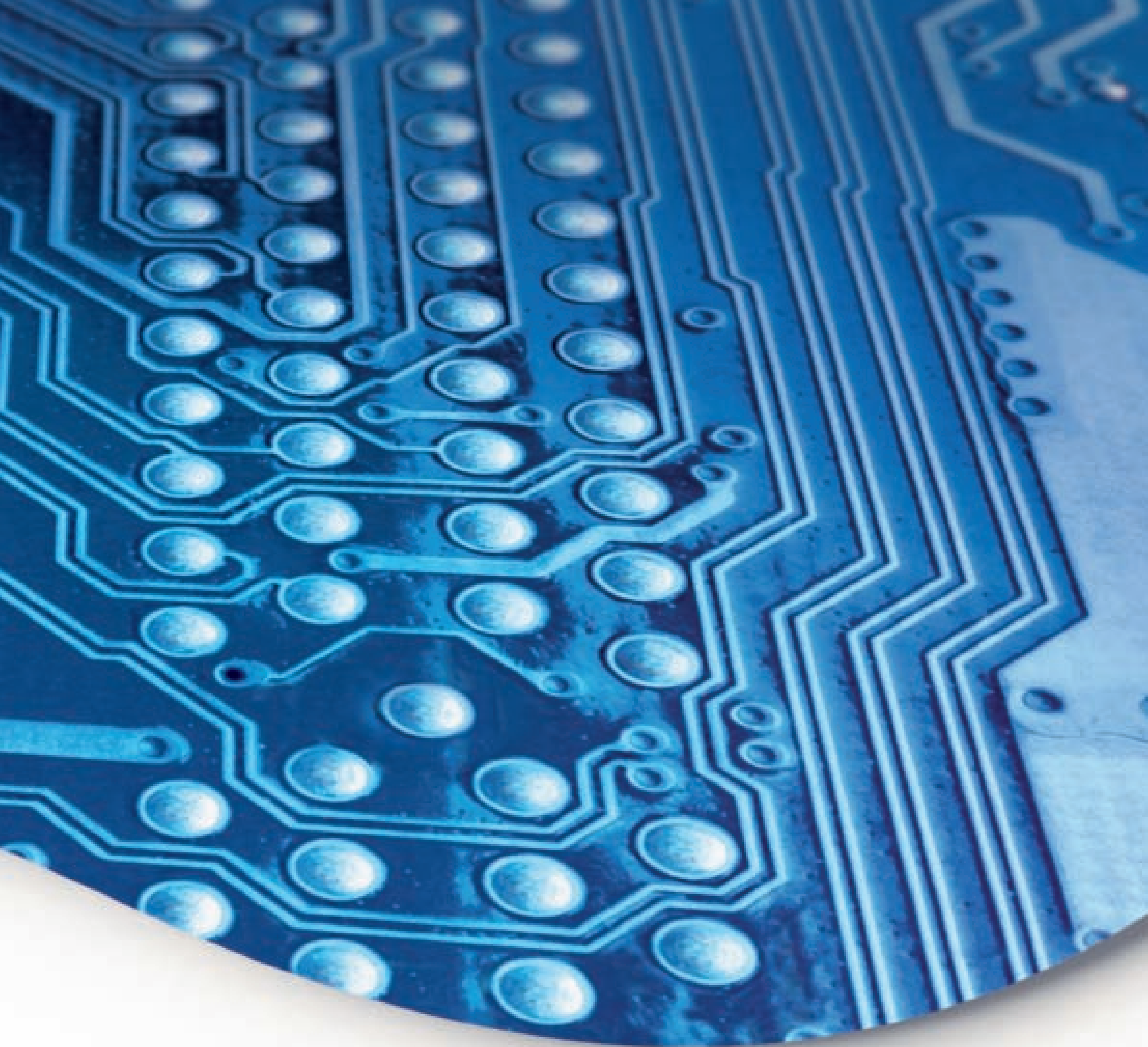
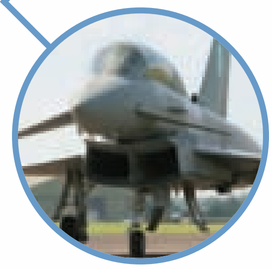
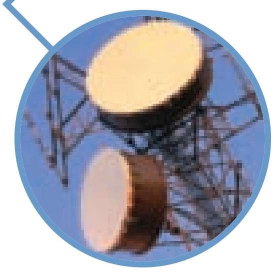


Holders Technology

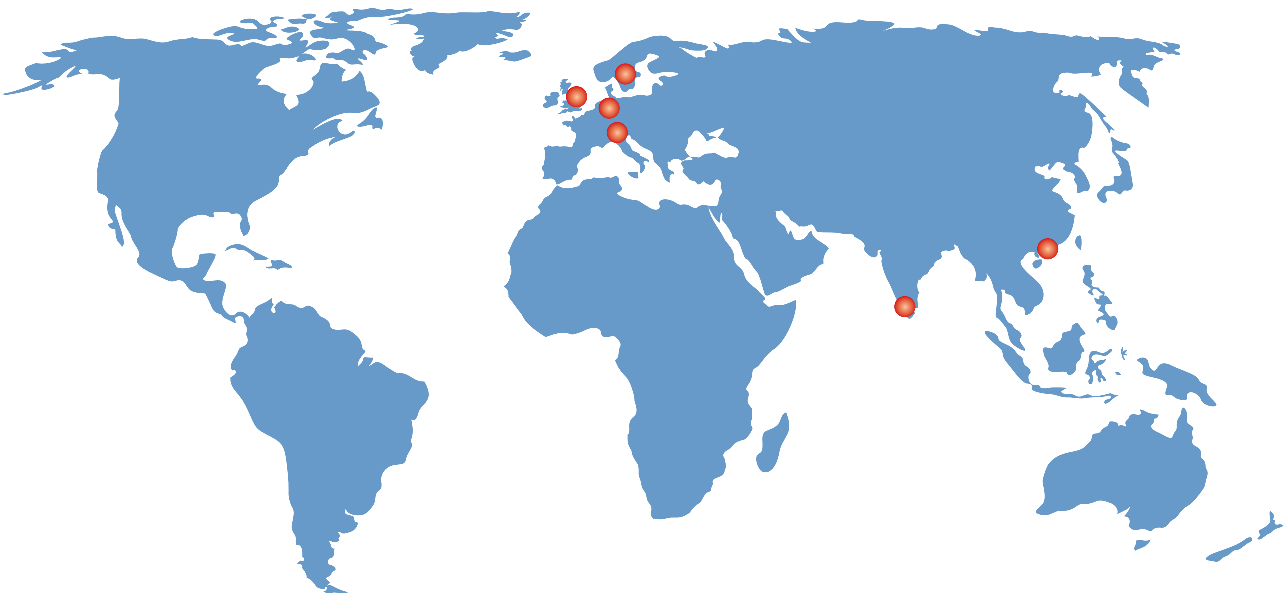
Annual Report & Accounts

07

WELCOME TO

Holders Technology



The Holders Technology Group is an international supplier of materials, equipment and services to the Printed Circuit Board Industry.

For 35 years, it has been a leader in the industry and benefits from offering a full and comprehensive range of products and services, as well as providing in depth expertise to its customers.

TELECOM

PCBs are used in mobile phones, transmitters and antennae and many other applications in the telecommunications industry. Holders Technology supplies special PTFE laminates that have particular advantages in microwave applications.

MEDICAL

Hearing aids, pacemakers, sonographs, defibrillators and electrocardiographs are just some examples of the demanding equipment requiring PCBs fabricated with the specialised materials that Holders Technology can provide.

