



JAMES LATHAM PLC

Half Yearly Report 2010

JAMES LATHAM PLC
HALF YEARLY RESULTS FOR THE PERIOD ENDED 30 SEPTEMBER 2010

Chairman's statement

I am pleased to report very good results for the six months to 30 September 2010. There has been continuing uncertainty both in our markets and the UK economy as a whole but sales of our products have remained remarkably resilient.

Results

Revenue for the six months to 30 September 2010 was £65,985,000 compared to £58,203,000 for the same period last year, representing a 13.4% increase. The operating profit was £4,463,000, up from £3,352,000 last year. Finance Income was £33,000 (2009: £231,000) and Finance Costs were £265,000 (2009: £451,000). There was a final additional receipt of £360,000 from the contract for the sale of the Clapton site in 2004/2005. Profit before tax was £4,591,000, up from last year's £3,123,000. Earnings per ordinary share were 17.8p (2009: 11.8p).

As at 30 September 2010 shareholder funds were £42.6m (30.9.2009: £40.8m) with cash and cash equivalents of £7.8m (2009: £9.6m).

Interim dividend

The Board has declared an interim dividend of 3.0p per Ordinary Share (2009: 2.5p), which is covered 5.9 times (2009: 4.7 times). The dividend is payable on 26 January 2011 to ordinary shareholders on the Company's Register at close of business on 7 January 2011. The ex-dividend date is 5 January 2011.

Six months trading to 30 September 2010.

Group revenue has continued improving on a month-on-month basis. This is the result of both higher prices and increased volumes. Prices have continued to rise but at a much reduced rate in the period July to September. The growth in sales has been achieved in both timber and panel products.

As predicted, trading margins for the period July to September have come under pressure. Overheads have been well controlled given the growth in volumes. Strong sales in August and September have increased our trade debtors balances, although cash collection periods have not lengthened. We continue to take cash settlement discounts from suppliers where this represents a good return on our cash. Opportunities to improve buying terms by purchasing more from source have resulted in higher stock levels in some areas. Our depot in Scotland has made a positive contribution to these results.

Pension scheme

The IAS19 valuation shows the scheme deficit increased to £10,347,000 from £8,514,000 in March. The reduction in AA grade bond yield assumptions from 5.6% to 5.1% 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 continuing strong revenue for October and November, but margins remain under pressure. 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 been below our predictions and below the levels seen last year, but there are signs that companies will come under pressure again this winter. There are still plenty of opportunities to grow the business profitably both from investing in our existing activities and in other areas. The company is very well placed to take full advantage of these.

Peter Latham
Chairman
25 November 2010

For Further Enquiries:

James Latham Plc
Peter Latham, Chairman
David Dunmow, Finance Director

Tel: 01442 849 100
Tel: 01442 849 100

Northland Capital Partners
Shane Gallwey, Director, Corporate Finance

Tel: 0117 933 0020

JAMES LATHAM PLC
CONSOLIDATED BALANCE SHEET
As at 30 September 2010

	As at 30 Sept 2010 unaudited £000	As at 30 Sept 2009 unaudited £000	As at 31 March 2010 audited £000
Assets			
Non-current assets			
Goodwill	237	237	237
Intangible assets	135	142	138
Property, plant and equipment	18,749	18,515	18,359
Total non-current assets	19,121	18,894	18,734
Current assets			
Inventories	22,432	17,667	19,210
Trade and other receivables	29,003	24,516	23,658
Cash and cash equivalents	7,757	9,602	10,545
Total current assets	59,192	51,785	53,413
Total assets	78,313	70,679	72,147
Current liabilities			
Trade and other payables	21,156	16,594	16,934
Current portion of interest bearing loans and borrowings	21	21	21
Current tax payable	1,016	826	878
Total current liabilities	22,193	17,441	17,833
Non-current liabilities			
Interest bearing loans and borrowings	988	1,009	998
Retirement and other benefit obligation	10,347	8,514	8,311
Other payables	820	898	855
Deferred tax liabilities	1,344	2,025	1,915
Total non-current liabilities	13,499	12,446	12,079
Total liabilities	35,692	29,887	29,912
Net assets	42,621	40,792	42,235
Capital and reserves			
Issued capital	5,040	5,040	5,040
Share-based payment reserve	52	6	30
Own shares	(340)	(213)	(203)
Capital reserve	3	3	3
Retained earnings	37,866	35,956	37,365
Total equity attributable to equity shareholders of the parent company	42,621	40,792	42,235

JAMES LATHAM PLC**CONSOLIDATED INCOME STATEMENT***For the six months to 30 September 2010*

	Six months to 30 Sept 2010 unaudited £000	Six months to 30 Sept 2009 unaudited £000	Year to 31 March 2010 audited £000
Revenue	65,985	58,203	115,372
Cost of sales (including warehouse costs)	(53,778)	(47,750)	(94,838)
Gross profit	12,207	10,453	20,534
Selling and distribution costs	(5,251)	(4,587)	(9,435)
Administrative expenses	(2,539)	(2,558)	(4,749)
Other operating income	46	44	87
	(7,744)	(7,101)	(14,097)
Operating Profit	4,463	3,352	6,437
Profit on disposal of fixed asset	360	-	-
Finance income	33	231	43
Finance costs	(265)	(451)	(893)
Profit before tax	4,591	3,132	5,587
Tax expense	(1,189)	(882)	(1,474)
Profit after tax attributable to equity shareholders of the parent company	3,402	2,250	4,113
Earnings per ordinary share (basic)	17.8p	11.8p	21.5p
Earnings per ordinary share (diluted)	17.7p	11.7p	21.3p

