		19,910	15,367
Liabilities			
<i>Non-current liabilities</i>			
Loans and borrowings	21	(1,977)	(1,569)
Total non-current liabilities		(1,977)	(1,569)
<i>Current liabilities</i>			
Trade and other payables	20	(1,676)	(1,320)
Loans and borrowings	21	(4,244)	(1,535)
Corporation tax liability		-	(25)
Derivative financial liabilities	18	-	(26)
Total current liabilities		(5,920)	(2,906)
Total liabilities		(7,897)	(4,475)
TOTAL NET ASSETS		12,013	10,892
Capital and reserves attributable to equity holders of the company			
Share capital	22	3,972	4,188
Capital redemption reserve	23	420	204
Treasury share reserve	23	(667)	(766)
Available-for-sale reserve	23	74	-
Foreign exchange reserve	23	1,065	167
Retained earnings	23	7,149	7,099
TOTAL EQUITY		12,013	10,892

The financial statements on pages 13 to 41 were approved and authorised for issue by the board of directors on 15 December 2008 and were signed on behalf of the board by:-

Ewen Wigley
Chairman

The notes on pages 16 to 41 form part of these financial statements.

Consolidated Cash Flow Statement
for the year ended 30 September 2008

	Note	2008 £000	2007 £000
Cash flows from operating activities			
Profit for the period		449	585
<i>Adjustments for:</i>			
Depreciation		161	94
Impairment of available-for-sale investment		231	-
Foreign exchange (gain)/loss		(54)	26
Translation gain/(loss) on cash and cash equivalents		67	(6)
Finance expense		219	121
Finance income		(216)	(238)
Gain on sale of property, plant and equipment		(2)	(7)
Income tax expense		73	245
Cash flows from operating activities before changes in working capital and provisions			
		928	820
Increase in inventories		(684)	(490)
Increase in trade and other receivables		(1,701)	(241)
Increase in trade and other payables		124	79
Cash generated from operating activities			
Income taxes paid		(222)	(482)
Net cash flows from operating activities			
		(1,555)	(314)
Investing activities			
Purchase of property, plant and equipment		(1,812)	(155)
Sale of property, plant and equipment		5	12
Purchase of available-for-sale investments		(1,257)	-
Dividend from available-for-sale investment		21	-
Bank interest received		195	238
Net cash used in investing activities			
		(2,848)	95
Financing activities			
Purchase of treasury shares		(300)	(735)
Proceeds from bank borrowings		4,201	3,034
Repayment of bank borrowings		(1,606)	(1,743)
Bank interest paid		(219)	(121)
Net cash used in financing activities			
		2,076	435
Net (decrease)/increase in cash and cash equivalents	19	(2,327)	216
Cash and cash equivalents at beginning of the period	19	4,694	4,478
Cash and cash equivalents at end of the period	19	2,367	4,694

The notes on pages 16 to 41 form part of these financial statements.

Notes

forming part of the financial statements for the year ended 30 September 2008

1 Accounting policies

Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB) as adopted by European Union ("adopted IFRS").

Changes in accounting policies

Standards, amendments and interpretations to published standards not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 October 2008 or later and which the Group has decided not to adopt early. Those that are potentially relevant to the Group are:

- *IFRS 8, Operating Segments* (effective for accounting periods beginning on or after 1 January 2009). This standard sets out requirements for the disclosure of information about the Group's operating segments and also about the Group's products and services, the geographical areas in which it operates, and its major customers. It replaces IAS 14, Segmental Reporting. The Group expects to apply this standard in the accounting period beginning on 1 October 2009. As this is a disclosure standard it will not have any impact on the results or net assets of the Group.

- *IAS 23, Borrowing Costs (revised)* (effective for accounting periods beginning on or after 1 January 2009). The revised IAS 23 is still to be endorsed by the EU. The main change from the previous version is the removal of the option of immediately recognising as an expense borrowing costs that relate to qualifying assets, broadly being assets that take a substantial period of time to get ready for use or sale. The Group is currently assessing its impact on the financial statements.

- *IAS 1, Presentation of Financial Statements (revised)* (effective for accounting periods beginning on or after 1 January 2009). This amendment affects the presentation of owner changes in equity and of comprehensive income. The Group will be required to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). The standard does not change the recognition, measurement or disclosure of specific transactions and other events required by other IFRS.

- *Improvements to IFRS* (effective for accounting periods beginning on or after 1 January 2009). This amendment takes various forms, including the clarification of the requirements of IFRS and the elimination of inconsistencies between Standards. The Group is currently assessing its impact on the financial statements.

The following standards, amendments and interpretations to existing standards published but not yet effective are not expected at this stage to be relevant to the Group or result in any future accounting policy changes.

IFRS 3 Business Combinations (revised), IAS 27 Consolidated and Separate Financial Statements (revised) and IAS 39 Financial Instruments: Recognition and Measurement: Eligible Hedged Items effective for accounting periods on or after 1 July 2009.

IFRIC 12 Service Concession Arrangements and IFRIC 14, IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction effective for accounting periods on or after 1 January 2008.

IFRIC 13, Customer Loyalty Programmes effective for accounting periods on or after 1 July 2008.

Notes

forming part of the financial statements for the year ended 30 September 2008

1 Accounting policies (continued)

IFRIC 15, Agreements for the Construction of Real Estate IFRS 2, Share-based Payment: Vesting Conditions and Cancellations (revised), IAS 32 and IAS 1, Puttable Financial Instruments and Obligations Arising on Liquidation (revised), IFRS 1 and IAS 27, Cost of an Investment in a subsidiary, jointly-controlled entity or associate (revised) effective for accounting periods on or after 1 January 2009.

IFRIC 16, Hedges of a Net Investment in a Foreign Operation effective for accounting periods on or after 1 October 2008.

Revenue

Revenue is shown in the income statement net of VAT and returns, and is receivable by the Group in the ordinary course of its business for the sale of fabric and the provision of purchasing services to external customers. Revenue on sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred, which is typically upon delivery of goods to the customer. Revenue on the provision of services is recognised on performance of the related service.

Basis of consolidation

Where the company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Inter-company transactions and balances between Group companies are therefore eliminated in full.

Business combinations

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the consolidated balance sheet, the acquired entity's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated income statement from the date on which control is obtained.

The subsidiaries of Leeds Group plc are listed in note 15 to the financial statements. All of these entities were acquired prior to 1 October 2006, the date of transition to IFRS. No restatement has been made in the financial statements in respect of those business combinations as permitted by IFRS 1.

Goodwill

Goodwill represents the excess of the cost of a business combination over the interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair values of assets given, liabilities assumed and equity instruments issued, plus any direct costs of acquisition.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated income statement. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated income statement on the acquisition date.

At 1 October 2006, the date of transition to IFRS, the carrying amount of goodwill under UK GAAP was tested for impairment and based on the conditions existing at the transition date no impairment was identified. Thus, the carrying amount of goodwill in the Group's IFRS opening balance sheet was equal to the carrying amount of goodwill under UK GAAP. From 1 October 2006 the Group discontinued the amortisation of goodwill and implemented annual impairment tests for goodwill.

Impairment of non-financial assets (excluding inventories, investment properties and deferred tax assets)

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year-end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Notes

forming part of the financial statements for the year ended 30 September 2008

1 Accounting policies (continued)

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (i.e. the lowest Group of assets in which the asset belongs for which there are separately identifiable cash flows). Goodwill is allocated on initial recognition to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination giving rise to the goodwill.

Impairment charges are included in the administrative expenses line item in the consolidated income statement, except to the extent they reverse gains previously recognised in the consolidated statement of recognised income and expense. An impairment loss recognised for goodwill is not reversed.

Foreign currency

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the consolidated income statement.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the balance sheet date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised directly in equity (the "foreign exchange reserve").

Exchange differences recognised in the income statement of Group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are reclassified to the foreign exchange reserve on consolidation.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the consolidated income statement as part of the profit or loss on disposal.

The Group has used an exemption available under IFRS 1, "First time adoption of International Financial Reporting Standards", under which cumulative translation differences for all foreign operations were deemed to be zero at 1 October 2006, the date of transition to IFRS. Any gain or loss on the subsequent disposal of those foreign operations would exclude translation differences that arose before 1 October 2006 and would include only subsequent translation differences.

