

Announcement of Preliminary Results for the year ended 31 March 2009 and Chairman's Statement

Results

In what has been a very difficult year, I am pleased to report the results for the financial year to 31 March 2009 which show a creditable trading performance and a very strong balance sheet.

Group revenue in the financial year to 31 March 2009 was £113,904,000, 2.8% lower than last year's £117,188,000.

Operating profit decreased by 42% to £3,812,000 from £6,612,000 last year.

Finance income was £647,000 against £642,000 last year and the financial costs were £287,000 against £130,000.

Pre-tax profit is £4,172,000 and has decreased from last year's figure of £7,124,000.

Profit after tax is £2,268,000 compared with £5,056,000 last year. Changes in the Industrial Buildings Allowances regime have resulted in a one-off tax charge of £743,000 causing a tax rate for the year of 46%.

Earnings per share is 11.8p. Earnings per share adjusted for the one-off tax charge and the non-recurring costs referred to below is 18.1p.

Net assets (total equity) are £41,891,000.

There was a net cash inflow of £2,093,000 and the company's cash reserves stood at £10,718,000 at 31 March 2009, up from £8,625,000 at 31 March 2008.

Final dividend

The directors recommend a final dividend of 4.25p per ordinary share (2008 6.1p). The final dividend will be paid on 28 August 2009 to shareholders on the register at the close of business on 7 August 2009. The shares will become ex-dividend on 5 August 2009.

The total dividend per ordinary share of 6.25p for the year is covered 2.9 times by adjusted earnings.

Financial year 2008/09

The Group's results are based on the trading of Lathams Limited, a specialist panel and timber distributor.

Revenue was almost 3% lower, although the new branch in Scotland generated additional turnover, and the gross margin percentage was 1% lower than the previous year. These figures include non-recurring costs of £500,000 for new depot opening and depot relocation, which contributed to the reduction in the operating profit.

2007/08 was an exceptional year with both strong international demand increasing timber product prices and a buoyant market for goods in the UK. However, as predicted last year, in 2008/09 lower demand in both these areas has seen falling prices and lower margins. UK demand was reasonably strong for the first half of the year but then fell away sharply. This coincided with sterling weakening rapidly against both the US dollar and the Euro, and increasing cost prices could not be passed on into the market. In the final quarter of the year, replacement prices of panel products fell and intense competition resulted in significant reductions in margins.

The company saw a record number of customers going into liquidation in the December quarter, and bad debts amounted to 0.74% of turnover for the year compared with 0.3% last year. The company is

taking on more risk as credit insurance has either been reduced or withdrawn on a significant number of customers with account balances over £50,000 that we insure.

The company started trading from a new depot in Motherwell in April 2008, its first branch in Scotland, the Eastleigh depot was relocated to larger premises in Fareham in March 2008 and the Dudley depot to larger premises in September 2008. The costs associated with these moves were in line with our expectations. In spite of the tough trading conditions, trading has been encouraging and they will prove valuable depots once market conditions return to some normality.

Current financial year 2009/10 - April and May trading

The reduced level of demand seen in the second half of last year has continued into April and May. However there is evidence that margins are gradually improving from the disappointing levels of the March quarter. Managing customer credit levels continues to be difficult but on a positive note the number of customer liquidations is down. In addition, less volatility in the exchange rates has helped stabilise the markets we operate in. Savings are being realised from the drive to reduce general overheads and from the review of staff numbers in February.

While the volume of business done is unlikely to grow over the next six months, margins should improve to more usual levels and there will be opportunities for profitable business as supply adjusts to current levels of demand.

Development strategy

The Directors have reviewed the company's various activities and are concentrating resources on areas where it has competitive opportunities in the likely trading environment over the next 12 months, such as hardwoods, door blanks and decorative panels. We have been working closely with suppliers and, given increased market volatility, purchasing decisions have been shortened. The company is in a strong financial position to take advantage of opportunities that will occur in the current trading climate.

Peter Latham
Chairman
24 June 2009

JAMES LATHAM PLC
CONSOLIDATED BALANCE SHEET
At 31 March 2009

As at 31 March 2009 As at 31 March 2008

	£000	£000
Assets		
Non-current assets		
Goodwill	237	237
Intangible assets	146	149
Property, plant and equipment	18,496	17,515
Other receivables	-	333
Total non-current assets	18,879	18,234
Current assets		
Inventories	16,251	18,181
Trade and other receivables	21,334	24,826
Cash and cash equivalents	10,718	8,625
Total current assets	48,303	51,632
Total assets	67,182	69,866
Current liabilities		
Trade and other payables	15,179	18,681
Current portion of interest bearing loans and borrowings	21	378
Current tax payable	-	-
Total current liabilities	15,200	19,059
Non-current liabilities		
Interest bearing loans and borrowings	1,020	1,041
Retirement and other benefit obligation	5,244	5,108
Other payables	886	644
Deferred tax liabilities	2,941	1,893
Total non-current liabilities	10,091	8,686
Total liabilities	25,291	27,745
Net assets	41,891	42,121
Capital and reserves		
Issued capital	5,040	5,040
Share-based payment reserve	1	95
Own shares	(139)	(429)
Capital reserve	3	3
Retained earnings	36,986	37,412
Total equity attributable to equity holders of the parent company	41,891	42,121