DEFENCE

The defence industry has many applications requiring PCBs in, for example, military computers, radar and instrumentation. Holders Technology provides specialised laminates, prepregs and soldermask that are used to make these PCBs.

AUTO

The average Formula 1 car has over 300 PCBs. Not all cars have the same demanding requirements for lightness and ruggedness needed in Formula 1, but Holders Technology supplies materials used in the manufacture of the PCBs for all types of vehicles.

Holders Technology

Holders Technology products are used in a wide range of applications. Holders supplies special laminates and materials to make printed circuit boards for a variety of industries, including the avionics, defence and automotive sectors.

Holders Technology

Holders Technology plc, Devonshire House, Manor Way, Borehamwood,
Hertfordshire WD6 1QQ

YEAR IN BRIEF

2007 was a year of solid progress for the group, with improved profitability and strong cash flow.

- Operating profit grew 20% to £1.2m
- Revenue was steady at £18.9m
- £2.0m cash generated from operations
- Indian Joint Venture established
- Proposed 8.3% increase in final dividend to 3.25p

CONTENTS

CHAIRMAN'S STATEMENT

The improved trading performance achieved in the first half of the year was matched in the second half of the year leading to a positive out turn for the year to 30 November 2007. Given the successful trading in the year, your board considers it appropriate to recommend a final dividend of 3.25p (2006: 3.00p).

Operating profit of £1.2m (2006: £1.0m) combined with tight control of working capital led to £2.0m (2006: £0.6m) of cash being generated from operations, before tax payments. The group has maintained a strong balance sheet, with net cash of £1.1m at the end of the year.

The UK operations traded strongly while our German and Dutch operations broadly held their ground during a period which saw worldwide rises in the price of copper and aluminium foils, product lines of particular importance to our German subsidiary. The continuing marked contraction of the Scandinavian PCB market inevitably impacted adversely on our Swedish subsidiary, but strict control of overheads enabled the company to breakeven at operating profit level and to hold the pre-tax loss to an immaterial amount.

Our Indian joint venture, which commenced trading only in April 2007, achieved pre-tax breakeven albeit on modest levels of turnover. We believe that the Indian market has excellent potential to grow over the medium term and that our entry into the market at this stage makes us well placed to benefit from the anticipated growth of this market in future years.

The Chinese PCB industry continues to expand and is now the world's premier PCB producer. We will continue our investment programme to address this market opportunity. Taken together, our Chinese activities achieved breakeven at the pre-tax level in the year.

We are appraising opportunities further to develop the company's business in areas complementary to our existing core activity of supplying the PCB industry. A number of opportunities have been examined, but as yet we have been unable to identify a suitable proposition available on terms which we consider attractive to shareholders. The continuing strength of our balance sheet coupled with our strong banking relationships would enable us to complete suitable transactions and it is now clear that the range of possible opportunities both justifies and requires a greater level of management commitment. To this end Victoria Blaisdell, who has served as the group's IT Director for the past three years, has been appointed to the company's board as Corporate Development Director in order to enable us to devote more resource to this process.

The move to restructure our operations in order to devolve responsibility to the operating subsidiaries has been successfully completed and on behalf of the board I would like to thank staff for their efforts during the year, sometimes in trying circumstances.

There are clear signs that economic activity in Europe is weakening and we are basing our plans on the assumption that demand in our main markets in 2008 will be lower than in 2007. We will seek rigorously to contain our costs so as to minimise the impact of this expected lower level of activity on our profitability while continuing to invest in our young subsidiaries in the growth economies of India and China and seeking to make selective, earnings enhancing acquisitions.

If approved by shareholders at the AGM, we will pay the dividend on 20 May 2008 to shareholders on the register on 25 April 2008.

R W Weinreich
Chairman and Chief Executive

18 February 2008

BUSINESS REVIEW

Operating Review

Corporate strategy

The board is committed to enhancing shareholder value over the medium to long term, while maintaining a conservative financial framework. Where Holders has seen opportunities to increase market share or to lower operating costs, these opportunities have been addressed within the bounds of internally generated cash flow and bank facilities. Given the established importance of the PCB industry in the Far East, particularly China, Holders has established a presence in that market which it is expanding.

India is also emerging as a base for PCB production and in April 2007, Holders established a joint venture to address this opportunity.

When appropriate, acquisitions will be made to strengthen Holders position in its existing markets or to expand its operations into other sectors of the electronics industry.

Product strategy

In its traditional markets, Holders continues to pursue its successful strategy based on dual positioning: on the one hand, as a low-cost source of standard products used throughout the printed circuit board industry; on the other hand, as an exclusive supplier of technically sophisticated products to the PCB sector.

The two elements of this strategy are interdependent and complementary. The high volumes achieved on standard products ensure a competitive cost-base for this part of the business thus enabling the territorial coverage and technical support levels needed to attract suppliers of and customers for sophisticated niche products.

This approach limits the company's exposure to any one market or product. It also ensures that Holders is well placed to benefit, as these products gain wider acceptance in a technical market, which demands innovation.

Economic environment

Over the last few years, much of the high volume production of PCBs for electronic consumer goods has moved from the USA and Europe to the Far East. The European PCB industry contracted in the four years to 2005 and is now mainly focused on the defence, automotive and medical sectors. 2006 saw a modest recovery in Europe, but this flattened out in 2007. Scandinavia, which had been an important region for telecomms-related PCB manufacturing saw a sharp decline. The UK, which is more oriented towards defence requirements, was relatively buoyant.

Holders Technology
UK Operations

UK trading operations are based in Galashiels, Scotland. There was strong demand for polyimide laminates in the UK in 2007 and the company had a successful year, growing revenue from £4.5m to £5.3m.

The UK company carries a broad range of products and will be concentrating on expanding its business in FR4 laminates and drills in 2008.

Dutch operations

Holders Dutch operations are based at Dussen, near Rotterdam. The company specialises in the supply of FR4 and flexible laminates. Although the FR4 business expanded, the demand for flexible laminates was weaker than in 2006. The company achieved revenue of £5.0m, compared with £5.5m in 2006.

German operations

Holders Technology GmbH is located at Kirchheimbolanden, near Frankfurt. The company is the leading supplier of backing and entry materials to the PCB industry in Germany.

The German market is extremely competitive and it was difficult to pass on the increases in raw material prices, which led to a reduction in achieved gross margins. Nevertheless, the company's revenue advanced 7% to £7.1m.

Swedish operations

The group's Swedish subsidiary is located in Stockholm and supplies a full range of materials to the small PCB industry in Sweden and Finland. There were a number of factory closures in the Scandinavian PCB industry in 2007 and revenue contracted by 52% to £625,000.

Far East operations

Far East operations consists of four companies, headed by Topgrow Technologies Limited (Topgrow), the Hong Kong based holding company. The main operating subsidiary is Dongguan Hui Zhan Electronic Limited, which was established last year in Dongguan to provide materials and services to the PCB industry in Southern China. The other two companies, Waysky Technology Limited and China Hill Technology Limited have become associated companies, following the reduction in Topgrow's stake in Waysky from 51% to 49% in November 2007.

The trading performance of the Far East operations was slower than had been hoped, with revenue at a similar level to last year of £0.8m. The introduction of some new products, including materials for export to Europe, should give some impetus to sales in 2008.

India

Holders Technology (India) Private Limited was established as a joint venture (60% owned by Holders Technology plc) in April 2007. At this stage, the Indian market for PCB production is relatively small, but it is expected to increase in importance in the coming years. The JV company has made a good start, having recorded a breakeven result in its first period of operation.