Segment reporting

A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a Group of related products or services and that is subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of an enterprise that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

Financial assets

The Group classifies its financial assets into one of the three categories discussed below, depending on the purpose for which the asset was acquired. The Group has not classified any of its financial assets as held to maturity.

Other than financial assets in a qualifying hedging relationship, the Group's accounting policy for each category is as follows:

- (i) **Fair value through profit or loss:** This category comprises only in-the money derivatives (see financial liabilities section for out-of-the-money derivatives). They are carried in the balance sheet at fair value with changes in fair value recognised in the consolidated income statement in the cost of sales line. Other than these derivative financial instruments, the Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Notes

forming part of the financial statements for the year ended 30 September 2008

1 Accounting policies (continued)

(ii) **Loans and receivables:** The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet. These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest rate less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counter-party or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, and bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the balance sheet.

(iii) **Available-for-sale:** Non-derivative financial assets not included in the above categories are classified as available-for-sale and comprise principally the Group's strategic investments in entities not qualifying as subsidiaries, associates or jointly controlled entities. They are carried at fair value with changes in fair value recognised directly in a separate component of equity (available-for-sale reserve). Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously charged to equity, is recognised in the income statement. On sale, the amount held in the available-for-sale reserve associated with that asset is removed from equity and recognised in the income statement.

The Group does not engage in hedge accounting.

Financial liabilities

The Group classifies its financial liabilities into one of the two categories below, depending on the purpose for which the liability was incurred. The Group's accounting policy for each category is as follows:

(i) **Fair value through profit or loss:** This category comprises only out-of-the-money derivatives (see financial assets for in the money derivatives). They are carried in the balance sheet at fair value with changes in fair value recognised in the consolidated income statement in the cost of sales line. Other than these derivative financial instruments, the Group does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

(ii) **Other financial liabilities:** Other financial liabilities include the following items, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method:

- Bank borrowings
- Trade payables.

Notes

forming part of the financial statements for the year ended 30 September 2008

1 Accounting policies (continued)

Share capital

The Group's ordinary shares are classified as equity instruments.

Retirement benefits

The Group operates no defined benefit pension schemes. The Group operates a defined contribution pension scheme for its UK employees, and contributions are charged to the consolidated income statement in the year to which they relate. The Group does not operate pension schemes in either Germany or Holland where pension arrangements are provided by the state.

Leased assets

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Group (an "operating lease"), the total rentals payable under the lease are charged to the consolidated income statement on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs from its tax base, except for differences arising on:

- The initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Group company; or
- different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Dividends

Interim dividends are recognised when paid and final dividends are recognised when approved by the shareholders at the AGM.

Property, plant and equipment

Other than freehold land, all items of property, plant and equipment are carried at depreciated cost.

Freehold land is not depreciated. Depreciation is provided on all other items of property, plant and equipment is to write off the carrying value of items evenly over their expected useful economic lives as follows:

Freehold buildings	50 years
Leasehold improvements	8 years
Plant and machinery	5 – 15 years
Motor vehicles	6 years

Notes

forming part of the financial statements for the year ended 30 September 2008

1 Accounting policies (continued)

Treasury shares

Consideration paid/(received) for the purchase/(sale) of treasury shares is recognised directly in equity. The cost of treasury shares held is presented as a separate component of equity (the "treasury share reserve"). Any excess of the consideration received on the sale of treasury shares over the weighted average cost of the shares sold is credited to the share premium account.

Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Weighted average cost is used to determine the cost of ordinarily interchangeable items.

Government grants

Government grants received on capital expenditure are generally deducted in arriving at the carrying amount of the asset purchased. Grants for revenue expenditure are netted against the cost incurred by the Group. Where retention of a government grant is dependent on the Group satisfying certain criteria, it is initially recognised as deferred income. When the criteria for retention have been satisfied, the deferred income balance is released to the consolidated income statement or netted against the asset purchased.

Provisions

Provisions are recognised for liabilities of uncertain timing or amount that have arisen as a result of past transactions and are discounted at a pre-tax rate reflecting current market assessments of the time value of money and the risks specific to the liability.

Where the buyer has the right to return the goods the Group estimates the return rate based on past experience with similar sales and recognises revenue on this transaction with a corresponding provision against revenue for estimated returns.

2 Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. 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.

(i) Impairment of goodwill

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. Actual outcomes may vary.

(ii) Useful lives of property, plant and equipment

Property, plant and equipment are depreciated over their useful lives. Useful lives are based on the management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the consolidated income statement in specific periods.

(iii) Fair value of financial instruments

Financial instruments included in the Group's assets comprise predominantly trade receivables. The management team of Hemmers-Itex manages the credit risk in its customer base by taking credit references before dealing with new customers, by closely monitoring customer payments against agreed terms, and by taking credit risk insurance wherever possible. Customers that are graded as "high risk" are placed on a restricted customer list, and future sales are made on a prepayment basis with approval of the Hemmers-Itex managing director. The main board directors review the Hemmers-Itex debtor profile on a quarterly basis.

Notes

forming part of the financial statements for the year ended 30 September 2008

2 Critical accounting estimates and judgements (continued)

(iv) Inventory

The company reviews the net realisable value of, and demand for, its inventory on a regular basis to provide assurance that recorded inventory is stated at the lower of cost or net realisable value. Factors that could impact estimated demand and selling prices include competitor actions, supplier prices and economic trends. If actual inventory losses differ by 1% from the provision established by management, the Group's consolidated net income in the year ended 30 September 2007 would have improved or declined by an estimated £3,500, depending upon whether the actual inventory losses were lower or higher than the provision.

(v) Classification of available-for-sale investments

During the year ended 30 September 2008 the Group acquired a stake of 28.8% in the ordinary share capital of Dawson International PLC as described in note 14. This holding has not been accounted for as an associate undertaking on an equity basis as the group does not have day-to-day involvement, nor the power to participate in the operating and financial policies of Dawson International PLC. On this basis, the directors consider that it is appropriate to classify the investment on an available-for-sale basis, the accounting treatment for which is set out in note 1.

3 Financial instruments - Risk Management

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Market risk in the form of: -
 - Fair value or cash flow interest rate risk
 - Foreign exchange risk
 - Other market price risk
- Liquidity risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash at bank
- Bank overdrafts
- Investments in quoted and unquoted equity securities (UK or overseas)
- Trade and other payables
- Floating-rate bank loans
- Fixed rate bank loans
- Forward currency contracts.

General objectives, policies and processes

The directors have overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, they have delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Hemmers-Itex management team and, to the limited extent that risk arises in the UK, to the company secretary. The Board receives monthly reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

Notes

forming part of the financial statements for the year ended 30 September 2008

Financial instruments - Risk Management (continued)

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices.

A credit policy has been established under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from senior management. These limits are reviewed quarterly. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group on a prepayment basis.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted.

The Group does not enter into derivatives to manage credit risk, but does take credit risk insurance wherever it is available.

The directors monitor the utilisation of the credit limits regularly and at the reporting date do not expect losses from non-performance by the counterparties to exceed amounts that have been provided. Details of the provisions held against trade receivables are given in note 17.

Market risk

Market risk arises from the Group's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

(i) Fair value and cash flow interest rate risk

The Group manages its cash flow interest rate risk by borrowing at fixed interest rates wherever possible. Working capital is financed by short or medium term bank debt at fixed rates, leaving a small residual overdraft at variable rates.

The borrowings of overseas subsidiaries are denominated in Euros, their functional currency, in order to avoid those subsidiaries being exposed to unnecessary foreign exchange risk. By reducing the Group's net assets denominated in Euros, this also serves as a partial hedge against differences arising on the re-translation of the opening balance sheet of these subsidiaries. Bank borrowings or cash deposits of the parent company are denominated in Sterling.

(ii) Foreign exchange risk

Foreign exchange risk arises because the Group has European operations located in Germany and Holland whose functional currency is the Euro. The Group's net assets arising from such overseas operations are exposed to currency risk resulting in gains or losses on retranslation into sterling. The Group does not hedge its net investments in overseas operations as the directors do not consider that the reduction in foreign currency exposure warrants the cash flow risk created from such hedging.

