



**JAMES LATHAM PLC**

**Half Yearly Report 2009**

**HALF YEARLY RESULTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009**

**Chairman's statement**

I am pleased to report good results for the six months to 30 September 2009 despite difficult trading conditions in the sector and the UK economy as a whole. This has been achieved in spite of lower returns on the company's cash balance.

**Results**

Revenue for the six months to 30 September 2009 was £58,203,000 compared with £61,883,000 for the same period last year, representing a 5.9% decrease. The operating profit was £3,352,000, up from £3,167,000 last year. Profit before tax was £3,132,000, down from last year's £3,208,000. Earnings per ordinary share were 11.8p (2008: 7.7p which included a one off charge for the IFRS treatment of Industrial Building Allowances for deferred taxation purposes).

As at 30 September 2009 shareholder funds were £40.8m (30.9.2008: £39.9m) with cash and cash equivalents of £9.6m (30.9.2008: £4.6m).

**Interim dividend**

The Board has declared an interim dividend of 2.5p per Ordinary Share (2008: 2.0p), which is covered 4.7 times (2008: 3.9 times). The dividend is payable on 22 January 2010 to ordinary shareholders on the Company's Register at close of business on 4 January 2010. The ex-dividend date is 30 December 2009.

**Six months trading to 30 September 2009**

Group revenue has been improving on a month-by-month basis but was still almost 6% below the same six months last year. Cost prices were generally lower, but there was a marked increase in volumes. On average prices have fallen by 7% since 1 April 2009. Volume in the quarter ended 30 September 2009 was back to the level of September 2008. Sales of panel products, which had been slow for the first four months of 2009, showed a welcome recovery. Revenue from timber remained constant.

Trading margins have continued to improve from the low levels at the start of the year and for the 6 months were ahead of the same period last year. Overheads have been reduced as a result of the company's cost reduction programme and improved efficiency has enabled increasing volumes to be handled.

**Pension scheme**

The IAS19 valuation shows the scheme deficit increased to £8,514,000 from £5,244,000 in March. The reduction in AA grade bond yield assumptions from 7% to 5.6% has increased the present value of pension scheme liabilities, faster than scheme asset values have improved. This measure is however very volatile.

**Current & future trading**

The management accounts show a steady improvement in revenue for October and November. Uncertainty still pervades the UK economy. Future levels of activity in many sectors are unclear and this makes it difficult to predict future trading patterns. The level of bad debt has reduced since its peak last winter but there are signs that the number of insolvencies will increase again this winter. The Company's new Scottish branch continues to make steady progress and the move to larger premises at Fareham and Dudley is now contributing positively to the results. There are still plenty of opportunities to grow the business profitably and the company is very well placed to take full advantage of these.

Peter Latham  
Chairman  
26 November 2009

For Further Enquiries:

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## CONSOLIDATED BALANCE SHEET

At 30 September 2009

	<b>As at 30 Sept. 2009 unaudited</b>	As at 30 Sept. 2008 unaudited	As at 31 March 2009 audited
	<b>£000</b>	£000	£000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	237	237	237
Intangible assets	142	150	146
Property, plant and equipment	18,515	18,290	18,496
<b>Total non-current assets</b>	<b>18,894</b>	<b>18,677</b>	<b>18,879</b>
<b>Current assets</b>			
Inventories	17,667	19,744	16,251
Trade and other receivables	24,516	26,659	21,334
Cash and cash equivalents	9,602	4,606	10,718
<b>Total current assets</b>	<b>51,785</b>	<b>51,009</b>	<b>48,303</b>
<b>Total assets</b>	<b>70,679</b>	<b>69,686</b>	<b>67,182</b>
<b>Current liabilities</b>			
Trade and other payables	16,594	18,591	14,914
Current portion of interest bearing loans and borrowings	21	21	21
Current tax payable	826	-	265
<b>Total current liabilities</b>	<b>17,441</b>	<b>18,612</b>	<b>15,200</b>
<b>Non-current liabilities</b>			
Interest bearing loans and borrowings	1,009	1,030	1,020
Retirement and other benefit obligation	8,514	7,447	5,244
Other payables	898	639	886
Deferred tax liabilities	2,025	2,035	2,941
<b>Total non-current liabilities</b>	<b>12,446</b>	<b>11,151</b>	<b>10,091</b>
<b>Total liabilities</b>	<b>29,887</b>	<b>29,763</b>	<b>25,291</b>
<b>Net assets</b>	<b>40,792</b>	<b>39,923</b>	<b>41,891</b>
<b>Capital and reserves</b>			
Issued capital	5,040	5,040	5,040
Share-based payment reserve	6	-	1
Own shares	(213)	(107)	(139)
Capital reserve	3	3	3
Retained earnings	35,956	34,987	36,986
<b>Total equity attributable to equity shareholders of the parent company</b>	<b>40,792</b>	<b>39,923</b>	<b>41,891</b>