Financial Review

Key performance indicators

The directors believe that the following key performance indicators are of most significance to assessment of the group's performance and financial position:

- **Revenue**
  In a relatively mature industry, the level of turnover gives an important view of the strength of the group's product range and coverage.
- **Profitability**
  Profitability is a function of the gross margins achieved and management's success in containing administrative expenses in relation to turnover.
- **Gearing and liquidity**
  The group operates in a cyclical industry and the directors have consistently applied a conservative approach to financing the group's activities. The key measures here are *net liquid funds* and *gearing*, which are described in more detail below.

Revenue

Group turnover in continuing operations increased slightly from £18.8m to £18.9m. Whilst there was good growth in the UK and Germany, Scandinavia saw a sharp decline of 52% to £0.6m. The market for flexible laminates also diminished, as the easing of product shortages caused customers to reduce their stocks.

Profitability

Operating profit increased from £1.0m in 2006 to £1.2m in 2007. The gross profit margin improved slightly from 26.2% in 2006 to 26.5%. The group was successful in controlling administrative expenses, which were reduced by £0.2m to £3.4m. The key ratio of admin expenses to turnover was reduced from 18.9% to 18.0%.

Profit before tax increased from £1.0m in 2006 to £1.2m in 2007, reflecting the reduction in administrative expenses.

Taxation

The group tax rate has decreased from 40.7% in 2006 to 37.6%. The 2007 tax charge included adjustments in respect of prior years amounting to £87,000, mostly arising from an assessment on inter-company charges levied by the group on its German subsidiary.

Post tax profits
The profit for the financial year after tax and after minority interests was £0.7m compared with £0.6m in 2006. As a result basic earnings per share increased from 14.24p per share in 2006 to 17.97p per share. Diluted earnings per share were 17.78p (2006: 14.24p).

Dividends
The board proposes a final dividend of 3.25p per share to be paid on 20 May 2008 to shareholders on the register on 25 April 2008. Including the 2.10p interim dividend already paid on 18 September 2007 and subject to the approval of shareholders at the AGM, the total dividend for 2007 will be 5.35p (2006: 5.00p), which would be covered 3.4 times by earnings.

Cash flow, liquidity and financing
The group's profitability together with careful management of working capital enabled the group to generate £2.0m of operating cash flow (2006: £0.6m). Cash flow benefited from a drive to tighten inventory management.

Total borrowings, comprising overdrafts, as at 30 November 2007, amounted to £0.2m (2006: £0.4m). Borrowings to finance European requirements were denominated in euros.

At 30 November 2007 the group had net liquid funds (trade and other receivables and cash minus current liabilities) of £2.0m compared to £1.3m in the preceding year.

Net assets per ordinary share at 30 November 2007 increased to £1.41, compared with £1.27 in 2006.

Derivatives and other financial instruments
Operations are financed by a mixture of retained profits and overdrafts. The board's current policy is to use the variable rate overdraft facilities in order to maintain short term flexibility. At 30 November 2007, the group had gearing, being debt divided by debt plus shareholders' funds, of 3.1% (2006: 7.4%).

The group's financial instruments, other than derivatives, comprise borrowings, some cash and various items, such as trade debtors and creditors that arise directly from its operations. The main purpose of these instruments is to raise finance for operations.

It is, and has been throughout the period under review, the group's policy that no trading in financial instruments shall be undertaken.

Currency risk and exposure
The group enters into derivatives transactions, in the form of forward currency contracts that are used to manage the currency risks arising from purchases from foreign suppliers where the products are to be sold in local currencies. Forward currency contracts have also been used to reduce the company's foreign currency exposure when it has provided euro loans to finance its European subsidiaries.

The overseas sales operations are in the European Community, China and India. The group has currency exposures in US dollars, euros, Hong Kong dollars and the Chinese Renminbi. Although day to day transactional exposures are regularly covered by forward contracts, the group has an underlying exposure, particularly to the euro.

Conclusion
The group continues to operate a conservative financial policy, which leaves it well placed to benefit from future growth opportunities.

Jim Shawyer
Group Finance Director

18 February 2008

COMPANY INFORMATION

Directors	R W Weinreich, Chairman and Chief Executive J S Shawyer BA, FCA, Finance Director V M Blaisdell, BSc, Corporate Development Director D A Mahony, BA (Econ), MSc, Non-Executive Director
Secretary	J S Shawyer BA, FCA
Registered office	Devonshire House Manor Way Borehamwood Hertfordshire WD6 1QQ
Website	www.holderstechnology.com
Registered number	1730535
Auditors	Grant Thornton UK LLP Byron House Cambridge Business Park Cambridge CB4 0WZ
Bankers	Barclays Bank plc Fortis Bank S.A./N.V.
Registrars	Neville Registrars Neville House 18 Laurel Lane Halesowen West Midlands B63 3DA
Nominated Advisor and Broker	Blue Oar Securities plc Colston Tower Colston Street Bristol BS1 4RD
Solicitors	Osborne Clarke 2 Temple Back East Temple Quay Bristol BS1 6EG

REPORT OF THE DIRECTORS

Principal activities

The principal activity of the group is to provide specialised materials, equipment and services for the electronics and telecommunications industries.

Business review and future developments

A review of the year and likely developments is contained in the Chairman's Statement and the Business Review.

Results and dividends

The group made a profit after taxation for the financial year attributable to shareholders of £744,000 (2006: £591,000).

Full details are contained in the consolidated income statement on page 14. The directors have recommended a final dividend of 3.25p (2006: 3.00p) per share payable on 20 May 2008 to shareholders on the register at close of business on 25 April 2008. Subject to the approval of the proposed final dividend by shareholders at the annual general meeting, the total dividend for the year, including the interim dividend of 2.1p (2006: 2.0p) per share paid on 18 September 2007, amounts to £215,000 (2006: £208,000), which is equivalent to 5.35p (2006: 5.00p) per share.

Payment of creditors

The group's policy is to use its best endeavours to settle with suppliers in accordance with agreed payment terms. For the group, the average number of days credit taken from trade creditors at 30 November 2007 was 16 days (2006: 36 days). For the company the average number of days credit taken from trade creditors at 30 November 2007 was 10 days (2006: 37 days).

Principal risks and uncertainties

The directors believe that the following are the principal risks and uncertainties faced by the group:

- Competition
  Supply to the PCB industry is highly competitive and the group faces competition from a wide range of companies.
- Customers
  The group closely monitors any customers with liquidity problems. Within the major European markets, the group insures its debtors, where possible, and maintains appropriate credit limits where insurance is not available.
- Suppliers
  The group has a number of key suppliers. As in any distributor business, there is a dependency on maintaining supply.

Directors

The directors currently holding office are listed on page 6. V M Blaisdell was appointed on 21 September 2007. All of the other directors listed on page 6 served throughout the year. The beneficial shareholdings of the directors at 30 November are set out in note 28 to the financial statements.

Rudi Weinreich, aged 61, Chairman and Chief Executive, was born in Austria and was sole executive director of Holders Technology until 1987. He has been responsible for all aspects of the business since he started it in 1972, particularly the assessment of new products and negotiating distributorship agreements.

Jim Shawyer, aged 54, joined the group in 2000 as Group Finance Director and Company Secretary. He previously held senior financial roles in international companies, including Xerox Limited and Vale International Limited.

Victoria Blaisdell, aged 35, joined the group in 2004 and is now the Corporate Development Director. She has worked in the IT industry for over 12 years and has previously worked in several countries as a Senior Consultant for one of the largest global IT consultancies.

David Mahony, aged 64, is the senior non-executive director, appointed in 1988. He is chairman of Opsec Security Group plc and ArgentVive plc.