Foreign exchange risk also arises when individual Group entities enter into transactions denominated in a currency other than their functional currency. It is Group policy that such transactions should be commercially hedged locally by entering into forward contracts with reputable banks wherever appropriate.

The directors do not consider that the financial impact of sensitivities over the components of market risk are significant to the Group's operations.

Notes

forming part of the financial statements for the year ended 30 September 2008

3 Financial instruments - Risk Management (continued)

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due by maintaining cash balances and committed loan facilities. The Group also seeks to reduce liquidity risk by fixing interest rates (and hence cash flows) on a portion of its long-term borrowings. This is further discussed in the 'interest rate risk' section above.

Capital policy

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 a capital structure that that optimises 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, sell assets or reduce debts.

4 Revenue

	2008	2007
Revenue arises from :	£000	£000
Sale of goods	21,904	17,463
Provision of services	70	60
Total revenue	21,974	17,523
	2008	2007
Analysis of revenue by geographical destination	£000	£000
United Kingdom	732	490
Other EU	19,947	16,646
Non EU	1,295	387
Total revenue	21,974	17,523

5 Profit from operations

	2008	2007
Profit from operations is stated after charging/(crediting):	£000	£000
Auditors' fees		
<i>Statutory audit services</i>		
- Audit of the parent company and the consolidated accounts	20	15
- Audit of subsidiary companies	23	24
<i>Non-audit related services</i>		
- Tax compliance and VAT services	15	4
- Advice on the liquidation of dormant subsidiaries	12	-
Total auditor's fees	70	43
Staff costs	2,782	2,145
Depreciation of property, plant and equipment	161	94
Impairment of available-for-sale investments	231	-
Foreign exchange differences	(54)	26
Operating lease expense		
- Plant and machinery	76	50
- Property	267	207
(Write-back)/write-down of inventory to net realisable value	(51)	70
Profit on disposal of property, plant and equipment	(2)	(7)

Notes

forming part of the financial statements for the year ended 30 September 2008

6 Staff costs

The average number of persons employed in the year by the Group (including directors) was 114 (2007: 94).

	2008 £000	2007 £000
Staff costs, including directors, comprise		
Wages, salaries and director's fees	2,373	1,834
Defined contribution pension cost	212	153
Employer's national insurance contributions and similar taxes	197	158
Total staff costs	2,782	2,145

Directors' emoluments comprise exclusively directors' fees, as below	2008 £000	2007 £000
Mr J Claesson	10	10
Mr P Gyllenhammar	10	6
Mrs V Murria	-	14
Mr E Wigley	25	18
Total directors' emoluments	45	48

Mrs V Murria resigned as chairman and as a director on 8 March 2007, and on the same day Mr E Wigley succeeded her as chairman, and Mr P Gyllenhammar was appointed as a director.

Outstanding share options granted to employees or directors at 30 September 2008 were nil (2007: nil).

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, and comprise the directors of the Group listed on page 3 and the directors of Hemmers-Itex Textil Import Export GmbH listed on page 4.

	2008 £000	2007 £000
Salary	299	273
Bonuses	26	41
Defined contribution pension cost	6	6
Total directors' and key management personnel remuneration	331	320

7 Segmental information

During the year, the Group's operations in Germany, Holland and China were engaged in the import and distribution of fabric. The Group's head office incurs unallocated central costs and is located in the UK.

The net assets of Hemmers-Itex presented below are predominantly held in the European Union while the net assets of Holding Companies are held predominantly in the UK.

The following tables set out a segmental analysis of the Group's operations.

Notes

forming part of the financial statements for the year ended 30 September 2008

7 Segmental information (continued)

	Hemmers- Itex 2008 £000	Holding Companies 2008 £000	Group Total 2008 £000	Hemmers- Itex 2007 £000	Holding Companies 2007 £000	Group Total 2007 £000
Revenue	21,974	-	21,974	17,523	-	17,523
Cost of sales	(16,819)	-	(16,819)	(13,418)	-	(13,418)
Gross profit	5,155	-	5,155	4,105	-	4,105
Distribution expenses	(1,615)	-	(1,615)	(1,096)	-	(1,096)
Administrative expenses	(2,623)	(161)	(2,784)	(2,067)	(229)	(2,296)
Impairment of available -for-sale investment	-	(231)	(231)	-	-	-
Profit from operations	917	(392)	525	942	(229)	713
Finance expense	(219)	-	(219)	(121)	-	(121)
Finance income	-	216	216	-	238	238
Internal interest	(112)	112	-	(89)	89	-
Profit before taxation	586	(64)	522	732	98	830
Tax credit/(expense)	(77)	4	(73)	(242)	(3)	(245)
Profit for the year	509	(60)	449	490	95	585

	Hemmers- Itex 2008 £000	Holding Companies 2008 £000	Group Total 2008 £000	Hemmers- Itex 2007 £000	Holding Companies 2007 £000	Group Total 2007 £000
Property, plant & equip.	2,053	-	2,053	307	1	308
Intangible fixed assets	883	-	883	779	-	779
Available-for-sale investments	-	1,100	1,100	-	-	-
Current assets	13,476	2,398	15,874	10,256	4,024	14,280
Total assets	16,412	3,498	19,910	11,342	4,025	15,367
Non-current liabilities	(1,977)	-	(1,977)	(1,569)	-	(1,569)
Current liabilities	(5,804)	(116)	(5,920)	(2,693)	(213)	(2,906)
Total liabilities	(7,781)	(116)	(7,897)	(4,262)	(213)	(4,475)
Net assets	8,631	3,382	12,013	7,080	3,812	10,892
Internal (creditor)/debtor	(1,752)	1,752	-	(1,478)	1,478	-
Net assets	6,879	5,134	12,013	5,602	5,290	10,892

	Hemmers- Itex 2008 £000	Holding Companies 2008 £000	Group Total 2008 £000	Hemmers- Itex 2007 £000	Holding Companies 2007 £000	Group Total 2007 £000
Other information						
Capital expenditure	1,812	-	1,812	155	-	155
Depreciation	160	1	161	93	1	94

Notes

forming part of the financial statements for the year ended 30 September 2008

8 Finance income and expense

	2008 £000	2008 £000	2007 £000	2007 £000
Finance income				
Dividend from available-for-sale investment	21		-	
Interest received on bank deposits	195		238	
		216		238
Finance expense				
Interest paid on bank overdrafts and loans		(219)		(121)
Net finance (expense)/income recognised in income statement		(3)		117

9 Tax expense

	2008 £000	2007 £000
Current tax expense		
UK corporation tax and income tax of overseas operations on profits for the year	77	245
Adjustments for under/(over) provision in prior periods	(4)	-
Total current tax expense	73	245
Deferred tax expense	-	-
Total tax expense	73	245

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the UK applied to profits for the year are as follows:

	2008 £000	2007 £000
Profit on ordinary activities before taxation	522	830
Expected tax charge based on the standard rate of corporation tax in the UK of 28% (2007: 30%)	146	249
Expenses not deductible for tax purposes	17	5
Income not subject to tax	(60)	(42)
Unrelieved losses	50	-
Utilisation of previously unrecognised tax losses	(71)	(13)
Recovery of tax paid in previous years	(4)	-
Different tax rates applied in overseas jurisdictions	(5)	46
Total tax expense (see above)	73	245

The Group has capital losses carried forward of £11,830,000 in the UK and unrelieved trading losses of £173,000 (UK) and £1,397,000 (Holland). No recognition has been made of deferred tax assets in respect of these losses carried forward as the directors believe it unlikely that there will be suitable profits to reverse these timing differences in the foreseeable future.

Notes

forming part of the financial statements for the year ended 30 September 2008

10 Earnings per share

	2008	2007
Numerator		
Profit for the year from continuing operations, being earnings used in basic and diluted EPS	£449,000	£585,000
Denominator		
Weighted average number of shares used in basic and diluted EPS (excluding treasury shares)	31,050,281	33,977,903
Basic and diluted EPS	1.4 p	1.7 p

11 Dividend

The directors have not proposed a dividend in respect of the years ended 30 September 2008 and 30 September 2007.