All results relate to continuing operations

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*For the six months to 30 September 2010*

	Six months to 30 Sept 2010 unaudited £000	Six months to 30 Sept 2009 unaudited £000	Year to 31 March 2010 audited £000
Profit after tax	3,402	2,250	4,113
Other comprehensive income			
Actuarial losses on pension scheme	(2,638)	(3,426)	(3,387)
Deferred tax effect of actuarial losses on pension scheme	739	959	943
Other comprehensive income	(1,899)	(2,467)	(2,444)
Total comprehensive income, attributable to owners of the parent company	1,503	(217)	1,669

JAMES LATHAM PLC
CONSOLIDATED CASH FLOW STATEMENT
For the six months to 30 September 2010

	Six months to 30 Sept 2010 unaudited	Six months to 30 Sept 2009 unaudited	Year to 31 March 2010 Audited
	£000	£000	£000
Net cash flow from operating activities			
Cash generated from operations	37	660	2,757
Interest paid	(226)	(412)	(5)
Income tax (paid)/received	(883)	(277)	(943)
Net cash (outflow)/inflow from operating activities	(1,072)	(29)	1,809
Cash flows from investing activities			
Interest received and similar income	13	236	39
Purchase of property, plant and equipment	(855)	(369)	(568)
Proceeds from sale of property, plant and equipment	-	-	2
Proceeds from prior year sale of property	360	-	-
Net cash outflow from investing activities	(482)	(133)	(527)
Cash flows before financing activities			
Finance leases repaid during the period	(10)	(11)	(22)
Equity dividends paid	(1,002)	(813)	(1,290)
Preference dividend paid	(39)	(39)	(79)
Purchase of own shares	(183)	(91)	(64)
Net cash outflow from financing activities	(1,234)	(954)	(1,455)
Decrease in cash and cash equivalents for the period	(2,788)	(1,116)	(173)
Cash and cash equivalents at beginning of the period	10,545	10,718	10,718
Cash and cash equivalents at end of the period	7,757	9,602	10,545

JAMES LATHAM PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued capital	Share- based payment reserve	Own shares	Capital reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2009	5,040	1	(139)	3	36,986	41,891
Profit for the period	-	-	-	-	2,250	2,250
Other comprehensive income						
Actuarial losses on pension scheme	-	-	-	-	(2,467)	(2,467)
Total comprehensive income for the period	-	-	-	-	(217)	(217)
Transactions with owners						
Dividends	-	-	-	-	(813)	(813)
Change in investment in ESOP shares	-	-	(74)	-	-	(74)
Share-based payment	-	5	-	-	-	5
Total transactions with owners	-	5	(74)	-	(813)	(882)
Balance at 30 September 2009	5,040	6	(213)	3	35,956	40,792
Profit for the period	-	-	-	-	1,863	1,863
Other comprehensive income						
Actuarial losses on pension scheme	-	-	-	-	23	23
Total comprehensive income for the period	-	-	-	-	1,886	1,886
Transactions with owners						
Dividends	-	-	-	-	(477)	(477)
Change in investment in ESOP shares	-	-	10	-	-	10
Share-based payment	-	24	-	-	-	24
Total transactions with owners	-	24	10	-	(477)	(443)
Balance at 31 March 2010	5,040	30	(203)	3	37,365	42,235
Profit for the period	-	-	-	-	3,402	3,402
Other comprehensive income						
Actuarial losses on pension scheme	-	-	-	-	(1,899)	(1,899)
Total comprehensive income for the period	-	-	-	-	1,503	1,503
Transactions with owners						
Dividends	-	-	-	-	(1,002)	(1,002)
Change in investment in ESOP shares	-	-	(137)	-	-	(137)
Share-based payment	-	22	-	-	-	22
Total transactions with owners	-	22	(137)	-	(1,002)	(1,117)
Balance at 30 September 2010	5,040	52	(340)	3	37,866	42,621

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 recognition and measurement principles of International Financial Reporting Standards ('IFRS') as adopted by the EU that are expected to be applicable to the financial statements for the year ended 31 March 2011 and on the basis of the accounting policies to be used in those financial statements. The figures for the year ended 31 March 2010 are extracted from the statutory accounts of the group for that period.
2. The directors propose a final dividend of 3p per ordinary share which will absorb £571,000 (2009: 2.5p absorbing £478,000), payable on 26 January 2011 to shareholders on the Register at the close of business on 7 January 2011. The ex-dividend date is 5 January 2011.
3. This half yearly report does not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006. Statutory accounts for the year ended 31 March 2010 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) and (3) of the Companies Act 2006.
4. Earning per ordinary share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year:

	Six months to 30 Sept 2010 unaudited £'000	Six months to 30 Sept 2009 unaudited £'000	Year to 31 March 2010 audited £'000
Net profit attributable to ordinary shareholders	3,402	2,250	4,113
	Number '000	Number '000	Number '000
Weighted average share capital	19,070	19,129	19,132
Add: diluted effect of share capital options issued	189	70	121
Weighted average share capital for diluted earnings per ordinary share calculation	19,259	19,199	19,253

5. Copies of this statement will be sent to 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.