Substantial shareholdings

At 1 February 2008 the company had been informed of the following interests, in addition to the interests of R W Weinreich, amounting to 3% or more in the issued ordinary share capital of the company, excluding treasury shares:

	Number	%
Rath Dhu Limited	272,500	6.96%
Armstrong Investments Limited	275,000	7.03%
Hugh S Pearson Gregory	178,458	4.56%
Andre Marcou	132,000	3.18%

Annual General Meeting

The Annual General Meeting of the company will be held at Devonshire House, Manor Way, Borehamwood, Hertfordshire WD6 1QQ at 2.00 p.m. on 28 April 2008.

Special business at the Annual General Meeting

At the Annual General Meeting an ordinary resolution (set out as resolution 6 in the notice of the annual general meeting) will be proposed to give the directors authority to allot 1,386,517 ordinary shares being approximately 33% of the issued ordinary share capital of the company as at the date of this report which includes 245,000 ordinary shares being the maximum number of shares the company may be obliged to issue under its employee share option scheme. The authority, when given, will expire at the conclusion of next year's annual general meeting. The directors have no present intention of exercising this authority.

A special resolution (set out as resolution 7 in the Notice of Annual General meeting) will be proposed to empower the directors to allot securities of the company up to a specified amount in connection with rights issues without having to obtain prior approval from shareholders on each occasion and also to allot a smaller number of these for cash without first being required to offer such shares to existing shareholders. The number of ordinary shares which may be issued for cash under the latter authority will not exceed 207,978 being approximately 5% of the issued ordinary share capital of the company as at the date of this report. The proposed power will expire at the conclusion of next year's Annual General Meeting.

A special resolution to authorise the company to buy on the open market up to 391,455 ordinary shares of 10p each, representing 10% of the issued ordinary share capital, excluding treasury shares. The directors, in reaching any decision to purchase ordinary shares, will take into account the company's cash resources, capital requirements and the effect of any purchase on earnings per share.

Going concern

The directors confirm that, after having made appropriate enquiries, they have a reasonable expectation that the group and company have adequate resources to continue operating for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in the preparation of the accounts.

Statement of directors' responsibilities for the annual report

The directors are responsible for preparing the financial statements in accordance with applicable law and applicable regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether the financial statements comply with IFRSs as adopted by the European Union; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in the annual report may differ from legislation in other jurisdictions.

At the date of making this report each of the company's directors, as set out on page 6, confirm the following:

- so far as each director is aware, there is no relevant information needed by the company's auditors in connection with preparing their report of which the company's auditors are unaware, and

- each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

Directors' indemnity arrangements

The company has purchased and maintained throughout the year directors' and officers' liability insurance in respect of its directors. The directors also have the benefit of the indemnity provision contained in the company's Articles of Association. These provisions, which are qualifying third party indemnity provisions as defined by Section 309B of the Companies Act 1985, were in force since 30 April 2007, when the Articles of Association were approved by the shareholders, and are currently in force.

Auditors

RSM Robson Rhodes LLP (Robson Rhodes) merged its audit practice with that of Grant Thornton UK LLP (Grant Thornton) with effect from 2 July 2007, with the successor firm being Grant Thornton. Robson Rhodes resigned as auditors on 30 July 2007, creating a casual vacancy, which the directors filled by appointing Grant Thornton. A resolution to reappoint Grant Thornton as auditors of the company will be proposed at the forthcoming Annual General Meeting.

By order of the board

Jim Shawyer
Secretary

18 February 2008

DIRECTORS' REMUNERATION REPORT

The directors present the directors' remuneration report for the financial year ended 30 November 2007.

This report has not been prepared in accordance with the Directors' Report Regulations 2002 because as an AIM listed company Holders Technology plc does not fall within the scope of the regulations.

Remuneration policy

The company policy is to design prudent executive remuneration packages to attract, motivate and retain directors of a high calibre and to reward them for enhancing value to shareholders. The determination of the annual remuneration packages of the senior executive directors and key members of senior management are undertaken as set out in the corporate governance report on page 11.

There are three main elements of the remuneration packages of the executive directors:

- Basic annual salary and benefits;
- Share option incentives; and
- Pension arrangements.

The company believes that share option incentives encourage long term commitment to shareholder value and ensure that rewards for executive directors and senior managers are aligned with the interests of shareholders.

There is no company pension scheme in place. Contributions are made to the personal pension schemes of certain directors.

Executive directors may accept up to two external non-executive appointments, as long as these are not with competing companies and are not likely to lead to conflicts of interest. This policy is followed where such appointments would beneficially broaden experience and knowledge.

Executive directors' remuneration and terms of appointment

Base salaries are reviewed annually and are set to reflect responsibilities, experience and marketability. Regard is also given to the level of rewards made in the year to staff. The mechanism for supervising the company share option scheme and the granting of options under it is as set out in the corporate governance report on page 11.

None of the directors have service contracts with a notice period exceeding one year. Each director is entitled to contributions to personal pension schemes and benefits in kind, which include car allowance and private health insurance.

Non-executive directors' remuneration

The fees paid to non-executive directors are determined by the board. Non-executive directors are normally appointed for an initial period of three years. Appointments are made subject to retirement by rotation or removal under the company's articles of association. Non-executive directors do not participate in the company's option scheme.

Details of the directors' remuneration, pension entitlements, shareholdings and share options are included in note 28 to the financial statements.

CORPORATE GOVERNANCE

Board composition and responsibility

During the year the board comprised two executive directors (three from 21 September 2007) and one non-executive director. None of the directors are independent. The appointment of another non-executive director will be considered when a suitable candidate has been identified and approved by the full board. Given the size of the company it is not considered by the board that it is either necessary or appropriate to incur the cost of employing a separate chairman. All directors are required to retire and submit themselves for re-election at three yearly intervals. No director has a service agreement requiring more than twelve months notice of termination to be given.

All directors receive management information in advance of board meetings, which are held monthly, and the board visits subsidiary companies as appropriate. There is a schedule of matters requiring board approval, including corporate strategy, acquisitions and disposals, key appointments and group funding strategy. All directors have access to the advice and services of the Company Secretary (and there are processes in place enabling directors to take independent legal advice at the company's expense in the furtherance of their duties).

Due to the size of the company the board believes it is inappropriate to appoint full audit, remuneration and nomination committees.

The following table shows the number of scheduled board and board committee meetings held during the year ended 30 November 2007 and details of each director's attendance.

	Board	Audit	Remuneration
Number held	11	2	1
R Weinreich	9	–	–
J Shawyer	11	2	–
V Blaisdell	2	–	–
D Mahony	11	2	1

– indicates not a member of that committee in 2006/7

Audit Committee

The Group Finance Director and the Non-executive Director act as the audit committee which is responsible for reviewing a range of financial matters, including the interim and final accounts, and monitoring the controls which are in force to ensure the integrity of the financial information reported to the shareholders. The committee reviews the need for internal audit on an annual basis and, due to the size of the company, the committee believes that the cost of introducing this function would outweigh any perceived benefits. The audit committee has met twice in the year. The Non-executive Director meets separately with the auditors as part of such meetings.

Remuneration Committee

During the year, the Non-executive Director has acted as the sole member of the remuneration committee.

The principal function of the remuneration committee is to determine on behalf of the board the remuneration and other benefits of the executive directors, including pensions, share options, service contracts and compensation payments. The remuneration policy and key elements of the remuneration packages of the executive directors are included in the Directors' Remuneration Report on page 10.

The principal objectives of the remuneration committee in respect of executive directors and the board in respect of the company as a whole are to ensure that the company's senior management remuneration policies and practice facilitate the recruitment, retention and motivation of top quality personnel and to ensure that senior management remuneration operates on a best-practice basis, aligning, where practicable, the remuneration of executives with the interests of shareholders.

Each of the company's executive directors is subject to an annual appraisal of their performance as executives which is conducted by the Non-executive Director.

