

LETCWORTH INVESTMENTS LIMITED

16 September 2009

Dear shareholder,

Audited report and financial statements - 30 June 2009

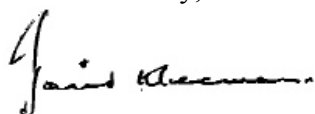
Letchworth was formed late in 2008 for the primary purpose of acquiring Fayrewood plc, completion of which took place on 25 February 2009 following High Court approval being given to the Scheme of Arrangement.

The accounts, therefore, cover the company's first period of trading to 30 June 2009, and incorporate Fayrewood's results for the four months to that date. Despite overheads being very close to budget, the low level of interest received in respect of the Group's cash deposits, and the effect of the fall in the value of the euro against the £ since 25 February 2009 has resulted in a post-tax loss for the period of £284,000. The impact of the unrealised exchange losses of £337,000 for the period is required, under UK GAAP, to be included as interest payable. The net asset value, adjusted to exclude the Negative Goodwill, as at 30 June 2009, with the exchange rate at €1.176 to £1 sterling, is approximately 68.9p per share, and which is fully represented by cash on deposit.

Our priority has been to preserve Group cash, much of which is held in euros pending the expiry period for any possible claims arising under the terms of the agreements Fayrewood entered into for the disposal of its overseas businesses in recent years. To date, a formal claim was lodged earlier this year by Esprinet s.p.a., some two years after the completion of its purchase of UMD. That claim was settled for €263,000 - well within the level for which provision had been made, and at a sizeable discount to the amount originally sought. Discussions continue with Esprinet in an effort to reduce the possibility of further claims during the outstanding two year warranty period which expires in September 2011. No other claims have been received since Fayrewood last reported to its shareholders, and any potential liability in respect of the sale of Banque Magnetique expires at the end of the current calendar year.

It is premature to formulate proposals for any cash return to shareholders pending the expiry of outstanding warranty periods or the putting in place of insurance arrangements to cover any conceivable liability. I shall be in a better position to report to you on these issues in a few months time.

Yours faithfully,



David Kleeman
Chairman