12 Property, plant and equipment

	Land and buildings £000	Plant and machinery £000	Total £000
Cost			
Balance at 1 October 2006	102	887	989
Additions	-	155	155
Disposals	-	(70)	(70)
Effect of movements in foreign exchange rates	3	25	28
Balance at 30 September 2007	105	997	1,102
Additions	1,594	218	1,812
Disposals	-	(356)	(356)
Effect of movements in foreign exchange rates	69	129	198
Balance at 30 September 2008	1,768	988	2,756
	Land and buildings £000	Plant and machinery £000	Total £000
Accumulated depreciation			
Balance at 1 October 2006	71	673	744
Depreciation charge for the year	9	85	94
Disposals	-	(65)	(65)
Effect of movements in foreign exchange rates	2	19	21
Balance at 30 September 2007	82	712	794
Depreciation charge for the year	34	127	161
Disposals	-	(353)	(353)
Effect of movements in foreign exchange rates	11	90	101
Balance at 30 September 2008	127	576	703
Net book amount			
At 1 October 2006	31	214	245
At 30 September 2007	23	285	308
At 30 September 2008	1,641	412	2,053

Notes

forming part of the financial statements for the year ended 30 September 2008

12 Property, plant and equipment (continued)

Bank borrowings are secured on the inventories, trade receivables and freehold land and buildings of Hemmers-Itex Textil Import Export GmbH.

13 Intangible assets

	Goodwill £000
Balance at 1 October 2006	757
Effect of movements in foreign exchange rates	22
Balance at 30 September 2007	779
Effect of movements in foreign exchange rates	104
Balance at 30 September 2008	883

14 Available-for-sale investments

	2008 £000	2007 £000
At 1 October 2007	-	-
Additions	1,257	-
Impairment charges to income statement	(231)	-
Unrealised gain transferred to equity (note 23)	74	-
At 30 September 2008	1,100	-

Available-for-sale investments comprise the following holdings in AIM-listed companies:

- (i) a holding of 1,000,000 ordinary shares in European Equity Tranche Income Limited, representing approximately 1% of the total issued ordinary share capital of that company, and
- (ii) a holding of 64,750,000 ordinary shares in Dawson International PLC, representing approximately 28.8% of the total issued ordinary share capital of that company. This holding is not accounted for as an associated undertaking on an equity basis as the Group does not have the power to participate in the operating and financial policies of Dawson International PLC.

These investments are stated at the quoted share price on 30 September 2008. In the opinion of the directors, the carrying value of available-for-sale investments at 30 September 2008 approximates to their fair value.

The most recently published financial reports of Dawson International PLC disclose:

	6 months ended 28 June 2008 £000	Year ended 29 December 2007 £000
Aggregate amount of capital and reserves	18,922	20,523
Loss after tax for the period	1,639	1,832

A provision for impairment has been made against the Group's investment in European Equity Tranche Income Limited on the grounds that the directors consider that there has been a significant and prolonged decline in the fair value of this investment.

Notes

forming part of the financial statements for the year ended 30 September 2008

15 Subsidiaries

The subsidiaries of Leeds Group plc, all of which have been included in these consolidated statements, are as follows:

Name	Country of Incorporation	Proportion of ownership interest at 30 September	
		2008	2007
* Hemmers-Itex Textil Import Export GmbH.	Germany	100%	100%
* CLG Holding B.V.	Holland	100%	100%
** KMT Stoffe .	Germany	100%	100%
** Itex Brummen BV.	Holland	100%	100%
** Chinoh-Tex Ltd (established in year).	China	100%	-

* Wholly owned subsidiaries of Leeds Group plc.

** Wholly owned subsidiaries Hemmers-Itex Textil Import Export GmbH.

16 Inventories

	2008 £000	2007 £000
Finished goods and goods for resale	6,573	5,172

The amount of inventories recognised as an expense during the year was £14,618,000 (2007: £12,068,000).

17 Trade and other receivables

	2008 £000	2007 £000
Trade receivables	6,694	4,456
Less provision for impairment of trade receivables	(468)	(327)
Net trade receivables	6,226	4,129
Other receivables	337	102
Prepayments	99	113
Total trade and other receivables	6,662	4,344
Non-current portion	-	-
Current portion	6,662	4,344
	2008 £000	2007 £000
Total trade and other receivables	6,662	4,344
Cash and cash equivalents (note 19)	2,486	4,764
Total financial assets classified as loans and receivables	9,148	9,108

In the opinion of the directors, the book value of assets classified as loans and receivables approximates to their fair value.

As at 30 September 2008 £5,647,000 of trade receivables were not due for payment. Trade receivable accounts are monitored by management and provisions for bad and doubtful debts are raised where it is deemed appropriate.

As at 30 September 2008 trade receivables of £1,047,000 (2007: £486,000) were past due but not impaired. They relate to customers that have not been able to pay to agreed terms in what are difficult trading conditions but that the directors regard as good for their debts. In many cases these debts are covered by trade insurance. The ageing analysis of these receivables is as follows:

Notes

forming part of the financial statements for the year ended 30 September 2008

17 Trade and other receivables (continued)

	2008 £000	2007 £000
Up to 3 months overdue	869	431
Overdue by 3 to 6 months	137	24
Overdue by 6 to 12 months	41	18
Overdue by more than 12 months	-	13
Total trade receivables past due but not impaired	1,047	486

Concentrations of credit risk with respect to trade receivables are limited given that the Group's customer base is large and unrelated and, due to this, the directors believe there is no further credit risk provision required in excess of the normal provision for bad and doubtful receivables set out above.

As at 30 September 2008 trade receivables of £583,000 (2007: £367,000) were past due and impaired. The amount of the provision was £468,000 (2007: £327,000). These receivables relate to customers who have not been able to pay to agreed terms in what are difficult trading conditions. In determining the amount of the impairment, the directors have taken into account their knowledge of the customer base, the extent to which receivables relate to goods delivered on terms that include retention of title, and the extent to which credit insurance is in place. The ageing of these receivables is as follows:

	2008 £000	2007 £000
Up to 3 months overdue	64	18
Overdue by 3 to 6 months	133	31
Overdue by 6 to 12 months	75	10
Overdue by more than 12 months	311	308
Total trade receivables past due and impaired	583	367

The carrying values of the Group's trade and other receivables are denominated in the following currencies:

	2008 £000	2007 £000
Euro	6,220	4,147
US Dollar	319	79
Sterling	123	118
Total trade and other receivables	6,662	4,344

Movements on the Group provision for impairment of trade receivables are as follows:

	2008 £000	2007 £000
At 1 October	327	304
Effect of movements in foreign exchange rates	43	8
Provided during the year	112	84
Receivables written off during the year	(14)	(11)
Unused amounts reversed	-	(58)
At 30 September	468	327

The movement on the provision for impaired receivables has been included in the administrative expenses line in the income statement.

Other classes of financial assets included within trade and other receivables do not contain impaired assets.

Notes

forming part of the financial statements for the year ended 30 September 2008

17 Trade and other receivables (continued)

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable set out above.

18 Derivative financial instruments

Cash flow forward exchange contracts

Foreign exchange risk arises when individual Group operations enter into transactions denominated in a currency other than their functional currency. Where the risk to the Group is considered to be significant, the operation makes use of currency derivatives in order to provide an economic hedge over future transactions and cash flows. The Group does not, however, engage in hedge accounting.

The notional principal amounts of outstanding forward exchange contracts at 30 September 2008 were £1,091,000 (2007 £1,086,000).

At 30 September 2008, the market value for the currency derivatives used as economic cash flow hedges was as follows:

	Asset		Liability	
	2008 £000	2007 £000	2008 £000	2007 £000
Forward foreign exchange contracts	28	-	-	26

An analysis of currency derivatives' maturities is as follows:

	2008 £000	2007 £000
Up to 3 months	397	787
3 to 6 months	694	299
Notional principal amounts of forward exchange contracts	1,091	1,086

19 Cash available on demand

	2008 £000	2007 £000
Cash available on demand	2,486	4,764

Cash available on demand is held by the parent company and is placed on monthly deposit earning interest at fixed rates ruling on the day of deposit. In the opinion of the directors, the carrying value of cash available on demand approximates to its fair value.