Board nominations

The company has formal procedures for making appointments to the board and these would be applied to ensure that any new appointments meet the desired criteria.

CORPORATE GOVERNANCE

continued

Shareholder relationships

The objective of the board is to create increased shareholder value by growing the business in a way that delivers sustainable improvement in earnings over the medium and long term.

The board regards the annual general meeting as an important opportunity to communicate with private investors in particular. Directors make themselves available to shareholders both before and after the annual general meeting and at other times.

Internal Control

The system of internal controls established by the directors is intended to be comprehensive, although the limitations of any system of control is such that it is designed to manage rather than eliminate the risk of failure to achieve business objectives and it provides a reasonable, rather than absolute, level of assurance against material misstatement or loss. The directors acknowledge their responsibilities for the group's system of internal control and for reviewing its effectiveness.

The principal features of the system of internal financial controls are:

- budgetary control over all operating units, measuring performance against pre-determined targets on at least a monthly basis;
- regular forecasting and reviews covering trading performance, assets, liabilities and cash flows;
- delegated limits of authority covering key financial commitments including capital expenditure and recruitment;
- identification and management of key business and inherent risks.

The board continually reviews the effectiveness of other internal controls, including financial, operational, compliance controls and risk management.

Financial reporting

- A detailed formal budgeting process for all group businesses culminating in an annual group budget which is approved by the board. Results for the company and for its main constituent businesses are reported monthly to the board against this budget and revised forecasts for the year are prepared each quarter.

Financial and accounting principles

- A comprehensive financial and accounting controls manual sets out the principles of and minimum standards required by the board for effective financial control. The manual sets out the financial and accounting policies and procedures to be applied throughout the group. Compliance with the policies and procedures set out in the manual is reviewed on a regular basis.

Internal financial controls assurance

- In addition to the existing procedures, during the year senior executives have prepared detailed reports on the operation of those elements of the system for which they are responsible.

Capital investment

- The group has clearly defined guidelines for capital expenditure. These include annual budgets, detailed appraisals and review procedures, levels of authority and due diligence requirements where businesses are being acquired. Post investment appraisals are performed for major investments.

Turnbull risk assessment

- The group has implemented a process for identifying, reporting and assessing risk at each subsidiary. The board regularly reviews the subsidiaries' risk assessments.

The directors confirm that they have reviewed the effectiveness of the system of internal controls in operation during the year and the period to the date of approval of the annual report and accounts.

The board is committed to the principles of openness, integrity and accountability in dealing with the company's affairs. It believes it has always acted with probity in the best interests of the company, its employees and shareholders and fully intends to continue to do so in the future.

REPORT OF THE INDEPENDENT AUDITORS
to the members of Holders Technology plc

We have audited the group and parent company financial statements (the "financial statements") of Holders Technology plc for the year ended 30 November 2007 which comprise the principal accounting policies, the consolidated income statement, the group and parent company balance sheets, the group and parent company cash flow statements, the group and parent company statements of changes in members' equity, the group and parent company statement of recognised income and expense and notes 1 to 33. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Report of the Directors, the Directors' Remuneration Report, the Chairman's Statement and the Business Review and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 30 November 2007 and of its profit for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 30 November 2007;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.

Grant Thornton UK LLP
Registered Auditors
Chartered Accountants

Cambridge
England
18 February 2008

CONSOLIDATED INCOME STATEMENT

For the year ended 30 November 2007

	Notes	2007 £'000	2006 £'000
Continuing operations			
Revenue	5	**18,853**	18,822
Cost of sales		**(13,866)**	(13,891)
Gross profit		**4,987**	4,931
Distribution costs		**(463)**	(446)
Administrative expenses		**(3,398)**	(3,561)
Deferred consideration arising on sale of former subsidiary		**–**	39
Other operating income		**76**	38
Operating profit		**1,202**	1,001
Finance income	6	**27**	9
Finance expenses	7	**(23)**	(26)
Share of loss of associate		**–**	(25)
Profit before taxation	8	**1,206**	959
Taxation	9	**(454)**	(390)
Profit after taxation		**752**	569
Attributable to:			
Equity shareholders of the company		**744**	591
Minority interests – equity		**8**	(22)
Profit for the financial year		**752**	569
Total and continuing			
Basic earnings per share	11	**17.97p**	14.24p
Diluted earnings per share	11	**17.78p**	14.24p

STATEMENTS OF RECOGNISED INCOME AND EXPENSE

For the year ended 30 November 2007

	Group		Company	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Exchange differences on translation of foreign operations	**121**	(84)	**–**	–
Profit for the year	**752**	569	**540**	262
Total recognised income and expense for the year	**873**	485	**540**	262

BALANCE SHEETS

at 30 November 2007

	Notes	Group 2007 £'000	Group 2006 £'000	Company 2007 £'000	Company 2006 £'000
Assets					
Non-current assets					
Goodwill	13	**397**	413	**–**	–
Property, plant and equipment	14	**622**	506	**2**	2
Investments in subsidiaries	15	**–**	–	**2,580**	2,562
Investment in joint venture	16	**–**	–	**15**	–
Investments in associates	17	**28**	119	**–**	–
		1,047	1,038	**2,597**	2,564
Current assets					
Inventories	18	**2,645**	3,153	**–**	–
Trade and other receivables	19	**2,588**	2,774	**345**	830
Current tax		**–**	35	**–**	–
Deferred tax	24	**49**	35	**4**	–
Cash and cash equivalents		**1,275**	822	**669**	48
		6,557	6,819	**1,018**	878
Liabilities					
Current liabilities					
Trade and other payables	20	**(1,399)**	(1,678)	**(654)**	(395)
Borrowings	21	**(174)**	(406)	**–**	–
Current tax		**(275)**	(260)	**(22)**	(50)
		(1,848)	(2,344)	**(676)**	(445)
Net current assets		**4,709**	4,475	**342**	433
Non-current liabilities					
Borrowings	21	**–**	(4)	**–**	–
Retirement benefit liability	23	**(139)**	(94)	**–**	–
Deferred consideration	23	**(104)**	(104)	**(104)**	(104)
		(243)	(202)	**(104)**	(104)
		5,513	5,311	**2,835**	2,893
Shareholders' equity					
Share capital	25	**416**	416	**416**	416
Share premium account	26	**1,531**	1,531	**1,531**	1,531
Capital redemption reserve	26	**1**	1	**1**	1
Retained earnings	26	**3,431**	3,285	**887**	945
Cumulative translation adjustment	26	**37**	(84)	**–**	–
Equity attributable to the equity shareholders		**5,416**	5,149	**2,835**	2,893
Minority interests in equity		**97**	162	**–**	–
		5,513	5,311	**2,835**	2,893

The financial statements were approved by the Board on 18 February 2008 and signed on its behalf by:

R W Weinreich
Director

CASH FLOW STATEMENTS

for the year ended 30 November 2007

	Notes	Group 2007 £'000	Group 2006 £'000	Company 2007 £'000	Company 2006 £'000
Cash flows from operating activities					
Operating profit		1,202	1,001	(78)	(113)
Share-based payment charge		12	8	12	8
Depreciation		288	208	–	1
Reduction in impairment re associate		–	(35)	–	–
Currency translation		102	(79)	–	–
Loss on sale of property, plant and equipment		1	1	–	–
(Increase)/decrease in inventories		508	(529)	–	–
(Increase)/decrease in trade and other receivables		231	(29)	485	(221)
(Increase)/decrease in trade and other payables		(362)	76	259	2
Cash generated from operations		1,982	622	678	(323)
Corporation tax paid		(418)	(96)	(35)	2
Net cash generated from operations		1,564	526	643	(321)
Cash flows from investing activities					
Proceeds from disposal of investment in associate		119	–	–	–
Increase in investment in existing subsidiary		–	(54)	–	(54)
Investment in new subsidiary		–	–	(18)	–
Investment in joint venture		–	–	(15)	–
Purchase of property, plant and equipment		(403)	(244)	–	(1)
Proceeds from sale of property, plant and equipment		15	29	–	1
Income from investments		–	–	600	434
Interest received		27	9	25	15
Net cash generated/(used) in investing activities		(242)	(260)	592	395
Cash flows from financing activities					
Proceeds from issue of shares		–	8	–	8
Purchase of treasury shares		(398)	–	(398)	–
Interest paid		(23)	(26)	(4)	(1)
Equity dividends paid		(212)	(197)	(212)	(197)
Finance lease principal payments		(6)	(16)	–	–
Net cash used in financing activities		(639)	(231)	(614)	(190)
Net change in cash and cash equivalents		683	35	621	(116)
Cash and cash equivalents at start of period		418	383	48	164
Cash and cash equivalents at end of period	27	1,101	418	669	48

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2007

1. General information

Holders Technology plc is incorporated in the United Kingdom under the Companies Act 1985.