JAMES LATHAM PLC

CONSOLIDATED INCOME STATEMENT

*For the six months to 30 September 2009*

	<b>Six months to 30 Sept. 2009 unaudited</b>	Six months to 30 Sept. 2008 unaudited	Year to 31 March 2009 audited
	<b>£000</b>	£000	£000
<b>Revenue</b>	58,203	61,883	113,904
Cost of sales (including warehouse costs)	(47,750)	(51,634)	(95,759)
<b>Gross profit</b>	10,453	10,249	18,145
Selling and distribution costs	(4,587)	(4,870)	(9,507)
Administrative expenses	(2,558)	(2,256)	(5,009)
Other operating income	44	44	183
	(7,101)	(7,082)	(14,333)
<b>Operating profit</b>	3,352	3,167	3,812
Finance income	231	191	647
Finance costs	(451)	(150)	(287)
<b>Profit before tax</b>	3,132	3,208	4,172
Tax expense	(882)	(1,728)	(1,904)
<b>Profit after tax attributable to equity shareholders of the parent company</b>	2,250	1,480	2,268
Earnings per ordinary share (basic)	11.8p	7.7p	11.8p
Earnings per ordinary share (diluted)	11.7p	7.7p	11.7p

All results relate to continuing operations.

JAMES LATHAM PLC

CONSOLIDATED CASH FLOW STATEMENT

For the six months to 30 September 2009

	<b>Six months to 30 Sept. 2009 unaudited</b>	Six months to 30 Sept. 2008 unaudited	Year to 31 March 2009 audited
	<b>£000</b>	£000	£000
<b>Net cash flow from operating activities</b>			
Cash generated from operations	660	(515)	4,997
Interest paid	(412)	(92)	(224)
Income tax (paid)/received	(277)	(799)	461
Net cash (outflow)/inflow from operating activities	(29)	(1,406)	5,234
<b>Cash flows from investing activities</b>			
Interest received and similar income	236	175	655
Purchase of property, plant and equipment	(369)	(1,058)	(1,647)
Purchase of intangible asset	-	(5)	(4)
Proceeds from sale of property, plant and equipment	-	-	46
Proceeds from prior year sale of property and investment in subsidiary undertaking	-	500	500
Net cash outflow from investing activities	(133)	(388)	(450)
<b>Cash flows before financing activities</b>			
Bank loans repaid during the period	-	(357)	(357)
Finance leases repaid during the period	(11)	(11)	(21)
Equity dividends paid	(813)	(1,179)	(1,562)
Preference dividend paid	(39)	(39)	(79)
Purchase of own shares	(91)	(150)	(186)
Sale of own shares	-	310	313
Purchase of treasury shares	-	(799)	(799)
Net cash outflow from financing activities	(954)	(2,225)	(2,691)
<b>(Decrease)/increase in cash and cash equivalents for the period</b>	<b>(1,116)</b>	<b>(4,019)</b>	<b>2,093</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>10,718</b>	<b>8,625</b>	<b>8,625</b>
<b>Cash and cash equivalents at end of the period</b>	<b>9,602</b>	<b>4,606</b>	<b>10,718</b>

JAMES LATHAM PLC

CONSOLIDATED STATEMENT OF RECOGNISED

INCOME AND EXPENSE

*For the six months to 30 September 2009*

	<b>Six months to 30 Sept. 2009 unaudited</b>	Six months to 30 Sept. 2008 unaudited	Year to 31 March 2009 audited
	<b>£000</b>	£000	£000
Profit after tax	2,250	1,480	2,268
Actuarial losses on pension scheme	(3,426)	(2,677)	(312)
Deferred tax effect of actuarial losses on pension scheme	959	750	87
Deferred tax on share-based payment	-	-	(39)
Total income and expense, attributable to equity shareholders of the parent company	(217)	(447)	2,004

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the six months to 30 September 2009*

	<b>Six months to 30 Sept. 2009 unaudited</b>	Six months to 30 Sept. 2008 unaudited	Year to 31 March 2009 audited
	<b>£000</b>	£000	£000
Profit attributable to shareholders	(217)	(447)	2,004
Dividends	(813)	(1,179)	(1,562)
	(1,030)	(1,626)	442
Purchase of treasury shares	-	(799)	(799)
Change in investment in own shares	(74)	322	126
Change in Share-based payment reserve	5	(95)	1
Movement in the period	(1,099)	(2,198)	(230)
Opening shareholders' funds	41,891	42,121	42,121
Closing shareholders' funds	40,792	39,923	41,891

## JAMES LATHAM PLC

### NOTES TO THE HALF YEARLY REPORT

1. The results presented in this report are unaudited and they have been prepared in accordance with the IFRS accounting policies set out in the Group accounts for the year ended 31 March 2009..
2. The directors propose an interim dividend of 2.5p per ordinary share which will absorb £478,000 (2008: 2.0p absorbing £385,000), payable on 22 January 2010 to shareholders on the Register at the close of business on 4 January 2010. The ex-dividend date is 30 December 2009.
3. This half yearly report does not constitute financial statutory accounts within the meaning of section 435 of the Companies Act 2006. Statutory accounts for the year ended 31 March 2009 were prepared and filed with the Registrar of Companies and received an unqualified audit report and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.
4. Copies of this statement will be sent to all shareholders and will also be available on written application to the Company Secretary, James Latham plc, Unit 3 Swallow Park, Finway Road Hemel Hempstead, Herts, HP2 7QU.