Cash and cash equivalents

For the purposes of the cash flow statement cash and cash equivalents comprises:

	2008 £000	2007 £000
Cash available on demand	2,486	4,764
Overdrafts	(119)	(70)
Total cash and cash equivalents	2,367	4,694

Notes

forming part of the financial statements for the year ended 30 September 2008

20 Trade and other payables

	2008 £000	2007 £000
Trade payables	840	486
Other tax and social security taxes	117	27
Accruals	492	599
Other payables	227	208
Total trade and other payables	1,676	1,320

Trade creditors and accruals are non-interest bearing and principally comprise amounts outstanding for trade purchases and continuing overhead expense. The average credit period taken is 14 days (2007: 16 days). The directors consider that the carrying amount of trade payables approximates to their fair value.

21 Loans and borrowings

The book value of loans and borrowings are as follows:

	2008 £000	2007 £000
Current		
Overdrafts	119	70
Secured bank loans and bill discounting facilities	4,125	1,465
	4,244	1,535
Non - current		
Secured bank loans	1,977	1,569
Total loans and borrowings	6,221	3,104

Since all short-term loans have less than three months to maturity, and the fixed interest rate attaching to long-term loans is in line with market rates, it is the opinion of the directors that the fair value of loans and borrowings approximates to their book values.

The Group's loans and borrowings are exclusively within the accounts of Hemmers-Itex Textil Import Export GmbH (Hemmers). They are denominated in Euro, and their principal terms are as follows:

Current loans and borrowings

Overdrafts are repayable on demand and attract a variable interest at rates in the range 7 - 8% at the balance sheet date (2007: 7 - 7.75%). Overdrafts in overseas operations are secured on the inventories and trade receivables of Hemmers-Itex Textil Import Export GmbH.

Short-term bank loans amount to €5,216,000 (2007: €2,100,000) and comprise short term loans and bill discounting facilities from Dresdner Bank and Commerzbank attracting interest at the balance sheet date at rates between 5.49% and 6.0% (2007: 5.27% - 5.35%). Current bank loans are secured on the inventories and trade receivables of Hemmers-Itex Textil Import Export GmbH.

The short-term bank loans amounting to €5,216,000 are drawn down against total Group facilities of €7,500,000 that are committed until 30 September 2009. The directors fully expect that it will be possible to renew these facilities at or before their expiry date.

Non-current loans and borrowings

Long-term loans amounting to €2,500,000 (2007: €2,250,000) have been drawn down from Commerzbank and Kreissparkasse to finance the warehouse extension completed in the year. Non-current bank loans are secured on the inventories, trade receivables and freehold land and buildings of Hemmers-Itex Textil Import Export GmbH. Payments to these banks will initially comprise interest only. Half-yearly repayments of principal and interest will commence on 31 March 2011 and the final repayment will be made on 30 September 2027. Interest on these loans is fixed at 5.1% for the full term.

Notes

forming part of the financial statements for the year ended 30 September 2008

21 Loans and borrowings (continued)

The carrying values of assets that the Group has pledged as collateral for liabilities or contingent liabilities are as follows:

	2008 £000	2007 £000
Inventories	6,573	5,172
Trade receivables	6,226	4,129
Freehold land and buildings	1,768	-
Total carrying value of assets pledged as collateral	14,567	9,301

The maturity profile of anticipated cash flows, including interest, in respect of loans and borrowings is as follows:

	2008 £000	2007 £000
Not later than one year	4,366	1,631
Later than one year and not later than five years	637	494
Later than five years	2,413	2,111
	7,416	4,236
Less interest included in above cash flows	(1,195)	(1,132)
Total loans and borrowings	6,221	3,104

Reconciliation of movements in net debt

	2008 £000	2007 £000
(Decrease)/increase in cash and cash equivalents in the year	(2,327)	216
Net increase in loans	(2,595)	(1,291)
Foreign currency translation differences on loans	(473)	(48)
Movement in net debt	(5,395)	(1,123)
Net cash at beginning of the year	1,660	2,783
Net (debt)/cash at end of the year	(3,735)	1,660

22 Share Capital

Authorised

	2008 £000	2007 £000
48,000,000 ordinary shares of 12p each (2007: 48,000,000 ordinary shares of 12p each)	5,760	5,760

Issued and fully paid

	2008 Number	2008 £000	2007 Number	2007 £000
At beginning of the year	34,900,000	4,188	36,598,603	4,392
Cancellation of treasury shares	(1,800,000)	(216)	(1,698,603)	(204)
At end of year	33,100,000	3,972	34,900,000	4,188

At 30 September 2008, no options over ordinary shares of the company were outstanding (2007: nil).

Notes

forming part of the financial statements for the year ended 30 September 2008

22 Share capital (continued)

The Group has made purchases of its own ordinary shares of 12 pence each to be held in treasury as follows:-

	Number of shares	Cost £000
Shares purchased in year ending 30 September 2005	450,000	61
Shares purchased in year ending 30 September 2006	1,390,000	289
Shares purchased in year ending 30 September 2007	3,325,618	735
Shares purchased in year ending 30 September 2008	1,633,643	300
	6,799,261	1,385
Shares cancelled in year ending 30 September 2007	(1,698,603)	(319)
Shares cancelled in year ending 30 September 2008	(1,800,000)	(399)
Shares held in treasury at 30 September 2008	3,300,658	667

The cost of cancelled shares has been calculated on a "first in, first out" basis, and is shown as a separate component of equity (see note 23).

Notes

forming part of the financial statements for the year ended 30 September 2008

23 Statement of changes to shareholders' equity						
	Share capital £000	Capital redemption reserve £000	Treasury share reserve £000	Available for sale reserve £000	Foreign exchange reserve £000	Retained earnings £000
At 1 October 2006	4,392	-	(350)	-	-	6,833
Translation differences on foreign operations	-	-	-	-	167	-
Profit for the year	-	-	-	-	-	585
Purchase of own shares to be held in treasury	-	-	(735)	-	-	-
Cancellation of shares held in treasury	(204)	204	-	-	-	-
Cost of shares cancelled	-	-	319	-	-	(319)
At 30 September 2007	4,188	204	(766)	-	167	7,099
Translation differences on foreign operations	-	-	-	-	898	-
Unrealised gains taken to available-for-sale reserve	-	-	-	74	-	-
Profit for the year	-	-	-	-	-	449
Purchase of own shares for treasury	-	-	(300)	-	-	-
Cancellation of shares held in treasury	(216)	216	-	-	-	-
Cost of shares cancelled	-	-	399	-	-	(399)
At 30 September 2008	3,972	420	(667)	74	1,065	7,149
12,013						

Reserve	Description and purpose
Share capital	Amount subscribed for share capital at nominal value.
Capital redemption reserve	Nominal value of cancelled shares transferred from share capital.
Treasury share reserve	Weighted average cost of own shares held in treasury.
Available-for-sale reserve	Gains/(losses) arising on financial assets classified as available-for-sale
Foreign exchange reserve	Gains/(losses) arising on retranslating the net assets of overseas operations into sterling.
Retained earnings	Cumulative net gains and losses recognised in the consolidated income statement.

Notes

forming part of the financial statements for the year ended 30 September 2008

24 Leases

The Group holds no assets under finance leases.

The Group owns the freehold title to the new warehouse constructed in the year at Nordhorn, Germany. The Group leases all other properties it occupies in UK, Germany and Holland, all of which fall for renewal within the next three years. The Group also holds operating leases in respect of plant and machinery used in Germany.

The total future values of minimum lease payments in respect of all operating leases are due as follows:

	2008 £000	2007 £000
Not later than one year	267	233
Later than one year and not later than five years	454	352
Later than five years	-	-
Total future values of minimum lease payments	721	585

25 Pension Scheme

Pension provision in Germany and Holland is by state schemes, to which the Group is obliged to contribute. The Group operates a defined contribution pension scheme for its employees in the UK. The pension charge for the year represents contributions paid by the Group to these schemes as follows:

	2008 £000	2007 £000
German and Dutch state schemes	206	147
UK defined contribution scheme	6	6
Total pension charge for the year	212	153

At 30 September 2008 there were employer's pension contributions outstanding of £nil (2007: £nil).

26 Commitments

At 30 September 2008, contracted capital commitments for the Group for which no provision has been made in these accounts were £240,000 (2007: £628,000). There were no contracted capital commitments for the Company in either year.