These consolidated financial statements are presented in pounds sterling, which represents the functional currency of the group. Foreign operations are consolidated in accordance with the policies set out in note 2 below.

2. Accounting policies

Basis of preparation

The group and parent company financial statements have been prepared in accordance with EU endorsed International Financial Reporting Standards (IFRS), International Financial Reporting Interpretations Committee (IFRIC) interpretations and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS. All accounting standards and interpretations issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee effective at the time of preparing these financial statements have been applied.

The group and parent company financial statements have been prepared under the historical cost convention with the exception of derivative financial instruments, which are measured at fair value. A summary of the significant group accounting policies adopted in the preparation of the financial statements is set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Transition to IFRS

The group is preparing its financial statements in accordance with IFRS for the first time. An explanation of how the transition to IFRS affected the reported financial position, financial performance and cash flows of the group is reported in note 30.

IFRS 1 provides certain optional exemptions from full retrospective application of all accounting standards effective at the company's reporting date. As discussed in more detail in the relevant sections below, the company has taken advantage of the exemptions relating to: business combinations, cumulative translation differences and share-based payment transactions.

Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Critical judgements and key estimates and assumptions are disclosed in note 3.

New standards and interpretations currently in issue but not effective for accounting periods commencing on 1 December 2006 are:

Standards and Interpretations to Standards not yet effective

The following Standards and Interpretations have been issued, but are not yet effective and have not been early adopted by the group:

Amendment to IAS 1 Presentation of Financial Statements: Capital Disclosures (effective 1 January 2007)

IAS 1 Presentation of Financial Statements (revised 2007) (effective 1 January 2009)

IAS 23 Borrowing Costs (revised 2007) (effective 1 January 2009)

IAS 27 Consolidated and Separate Financial Statements (Revised 2008) (effective 1 July 2009)

Amendment to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations (effective 1 January 2009)

IFRS 3 Business Combinations (Revised 2008) (effective 1 July 2009)

IFRS 7 Financial Instruments: Disclosures (effective 1 January 2007, replaces disclosure aspects of IAS 32)

IFRS 8 Operating Segments (effective 1 January 2009)

IFRIC 7 Applying the Restatement Approach under IAS Financial Reporting in Hyperinflationary Economies (effective 1 March 2006)

IFRIC 8 Scope of IFRS 2 (effective 1 May 2006)

2. Accounting policies *(continued)*

IFRIC 9 Reassessment of Embedded Derivatives (effective 1 June 2006)

IFRIC 10 Interim Financial Reporting and Impairment (effective 1 November 2006)

IFRIC 11 IFRS 2 - Group and Treasury Share Transactions (effective 1 March 2007)

IFRIC 12 Service Concession Arrangements (effective 1 January 2008)

IFRIC 13 Customer Loyalty Programmes (effective 1 July 2008)

IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective 1 January 2008)

Principles of consolidation

The consolidated financial statements incorporate the financial statements of the company and all its subsidiaries. Intra-group transactions, including sales, profits, receivables and payables, have been eliminated in the group consolidation.

Subsidiaries

Subsidiaries are entities controlled by the company. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included from the date that control commences until the date that control ceases.

Joint ventures

Jointly controlled entities are those for which the group exercises joint control over the operating and financial policies. These investments are dealt with by proportionate consolidation whereby the consolidated financial statements include the appropriate share of these companies' assets, liabilities, income and expenses on a line by line basis.

Associates

An entity is treated as an associated undertaking where the group has a participating interest and exercises significant influence over its operating and financial policy decisions. In the group accounts, interests in associated undertakings are accounted for using the equity method of accounting. The consolidated profit and loss account includes the group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings based on audited financial statements. In the consolidated balance sheet, the interests in associated undertakings are shown as the group's share of the identifiable net assets.

Goodwill and business combinations

The results of subsidiaries acquired in the period are included in the income statement from the date they are acquired. On acquisition, all of the subsidiaries' assets and liabilities that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date.

All business combinations are accounted for by applying the purchase method. Goodwill represents the excess of the fair value of the consideration paid on date of exchange of a business over the fair value of the assets, including any intangible assets identified and liabilities acquired. Goodwill is not amortised but is measured at cost less impairment losses. Impairment losses are immediately recognised in the income statement and are not subsequently reversed. In determining the fair value of consideration, the fair value of equity issued is the market value of equity at the date of completion, and the fair value of contingent consideration is based upon the extent to which the directors believe performance conditions will be met and thus whether any further consideration will be payable.

As permitted by IFRS 1, goodwill arising on acquisitions before 1 December 2005 (date of transition to IFRS) has been frozen at the UK GAAP amounts subject to being tested for impairment at that date. Goodwill is tested for impairment annually. The company performs its annual impairment review at the cash generating unit level.

Impairment charges

The company considers at each reporting date whether there is any indication that assets are impaired. If there is such an indication, the company carries out an impairment test by measuring an asset's recoverable amount, which is the higher of its fair value less costs to sell and its value in use. Goodwill is reviewed annually for impairment. Value in use represents the present value of the future cash flows expected to be derived from the asset of cash generating unit. The present value is discounted using a pre-tax rate that reflects current market assessments of the time value of money and of the risks specific to the asset for which future cash flow estimates have not been adjusted. If the recoverable amount is less than the carrying amount an impairment loss is recognised, and the asset is written down to its recoverable amount.

2. Accounting policies *(continued)*

Revenue recognition

Revenue comprises the value of sales of goods and services to third party customers occurring in the period, stated exclusive of value added tax and net of trade discounts and rebates.

Revenue on the sale of goods is recognised when substantially all of the risks and rewards in the product have passed to the customer, which is usually upon delivery to the customer. Services are recorded as they are delivered.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow into the company.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. The company considers all highly liquid investments with original maturity dates of three months or less to be cash equivalents. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management system are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Trade and other receivables

Trade and other receivables do not carry interest and are initially stated at fair value and subsequently measured at amortised cost using the effective interest rate, as reduced by appropriate allowances for estimated irrecoverable amounts. A provision for impairment of trade receivables is established when there is evidence that the group will not be able to collect all amounts due according to the original terms of these receivables. The amount of the provision is the difference between the carrying value and the present value of estimated future cash flows, discounted at the effective interest rate. Impairment losses are recognised in the income statement.

Trade and other payables

Trade and other payables are not interest bearing and are initially stated at fair value and subsequently measured at amortised cost using the effective interest rate.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs. Subsequent measurement is at amortised cost. Finance charges, including any premiums payable or discounts, and direct issue costs are recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Inventory

Inventory is stated at the lower of cost and net realisable value. Cost is determined on a first-in-first-out basis, except in Germany, where a weighted average cost basis is used. Net realisable value is based on the estimated sales price after allowing for all further costs of completion and disposal. Where necessary, provision is made for obsolete, slow-moving and defective inventory.