JAMES LATHAM PLC
CONSOLIDATED INCOME STATEMENT
For the year to 31 March 2009

	Year to 31 March 2009	Year to 31 March 2008
	£000	£000
Revenue	113,904	117,188
Cost of sales (including warehouse costs)	(95,759)	(96,635)
Gross profit	18,145	20,553
Selling and distribution costs	(9,507)	(9,160)
Administrative expenses	(5,009)	(5,013)
Other operating income	183	232
	(14,333)	(13,941)
Operating Profit	3,812	6,612
Finance income	647	642
Finance costs	(287)	(130)
Profit before tax	4,172	7,124
Tax expense	(1,904)	(2,068)
Profit after tax attributable to equity shareholders of the parent company	2,268	5,056
Earnings per ordinary share (basic)	11.8p	25.7p
Earnings per ordinary share (diluted)	11.7p	25.6p

All results relate to continuing operations

JAMES LATHAM PLC
CONSOLIDATED CASH FLOW STATEMENT
For the year to 31 March 2009

	Year to 31 March 2009	Year to 31 March 2008
	£000	£000
Net cash flow from operating activities		
Cash generated from operations	4,997	5,163
Interest paid	(224)	(70)
Income tax received/(paid)	461	(1,237)
Net cash inflow from operating activities	5,234	3,856
Cash flows from investing activities		
Interest received and similar income	655	792
Purchase of property, plant and equipment	(1,647)	(6,792)
Purchase of intangible asset	(4)	(150)
Proceeds from sale of property, plant and equipment	46	48
Proceeds from prior year sale of property and investment in subsidiary undertaking	500	5,438
Net cash outflow from investing activities	(450)	(664)
Cash flows before financing activities		
Bank loans repaid during the year	(357)	(714)
Finance leases repaid during the year	(21)	(23)
Equity dividends paid	(1,562)	(1,572)
Preference dividend paid	(79)	(79)
Purchase of own shares	(186)	(259)
Sale of own shares	313	-
Purchase of treasury shares	(799)	(792)
Net cash outflow from financing activities	(2,691)	(3,439)
Increase/(decrease) in cash and cash equivalents for the year	2,093	(247)
Cash and cash equivalents at beginning of the year	8,625	8,872
Cash and cash equivalents at end of the year	10,718	8,625

JAMES LATHAM PLC
CONSOLIDATED STATEMENT OF RECOGNISED
INCOME AND EXPENSE

For the year to 31 March 2009

	Year to 31 March 2009	Year to 31 March 2008
	£000	£000
Profit after tax	2,268	5,056
Actuarial losses on pension scheme	(312)	(2,024)
Deferred tax effect of actuarial losses on pension scheme	87	567
Deferred tax on share-based payment	-	12
Total income and expense, attributable to equity shareholders of the parent company	2,043	3,611

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year to 31 March 2009

	Year to 31 March 2009	Year to 31 March 2008
	£000	£000
Profit attributable to shareholders	2,043	3,611
Dividends	(1,562)	(1,572)
	481	2,039
Purchase of treasury shares	(799)	(792)
Change in investment in own shares	290	(259)
Transfer of share-based payment reserve on exercise of options	95	-
Write off deferred tax on the above	(39)	-
Capital loss on conversion of ESOP shares	(164)	-
Change in Share-based payment reserve	(94)	39
Movement in the year	(230)	1,027
Opening shareholders' funds	42,121	41,094
Closing shareholders' funds	41,891	42,121

JAMES LATHAM PLC

Notes to the preliminary financial information

1. The results presented in this report are unaudited and they have been prepared in accordance with the IFRS accounting policies (as adopted by the EU) set out in the Group accounts for the year ended 31 March 2008 and those set out in the Group accounts for the year ended 31 March 2009. The figures for the year ended 31 March 2008 have been audited.
2. During 2007 proposed amendments to the Industrial Buildings Allowances regime were announced. Substantive enactment took place on 2 July 2008. The effect of this enactment has increased the deferred tax liability in the consolidated balance sheet of these accounts by £743,000, with a corresponding charge to the consolidated income.
3. The earnings per share figure, adjusted for the one-off deferred tax liability referred to above and the non-recurring costs of new depots and depot relocations is 18.1p (2008: 25.7p).
4. The directors propose a final dividend of 4.25p per ordinary share, which will absorb £817,734 (2008: 6.1p absorbing £1,197,186), payable on 28 August 2009 to shareholders on the Register at the close of business on 7 August 2009. The ex-dividend date is 5 August 2009.
5. The financial information in this announcement does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. Statutory accounts for the previous financial year ended 31 March 2008 have been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain any statement under section 237(2) or (3) of the Companies Act 1985 or an emphasis of matter paragraph. Copies of the Company's Report and Accounts will be sent to shareholders shortly and will be available at the registered office of the company: Unit 3, Swallow Park, Finway Road, Hemel Hempstead, Herts HP2 7QU.
6. This announcement was approved by the Board of Directors on 24 June 2009.
7. The Annual General Meeting of James Latham plc will be held at Unit 3 Swallow Park, Finway Road, Hemel Hempstead, Herts, HP2 7QU on 20 August 2009 at 12.30pm.

The Annual Report and Accounts for the year ended 31 March 2009-06-23 will be sent by post to all shareholders in due course. The Annual Report and Accounts may also be viewed in due course on James Latham plc's website at www.lathams.co.uk