

LETCWORTH INVESTMENTS LIMITED

12 March 2010

Dear shareholder,

Unaudited financial statements – 6 months to 31 December 2009

In the 6 months to 31 December 2009, Letchworth's total income amounted to £391,000, of which £364,000 represents an unrealised foreign exchange gain. The balance is attributable to bank interest receivable in respect of the company's sterling and euro deposits.

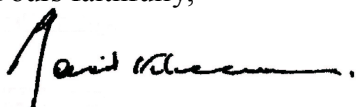
The pre-tax profit arising during the period amount to £260,000, and the net asset value per Letchworth share at 31 December 2009, adjusted for the negative goodwill as at June 2009, amounted to 70.75p (30 June 2009 – 68.97p per share)

During the period, we continued our discussions with Esprinet s.p.a., the purchasers of UMD in late 2006, in an effort to secure the release of the bank guarantee provided on completion of the sale as security for the warranties and covenants given to the purchasers, and against which €6m has been lodged with Barclays Bank as counter-security. We did not obtain a positive outcome to these discussions. Unless there is a change of mind by Esprinet, the bank guarantee and our own deposit with Barclays will remain in place, provided no claim is made in the meantime, until September 2011 when the warranty period expires. To date, no new claims have been received, and we have not received notifications of any circumstances which may give rise to a claim.

We have received formal notice from DCC, the purchasers of Banque Magnetique in December 2007, of some minor issues and of a piece of litigation, to which Banque Magnetique is a party. Details of the possible legal proceedings were disclosed to DCC prior to completion, but any liability in respect of it is likely to rest with Fayrewood Limited, our wholly owned subsidiary. Details of this possible liability were disclosed to Fayrewood shareholders in the Circular despatched in December 2008. A prudent provision for potential warranty claims was made in the group accounts at 30 June 2009 and this has been maintained at the same level at 31 December 2009.

I hope to be able to provide you with progress in respect of the litigation and related issues when I next report to you. Once these have been resolved, we will be in a better position to recommend the means and timing for the efficient return of capital to shareholders.

Yours faithfully,



David Kleeman

Chairman.