Property, plant and equipment

The cost of items of property, plant and equipment is its purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated to write off assets over their expected useful lives. Where there is evidence of impairment, fixed assets are written down to the residual value. No depreciation is provided on freehold land. Depreciation is calculated at the following rates:

Leasehold building improvements	Over the period of the lease
Motor vehicles	20% on either cost or written down value
Plant and machinery	20% - 33% on either cost or written down value
Office equipment	25% on cost

Methods of depreciation, residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Provision is made against the carrying value of items of property, plant and equipment where an impairment in value is deemed to have occurred.

2. Accounting policies *(continued)*

Leased assets
Leases are classified as operating leases when a significant portion of the risks and rewards of ownership are retained by the lessor. Rentals payable under operating leases are charged to the income statement on a straight line basis over the periods of the leases.

Assets held under finance leases are included in the balance sheet at cost less depreciation in accordance with the company's normal accounting policies. The present value of future rentals is shown as a liability. The interest element of rental obligations is charged to the income statement over the period of the lease in proportion to the balance of capital repayments outstanding.

Foreign currencies
Transactions in foreign currencies are translated at the exchange rate ruling at the date of each transaction. Foreign currency monetary assets and liabilities are retranslated using the exchange rates at the balance sheet date. Gains and losses arising from changes in exchange rates after the date of the transaction are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated at the exchange rate at the date of the original transaction.

In the consolidated financial statements, the net assets of the group's foreign operations are translated at the rate of exchange at the balance sheet date. Income and expense items are translated at the average rates for the period. The resulting exchange differences are recognised in equity and included in the translation reserve. Such translation differences are recognised in the income statement on the disposal of the foreign operation. All other currency differences are taken to the income statement. Profit and losses on holding foreign currency balances are treated as a finance cost.

Derivative financial instruments
The group uses derivative financial instruments to hedge its exposure to foreign exchange risks arising from operational, financing and investment activities. In accordance with its treasury policy, the group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on re-measurement to fair value is recognised immediately in the income statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of directly attributable issue costs.

Taxes
Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured using the tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the asset is realised or the liability settled.

Provision is not made for deferred tax on the unremitted earnings of foreign subsidiaries where such remittances are not considered probable as the group's policy is to reinvest profits to fund growth locally. Provision is made where it is likely that dividends will be remitted within the foreseeable future.

A deferred tax asset is recognised only when it is probable that suitable taxable profits will be available in the foreseeable future from which the reversal of the temporary differences can be deducted.

2. Accounting policies *(continued)*

Employee share option scheme
The fair value of employee share plans is calculated using a Black Scholes model. In accordance with IFRS 2 the resulting cost is charged to the income statement over the vesting period of the plans. The value of the charge is adjusted to reflect the expected and the actual levels of options vesting. IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 December 2005, in accordance with the transitional arrangements of IFRS 1.

The proceeds received, net of any directly attributable transaction costs, are credited to share capital and share premium when the options are exercised.

Pension contributions
The group does not operate a pension scheme. Pension costs relate to group contributions to the personal pension schemes of certain directors and employees. The contributions are recognised as an employee benefit expense when they are due.

Investment income
Investment income relates to interest income, which is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividends payable
Distributions to equity holders are disclosed as a component of the movement in shareholders' equity. A liability is recorded for a final dividend when the dividend is declared by the company's shareholders, and, for an interim dividend, when the dividend is paid.

Provisions
A provision is recognised in the balance sheet when the group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3. Critical accounting judgements and key sources of estimation uncertainty

Critical judgement in applying the group's accounting policies
Income taxes
The determination of the group's tax liabilities requires the interpretation of tax law. The group obtains appropriate professional advice from its tax advisors in relation to all significant tax matters. The directors believe that the judgements made in determining the group's tax liabilities are reasonable and appropriate, however, actual experience may differ and materially affect future tax charges.

4. Financial risk management

Treasury management
Group treasury policies are reviewed and approved by the board. The objectives of group treasury policies are to ensure that adequate financial resources are available for development of the business while at the same time managing financial risks. Derivative financial instruments are used to reduce financial risk exposures arising from the group's business activities and not for speculative purposes.

The group's treasury activities are managed by the Group Finance Director. The Group Finance Director reports to the board on the implementation of group treasury policy.

The group's business activities expose it to a variety of financial risks that include:

- Liquidity risk;
- Credit risk;
- Cash flow interest rate risk; and
- Currency risk.

4. Financial risk management *(continued)*

The policies for managing these risks are described below:

Liquidity risk
The group finances its operations through a combination of bank borrowings, finance leases and cash generated from operations. The group's treasury policy aims to ensure that there are sufficient funds available to meet the projected cash flow requirements in the business plan.

The group's principal source of funding is bank borrowings. Liquidity is maintained through committed bank credit facilities (note 21).

Credit risk
Credit risk on trade receivables is managed by monitoring the amount and duration of exposures to individual customers depending on their credit rating. Where possible, trade receivables are insured. The amounts of trade receivables presented in the balance sheet are net of allowances for doubtful accounts estimated by management based on prior experience and their assessment of the current economic environment.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are high credit quality financial institutions.

The group has no significant concentration of credit risk, with exposure spread over a large number of customers and counterparties.

Currency risk
The group is exposed to currency risk through movements in exchange rates on its purchases and sales that are not denominated in the local functional currencies. The group uses forward foreign exchange contracts to hedge the currency risk associated with these transactions, where material exposure exists. The contracts are denominated primarily in US dollars and Euros. Such contracts are designated as cash flow hedges of highly probable forecast transactions and are accounted for in accordance with the policies set out in note 2.

Cash flow interest rate risk
The group is exposed to cash flow interest rate risk on bank borrowings, which are, arranged at floating rates. The board monitors the overall level of bank debt and interest costs to limit any adverse effects on the financial performance of the group. The group does not use interest rate swaps to hedge its exposure to interest rate fluctuations at the present time.

Fair value estimation
The fair values of cash and cash equivalents, receivables, payables and borrowings with a maturity of less than one year are assumed to approximate their book values.

The fair value of forward foreign exchange contracts has been determined based on market forward exchange rates at the balance sheet date.

5. Segmental analysis

The primary format used for segmental reporting is by geographic segment, as the group operates in only one business segment. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The group operates in the UK, Europe and Asia.

Analysis by geographic segment

	UK		Rest of Europe		Asia		Eliminations		Total	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
Continuing operations	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000
Revenue	**5,337**	4,515	**12,745**	13,455	**771**	852	**–**	–	**18,853**	18,822
Inter-segment revenue	**57**	95	**245**	71	**53**	21	**(355)**	(187)	**–**	–
	5,394	4,610	**12,990**	13,526	**824**	873	**(355)**	(187)	**18,853**	18,822
Segment result	**708**	287	**476**	783	**18**	(69)	**–**	–	**1,202**	1,001
Finance income									**27**	9
Finance expenses									**(23)**	(26)
Share of loss of associate									**–**	(25)
Profit before taxation									**1,206**	959
Taxation									**(454)**	(390)
Profit for the year from continuing operations									**752**	569
Total assets	**6,050**	6,347	**4,225**	4,580	**1,132**	836	**(3,803)**	(3,906)	**7,604**	7,857
Total liabilities	**1,487**	1,687	**1,284**	2,080	**374**	433	**(1,054)**	(1,654)	**2,091**	2,546
Other segment items:										
Capital expenditure (including acquisitions)										
– Property, plant and equipment (note 14)	**49**	7	**279**	162	**75**	75	**–**	–	**403**	244
Depreciation (note 14)	**33**	35	**233**	161	**22**	12	**–**	–	**288**	208