27 Related party transactions

Mr Jörg Hemmers and Mr Thorsten Richter are both directors of Hemmers-Itex Textil Import Export GmbH and during the year this subsidiary company:

- (i) paid €130,000 to Mr J Hemmers to purchase the land on which the new warehouse has been built;
- (ii) paid rental of €230,000 (2007: €230,000) in respect of the existing warehouse to a company in which Mr J Hemmers has a financial interest;
- (iii) made sales of fabric amounting to €311,000 (2007: €1,310,000) to retail shops in which Mr J Hemmers has a financial interest. In this regard, €167,000 (2007: €938,000) forms part of the Group's trade receivables as shown in the consolidated balance sheet.
- (iv) made sales of fabric amounting to €467,000 (2007: €585,000) to retail shops in which Mr T Richter has a financial interest. In this regard, €324,000 (2007: €405,000) forms part of the Group's trade receivables as shown in the consolidated balance sheet.

Notes

forming part of the financial statements for the year ended 30 September 2008

27 Related party transactions (continued)

Mr Hemmers and Mr Richter are considered to be key management of the Group.

The directors consider that the above transactions have been made on an arm's length basis.

28 Explanation of transition to IFRS

This is the first year that the Group is required to prepare its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

On 30 May 2008 the Group issued an announcement to the London Stock Exchange entitled "Restatement of Financial Information under International Financial Reporting Standards", ("the Restatement Announcement"), which contained an explanation of how the transition to IFRS has affected the previously reported financial performance and financial position of the Group, together with a summary of the Group's accounting policies. The Restatement Report can be found on the Group's website at www.leedsgroup.plc.uk and includes reconciliations of profit and loss and equity for comparative periods under UK Generally Accepted Accounting Practice (UK GAAP) to those reported for those periods under IFRS.

The following disclosures are required in the Group financial statements in the year of transition. The last financial statements for the Group under UK GAAP were for the year ended 30 September 2007 and the date of transition was therefore 1 October 2006.

Notes

forming part of the financial statements for the year ended 30 September 2008

28 Explanation of transition to IFRS (continued)

Reconciliation of equity at 1 October 2006.

	Note	UK GAAP £000	Effect of Transition to IFRS £000	Restated under IFRS £000
Assets				
Non-current assets				
Property, plant and equipment		245	-	245
Intangible assets	a)	757	-	757
Total non-current assets		1,002	-	1,002
Current assets				
Inventories		4,552	-	4,552
Trade and other receivables		3,990	-	3,990
Cash and cash equivalents		4,706	-	4,706
Total current assets		13,248	-	13,248
Total assets		14,250	-	14,250
Liabilities				
Non-current liabilities				
Loans and borrowings		-	-	-
Total non-current liabilities		-	-	-
Current liabilities				
Trade and other payables		(1,197)	-	(1,197)
Loans and borrowings		(1,923)	-	(1,923)
Corporation tax liability		(255)	-	(255)
Total current liabilities		(3,375)	-	(3,375)
Total liabilities		(3,375)	-	(3,375)
TOTAL NET ASSETS		10,875	-	10,875
Equity				
Share capital		4,392	-	4,392
Capital redemption reserve		-	-	-
Treasury share reserve	c)	-	(350)	(350)
Foreign exchange reserve		-	-	-
Retained earnings		6,483	350	6,833
TOTAL EQUITY		10,875	-	10,875

Notes

forming part of the financial statements for the year ended 30 September 2008

28 Explanation of transition to IFRS (continued)

Reconciliation of equity at 30 September 2007.

	Note	UK GAAP £000	Effect of Transition to IFRS £000	Restated under IFRS £000
Assets				
Non-current assets				
Property, plant and equipment		308	-	308
Intangible assets	a)	683	96	779
Available for sale investments		-	-	-
Total non-current assets		991	96	1,087
Current assets				
Inventories		5,172	-	5,172
Trade and other receivables		4,344	-	4,344
Cash and cash equivalents		4,764	-	4,764
Total current assets		14,280	-	14,280
Total assets		15,271	96	15,367
Liabilities				
Non-current liabilities				
Loans and borrowings		(1,569)	-	(1,569)
Total non-current liabilities		(1,569)	-	(1,569)
Current liabilities				
Trade and other payables		(1,320)	-	(1,320)
Loans and borrowings		(1,535)	-	(1,535)
Corporation tax liability		(25)	-	(25)
Derivative financial liabilities	b)	-	(26)	(26)
Total current liabilities		(2,880)	(26)	(2,906)
Total liabilities		(4,449)	(26)	(4,475)
TOTAL NET ASSETS		10,822	70	10,892
Equity				
Share capital		4,188	-	4,188
Capital redemption reserve		204	-	204
Treasury share reserve	c)	-	(766)	(766)
Foreign exchange reserve	d)	-	167	167
Retained earnings		6,430	669	7,099
TOTAL EQUITY		10,822	70	10,892

Notes

forming part of the financial statements for the year ended 30 September 2008

28 Explanation of transition to IFRS (continued)

Reconciliation of Profit for the Year ended 30 September 2007.

	Note	UK GAAP	Effect of Transition to IFRS	Restated under IFRS
		£000	£000	£000
Revenue		17,523	-	17,523
Cost of sales	b)	(13,392)	(26)	(13,418)
Gross profit		4,131	(26)	4,105
Distribution costs		(1,096)	-	(1,096)
Administrative expenses	a)	(2,392)	96	(2,296)
Profit from operations		643	70	713
Finance expense		(121)	-	(121)
Finance income		238	-	238
Profit before tax		760	70	830
Tax expense		(245)	-	(245)
Profit for the period		515	70	585
Basic & diluted earnings per share (pence)		1.5p	0.2p	1.7p

Notes to Reconciliations above

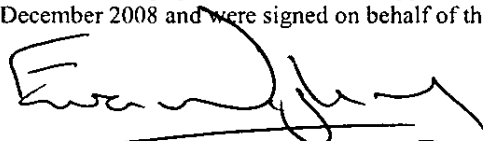
- a) **Goodwill.** Goodwill represents the excess of the cost of a business combination over the interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair values of assets given, liabilities assumed and equity instruments issued, plus any direct costs of acquisition. At 1 October 2006 ("the transition date"), the goodwill carrying value under UK Generally Accepted Accounting Practice ("UK GAAP") was tested for impairment and based on the conditions existing at that time no impairment was identified. Thus the carrying amount of goodwill in the Group's opening IFRS balance sheet was equal to that under GAAP. From the date of transition the Group discontinued the amortisation of goodwill and implemented annual impairment tests for goodwill.
- b) **Derivative financial assets and liabilities.** The Group makes use of forward exchange contracts to reduce the exposure to exchange rate fluctuations on amounts receivable or payable in currencies other than the functional currency of the operating unit involved. From the date of transition the Group adopted a policy of carrying these forward exchange contracts in the balance sheet at fair value as either derivative financial assets ("in-the-money" contracts) or derivative financial liabilities ("out-of-the-money" contracts) with changes in fair value recognised in the consolidated income statement in the cost of sales line.
- c) **Treasury shares.** Under UK GAAP the cost of treasury shares was written off directly to reserves. Adopting IFRS, amounts written off to reserves at the date of transition have been reinstated, and shown as a separate component of equity, namely the "treasury share reserve".
- d) **Translation differences.** Under UK GAAP, exchange differences arising on retranslating the opening net assets at closing rate were dealt with through reserves. Under IFRS such differences are recognised as a separate component of equity, namely the "foreign exchange reserve".

Company balance sheet (prepared using UK GAAP)

As at 30 September	Note	2008 £000	2007 £000
Fixed assets			
Tangible assets		-	1
Investments	4	5,535	4,300
Total fixed assets		5,535	4,301
Current assets			
Debtors	5	1,058	918
Cash at bank and in hand		2,366	4,002
		3,424	4,920
Creditors – amounts falling due within one year	6	(549)	(580)
Net current assets		2,875	4,340
NET ASSETS		8,410	8,641
Capital and reserves			
Called up equity share capital	8	3,972	4,188
Capital redemption reserve	9	420	204
Profit & loss account	10	4,018	4,249
EQUITY SHAREHOLDERS' FUNDS		8,410	8,641

The financial statements on pages 42 to 46 were approved and authorised for issue by the board of directors on 15 December 2008 and were signed on behalf of the board by:-

Ewen Wigley
Chairman



The notes on pages 43 to 46 form part of these financial statements.

Notes

forming part of the financial statements for the company

1 Accounting policies

Basis of accounting

The separate financial statements of the company are presented as required by the Companies Act 1985. They have been prepared under the historical cost convention and in accordance with applicable UK Accounting Standards.

The principal accounting policies are summarised below. They have been applied consistently throughout the year and the preceding year.

Investments

Investments in subsidiary undertakings and investments in other entities are stated at cost less any impairment for permanent diminution in value.

2 Profit after tax

As permitted by section 230 of the Companies Act 1985 the company has elected not to present its own profit and loss account for the year. The profit after tax recognised in the profit and loss account for the company was £69,000 (2007: £1,264,000).

The company audit fee for 2008 amounted to £20,000 (2007: £15,000).

3 Staff costs

The average number of persons employed in the year by the Group (including directors) was 5 (2007: 5).

Staff costs, including directors, comprise	2008 £000	2007 £000
Wages and salaries	94	96
Defined contribution pension cost	6	6
Employer's national insurance contributions and similar taxes	8	10
Total staff costs	108	112

Directors' emoluments comprise exclusively directors' fees, as below	2008 £000	2007 £000
Mr J Claesson	10	10
Mr P Gyllenhammar	10	6
Mrs V Murria	-	14
Mr E Wigley	25	18
Total directors' emoluments	45	48

Mrs V Murria resigned as chairman and as a director on 8 March 2007, and on the same day Mr E Wigley succeeded her as chairman, and Mr P Gyllenhammar was appointed as a director.

Outstanding share options granted to employees or directors at 30 September 2008 were nil (2007: nil).

4 Investments

	2008 £000	2007 £000
Investments in subsidiary undertakings	4,509	4,300
Investments in other entities	1,026	-
Total investments	5,535	4,300

Notes

forming part of the financial statements for the company

4 Investments (continued)

	2008 £000	2007 £000
Investments in subsidiary undertakings		
Cost		
At 1 October	6,316	8,484
Additions in year	-	9,793
Subsidiaries liquidated in year	-	(11,961)
At 30 September	6,316	6,316
Provision		
At 1 October	2,016	4,803
Subsidiaries liquidated in year	-	(1,867)
Released to profit & loss account	(209)	(920)
At 30 September	1,807	2,016
Net book amount	4,509	4,300

Details of the principal subsidiary undertakings are given in the Group Information section on page 4 and in note 15 to the consolidated financial statements.

	2008 £000	2007 £000
Investments in other entities		
Cost		
At 1 October	-	-
Additions in year	1,257	-
At 30 September	1,257	-
Provision		
At 1 October	-	-
Charged to profit & loss account	231	-
At 30 September	231	-
Net book amount	1,026	-

The investments in other entities comprise holdings of ordinary shares of European Equity Tranche Income Limited and Dawson International PLC. Details of these investments are set out in note 14 to the consolidated financial statements.

5 Debtors

	2008 £000	2007 £000
Trade debtors	-	1
Other debtors	14	6
Prepayments and accrued income	19	16
Amounts receivable from subsidiary undertakings	1,025	895
Total debtors	1,058	918

Notes

forming part of the financial statements for the company

6 Creditors

	2008 £000	2007 £000
Bank overdraft	20	-
Trade creditors	2	7
Accruals and deferred income	94	206
Amounts payable to subsidiary undertakings	433	367
Total creditors	549	580

8 Share Capital

Authorised	2008 £000	2007 £000		
48,000,000 ordinary shares of 12p each (2007: 48,000,000 ordinary shares of 12p each)	5,760	5,760		
Issued and fully paid	2008 Number	2008 £000	2007 Number	2007 £000
At beginning of the year	34,900,000	4,188	36,598,603	4,392
Cancellation of own shares held in treasury	(1,800,000)	(216)	(1,698,603)	(204)
At end of year	33,100,000	3,972	34,900,000	4,188

At 30 September 2008 no options over ordinary shares of the company were outstanding (2007: nil).

The company has made purchases of its own ordinary shares of 12 pence each to be held in treasury as follows:-

	Number of shares	Cost £000
Shares purchased in year ending 30 September 2005	450,000	61
Shares purchased in year ending 30 September 2006	1,390,000	289
Shares purchased in year ending 30 September 2007	3,325,618	735
Shares purchased in year ending 30 September 2008	1,633,643	300
	6,799,261	1,385
Shares cancelled in year ending 30 September 2007	(1,698,603)	(319)
Shares cancelled in year ending 30 September 2008	(1,800,000)	(399)
Shares held in treasury at 30 September 2008	3,300,658	667

The cost of cancelled shares has been calculated on a "first in, first out" basis.

9 Capital redemption reserve

	2008 £000	2007 £000
At 1 October	204	-
Arising on cancellation of 1,698,603 ordinary shares of 12 pence each	-	204
Arising on cancellation of 1,800,000 ordinary shares of 12 pence each	216	-
At 30 September	420	204

Notes

forming part of the financial statements for the company

10 Retained earnings

	2008 £000	2007 £000
At 1 October	4,249	3,720
Profit for the year	69	1,264
Purchase of own shares for treasury	(300)	(735)
At 30 September	4,018	4,249

11 Commitments

The company holds no assets under finance leases.

The company leases the property it occupies in Leeds at an inclusive rent of £24,000 per annum. The lease falls for renewal in July 2011.

The annual lease commitments in respect of non-cancellable operating leases for land and buildings, based on date of expiry, are as follows:

	2008 £000	2007 £000
Later than two years and not later than five years	24	24

There were no contracted capital commitments for the Company in either year.

Five Year Summary of Results and Capital Employed

	2008 IFRS £000	2007 IFRS £000	2006 UK GAAP £000	2005 UK GAAP £000	2004 UK GAAP £000
Results					
Revenue	21,974	17,523	16,575	17,188	16,514
Cost of sales	(16,819)	(13,418)	(12,570)	(10,770)	(10,512)
Gross profit	5,155	4,105	4,005	6,418	6,002
Operating expenses	(4,630)	(3,392)	(3,254)	(4,666)	(5,398)
Profit from operations	525	713	751	1,752	604
Net finance (expense)/income	(3)	117	(8)	(952)	(805)
Exceptional items	-	-	(838)	135	(1,431)
Profit/(loss) before tax	522	830	(95)	935	(1,632)
Tax expense	(73)	(245)	(352)	(236)	(630)
Profit/(loss) after tax	449	585	(447)	699	(2,262)
Assets employed					
Non-current assets	4,036	1,087	1,002	14,387	13,311
Current assets	15,874	14,280	13,248	18,384	17,323
Total assets	19,910	15,367	14,250	32,771	30,634
Non-current liabilities	(1,977)	(1,569)	-	(7,451)	(13,353)
Current liabilities	(5,920)	(2,906)	(3,375)	(13,676)	(6,250)
Total liabilities	(7,897)	(4,475)	(3,375)	(21,127)	(19,603)
Net assets	12,013	10,892	10,875	11,644	11,031
Financed by					
Equity	12,013	10,892	10,875	11,644	11,031
Key Statistics					
Basic earnings/(loss) per share	1.4p	1.7p	(1.3)p	1.9p	(6.2)p
Net assets per share	40.3p	34.7p	31.3p	32.2p	30.1p

The figures for 2008 and 2007 are prepared under IFRS. The figures for 2004 to 2006 are UK GAAP figures presented in the same format as the 2008 and 2007 figures. The figures for 2007 had previously been reported under UK GAAP. An explanation of the financial impact of the restatement of this information under IFRS is given in note 28.

Notice of Annual General Meeting

The one hundred and eighth annual general meeting of the Company will be held at 12 noon on Wednesday 25th February 2009 at the offices of BDO Stoy Hayward LLP at 1 Bridgewater Place, Water Lane, Leeds, LS11 5RU for the following purposes:

Ordinary business

1. To receive the report of the directors, the financial statements for the year ended 30 September 2008 and the report of the auditors thereon.
2. To re-elect Mr Ewen Wigley as a director.
3. To re-appoint BDO Stoy Hayward LLP as auditors of the Company from the conclusion of this meeting until the conclusion of the next general meeting at which the financial statements are laid before the Company and to authorise the directors to fix their remuneration.

Special business

To consider, and if thought fit, pass the following resolutions, of which resolution 5 will be proposed as an ordinary resolution and resolutions 4 and 6 will be proposed as special resolutions:

4. that in accordance with Article 52 of the Articles of Association of the Company and Part V of the Companies Act 1985 ("the Act") the Company be and is hereby granted general and unconditional authority (pursuant to section 166 of the Act) to make market purchases (as defined in section 163 of the Act) of any of its own ordinary shares of 12 pence each on such terms and in such manner as the board of directors of the Company may from time to time determine provided that:
 - 4.1 the maximum number of ordinary shares authorised to be purchased is 3,200,000, being 9.67 per cent of the current issued ordinary share capital;
 - 4.2 the maximum price that may be paid for an ordinary share is an amount equal to not more than 105 per cent of the average middle market quotations for an ordinary share taken from the AIM appendix to The London Stock Exchange Daily Official List for the five business days immediately preceding the date of purchase;
 - 4.3 the minimum price that may be paid for an ordinary share is 5 pence; and
 - 4.4 the authority conferred by this resolution shall expire on the conclusion of the next annual general meeting of the Company held after the passing of this resolution or the date which falls 15 months from the date of passing of this resolution (whichever shall first occur) except that the Company may, before such expiry, enter into a contract for the purchase of its own ordinary shares which may be completed by or executed wholly or partly after the expiration of this authority.
5. That the directors be and hereby are generally and unconditionally authorised for the purposes of section 80 of the Act to exercise all powers of the Company to allot relevant securities (within the meaning of that section) up to an aggregate nominal amount of £1,191,000. The authority conferred by this resolution shall expire on the conclusion of the next annual general meeting of the Company held after the passing of this resolution or the date which falls 15 months from the date of passing of this resolution (whichever shall first occur), except that the Company may, before such expiry, make an offer or agreement which would or might require relevant securities to be allotted after such expiry, and the directors may allot relevant securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired. This authority is in substitution for all previous authorities conferred upon the directors pursuant to section 80 of the Act, but without prejudice to the allotment of any relevant securities already made or to be made pursuant to such authorities.

Notice of Annual General Meeting (continued)

Special business (continued)

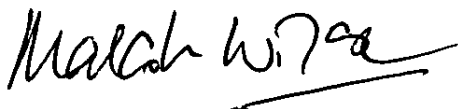
6. That, subject to the passing of resolution 5 above, the directors be and hereby are empowered pursuant to section 95 of the Act to allot equity securities (within the meaning of section 94(2) to section 94(3A) of the Act) wholly for cash pursuant to the authority conferred by the previous resolution as if section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities (within the meaning of section 94(2) to section 94(3A) of the Act):

6.1 in connection with an offer of such securities by way of rights to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and

6.2 otherwise than pursuant to sub-paragraph (a) above up to an aggregate nominal amount of £198,000.

The authority conferred by this resolution shall expire on the conclusion of the next annual general meeting of the Company held after the passing of this resolution or the date which falls 15 months from the date of passing of this resolution (whichever shall first occur), except that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired. This power applies in relation to a sale of shares that is an allotment of equity securities by virtue of section 94(3A) of the Act as if in the first paragraph of this resolution the words "pursuant to the authority conferred by the previous resolution" were omitted.

By Order of the Board



Malcolm Wilson

Company Secretary

Schofield House
Gateway Drive
Yeadon
Leeds
LS19 7XY

15 December 2008

Notes

1. A member entitled to attend and vote may appoint a proxy to attend, speak and/or to vote in his or her stead. A member may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy need not be a member of the Company. A form of proxy is included at the end of this document.
2. To be valid, the form of proxy and any power of attorney or the authority under which it is signed (or a notorially certified copy of it) must be completed and lodged at the Registrars of the Company, Capita Registrars, Proxy Department, PO Box 25, Beckenham, Kent, BR3 4BR not later than 12.00 noon on 23 February 2009.
3. Completion and return of a form of proxy does not preclude a member from subsequently attending and voting at the meeting in person.
4. Copies of the directors' letters of appointment will be available for inspection at the registered office of the Company during normal business hours until the date of the annual general meeting and on that day, at the place of the meeting from at least 15 minutes prior to the meeting until its conclusion.
5. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only those shareholders registered in the register of members of the Company at 5.00 pm on 23 February 2009 as holders of ordinary shares of 12p each in the capital of the Company shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries in the register of members of the Company after 23 February 2009 shall be disregarded in determining the rights of any person to attend and vote at the meeting.

Notice of Annual General Meeting (continued)

Notes (continued)

6. As at 15 December 2008 (being the last practicable business day prior to the publication of this notice) the Company's issued share capital consists of 33,100,000 ordinary shares of 12 pence each, with one voting right per share. There are 3,300,658 shares held in treasury, representing 9.97% of the total issued share capital. Therefore the total voting rights in the Company as at 15 December 2008 are 29,799,342.
7. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative to vote on a poll or in accordance with the directions of all the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of appointment letter if the chairman is being appointed as described in (i) above.

Explanation of resolutions

Resolution number 1

The directors must present to shareholders the report of the directors and the accounts for the Company for the financial year ended 30 September 2008. That report and those accounts, and the report of the Company's auditors on those accounts, are set out on pages 8 to 41 of this document.

Resolution number 2

At each annual general meeting, one third of the directors of the Company for the time being (other than those appointed since the last annual general meeting) are required to retire. If the number of relevant directors is not a multiple of three, the number nearest to but not greater than one third of the directors are required to retire. If in any year there is only one director subject to retirement, that director will retire. Any retiring director is eligible for re-election. At this annual general meeting, Mr Ewen Wigley is the only director subject to retirement by rotation. Resolution number 2 proposes the re-election of Mr Wigley.

Resolution number 3

The auditors of the Company must be re-appointed at each meeting at which accounts are presented. Resolution 3 proposes the re-appointment of BDO Stoy Hayward LLP, who have indicated their willingness to be so re-appointed. The resolution also follows past practice in giving the directors authority to agree the remuneration to be paid to the auditors.

Resolution number 4

The directors are seeking authority to enable the Company to purchase ordinary shares in the capital of the Company by utilising some of the Company's available distributable profits. The directors will effect purchases under this authority, if granted, where to do so would improve the Company's earnings per share and would be in the best interests of shareholders generally. The authority would allow purchases of up to 3,200,000 ordinary shares, being 9.67 per cent of the Company's ordinary share capital in issue as at 18 December 2007, at a minimum price per ordinary share of 5 pence and a maximum price per ordinary share of no more than 5 per cent above the average of the middle market quotations for an ordinary share as derived from the AIM appendix of the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which any purchases are made. This authority expires at the conclusion of the next annual general meeting of the Company or 15 months from the date of passing of the resolution, whichever is the earlier.

Companies legislation now enables certain quoted companies to hold shares in treasury, as an alternative to cancelling them, following a purchase of own shares. Shares held in treasury may be subsequently cancelled, sold for cash or used to satisfy share options and share awards under employee share schemes. Accordingly, if the directors exercise this authority to purchase ordinary shares, the Company will have the option of holding those ordinary shares in treasury.

Resolution number 5

The directors are seeking authority to allot relevant securities up to an aggregate nominal amount of £1,191,000, being an amount representing approximately 33.3 per cent of the Company's current issued share capital (excluding treasury shares). It is not the directors' current intention to allot relevant securities pursuant to this resolution. This authority expires at the conclusion of the next annual general meeting of the Company or 15 months from the date of passing of the resolution, whichever is the earlier.

Resolution number 6

This resolution disapplies the statutory pre-emption rights which would otherwise apply on an issue of shares for cash pursuant to a rights issue where the securities attributable to the interests of all shareholders are proportionate (as nearly as may be) to the number of shares held and generally up to a further nominal amount of £198,000, being approximately 5 per cent of the Company's current issued share capital (including treasury shares). This disapplication of the statutory pre-emption rights expires at the conclusion of the next annual general meeting of the Company or 15 months from the date of passing of the resolution, whichever is the earlier. This authority also covers the sale of treasury shares for cash.



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