6. Finance income

	2007	2006
	£'000	£'000
Interest on bank deposits	**27**	9

7. Finance expenses

	2007	2006
	£'000	£'000
Bank loans and overdrafts	**23**	22
Finance leases	**–**	1
Other	**–**	3
	23	26

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2007

8. Profit for the year

The following items have been included in arriving at profit for the year:

	2007 £'000	2006 £'000
Costs of inventories recognised as an expense	**13,237**	13,159
Write-down of inventory to net realisable value	**152**	276
Depreciation of property, plant and equipment (note 14)	**288**	208
Trade receivables impairment	**(13)**	110
Loss on sale of tangible fixed assets	**1**	1
Fees payable to the company's auditors for the audit of the financial statements	**13**	10
Fees payable to the company's auditors and its associates for other services:		
– Audit of the financial statements of the company's subsidiaries (associates) pursuant to legislation	**40**	65
– Other services relating to taxation	**21**	15
Operating leases – land and buildings	**233**	226
Operating leases – plant and machinery	**24**	28
Exchange gain	**(25)**	(12)

9. Taxation

	2007 £'000	2006 £'000
Analysis of the charge in the period		
Current tax		
– Current period	**381**	367
– Adjustments in respect of prior periods	**87**	46
	468	413
Deferred tax (note 24)	**(14)**	(23)
Total tax	**454**	390

Tax reconciliation

The tax for the period is higher (2006: higher) than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2007 £'000	2006 £'000
Profit before taxation	**1,206**	959
Profit before taxation multiplied by rate of corporation tax in the UK of 30% (2006: 30%)	**362**	288
Effects of:		
Differences between capital allowances and depreciation	**(10)**	(12)
Amounts not deductible for taxation purposes	**–**	70
Adjustments in respect of prior years	**87**	46
Taxation losses	**15**	13
Different overseas tax rates	**–**	(15)
Taxation	**454**	390

10. Profits of the parent company for the financial year

The profit for the financial year dealt with in the accounts of the parent company was £540,000 (2006: £262,000).

As permitted by Section 230 of the Companies Act 1985, no separate income statement is presented in respect of the parent company.

11. Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

For diluted earnings per share the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potentially dilutive ordinary shares. Potentially dilutive ordinary shares are those share options granted to employees where the exercise price is less than the average market price of the company's ordinary shares during the period.

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below.

	2007			2006		
	Earnings £'000	**Basic earnings per share**	**Diluted earnings per share**	Earnings £'000	Basic earnings per share	Diluted earnings per share
Profit attributable to equity shareholders	**744**	**17.97p**	**17.78p**	591	14.24p	14.24p

	2007 Number	2006 Number
Weighted average number of ordinary shares	**4,140,085**	4,149,236
Dilutive effect of share options	**43,595**	–
Fully diluted weighted average number of ordinary shares	**4,183,680**	4,149,236

12. Ordinary dividends

	2007 £'000	2006 £'000
Final dividend for the year ended 30 November 2006 of 3.0p (year ended 30 November 2005: 2.75p)	**125**	114
Interim dividend paid in respect of the year of 2.1p (2006: 2.0p)	**87**	83
Amounts recognised as distributions to equity holders	**212**	197

In addition, the directors are proposing a final dividend in respect of the year ended 30 November 2007 of 3.25p per share. If approved by shareholders, it will be paid on 20 May 2008 to shareholders who are on the register of members on 25 April 2008.

13. Goodwill

Group	£'000
Cost	
At 1 December 2006	413
Currency translation	2
Reclassification to investment in associated company	(18)
At 30 November 2007	**397**

Analysis by geographic segment	£'000
Europe	136
Asia	261
	397

As permitted by IFRS 1, goodwill arising on acquisitions before 1 December 2005 (date of transition to IFRS) has been frozen at the UK GAAP amounts subject to being tested for impairment at that date, the results of which assessment indicated no such impairment.

Under UK GAAP, goodwill of £239,000 arising on acquisitions prior to 1 July 1998 was eliminated directly against reserves. The gain or loss on the disposal of a previously acquired business reflects the attributable amount of purchased goodwill in respect of that business. As the group has opted not to restate business combinations prior to the date of transition, the goodwill written off to reserves under UK GAAP has been frozen and remains in reserves. Goodwill previously written off to reserves is not written back to the income statement on subsequent disposal.

The recoverable amount of a cash-generating unit is based on its value-in-use. Value-in-use is the present value of the projected cash flows of the cash generating unit. The key assumptions regarding the value-in-use calculations were budgeted growth in revenues, budgeted gross profit margins and the discount rate applied. Budgeted revenue growth and budgeted gross profit margins were estimated based on actual performance over the past two financial years and expected market changes. The discount rate used is a pre-tax rate and reflects the risks specific to the relevant business segment.

The group prepares cash flow forecasts based on the most recent financial budgets approved by management, which cover a two year period. Cash flows beyond this period are extrapolated using a growth rate approximating the long term average growth rates for the economies concerned. The discount rate applied was 10.0%.

14. Property, plant and equipment

	Group			Company	
	Short leasehold land and buildings £'000	Motor vehicles, plant and machinery and office equipment £'000	Total £'000	Office equipment £'000	Total £'000
Cost					
At 1 December 2005	94	1,669	1,763	33	33
Currency translation	–	(8)	(8)	–	–
Additions	–	244	244	1	1
Disposals	–	(237)	(237)	(19)	(19)
At 30 November 2006	**94**	**1,668**	**1,762**	**15**	**15**
Currency translation	–	52	52	–	–
Additions	–	403	403	–	–
Disposals	–	(228)	(228)	–	–
At 30 November 2007	**94**	**1,895**	**1,989**	**15**	**15**
Depreciation					
At 1 December 2005	56	1,198	1,254	30	30
Currency translation	–	1	1	–	–
Provided in year	9	199	208	1	1
Disposals	–	(207)	(207)	(18)	(18)
At 30 November 2006	**65**	**1,191**	**1,256**	**13**	**13**
Currency translation	–	35	35	–	–
Provided in year	8	280	288	–	–
Disposals	–	(212)	(212)	–	–
At 30 November 2006	**73**	**1,294**	**1,367**	**13**	**13**
Net book value					
At 30 November 2007	**21**	**601**	**622**	**2**	**2**
At 30 November 2006	29	477	506	2	2

The net book value of property, plant and equipment includes £nil (2006: £6,000) in respect of assets held under finance leases. Depreciation charged in the year on those assets amounted to £nil (2006: £12,000).

15. Investments in subsidiaries

	Shares £'000	Loans £'000	Total £'000
Cost			
At 1 December 2005	1,781	727	2,508
Increase in loans to existing subsidiaries	–	54	54
At 1 December 2006	1,781	781	2,562
Addition	18	–	18
At 30 November 2007	**1,799**	**781**	**2,580**

The following were subsidiary undertakings at the end of the year and have all been included in the consolidated financial statements.

Name	Country of incorporation and operation	Nature of business	Interest in ordinary shares and voting rights
Holders Technology GmbH	Germany	Specialised materials and equipment	100%
Holders Technology BV	The Netherlands	Specialised materials and equipment	100%
Holders Technology AB	Sweden	Specialised materials and equipment	100%
Holders Technology UK Limited	England and Wales	Specialised materials and equipment	100%
Holders Marketing Co Limited	England and Wales	Dormant	100%
Topgrow Technologies Limited	Hong Kong	Specialised materials and equipment	70%
Dongguan Hui Zhan Electronic Limited#	China	Specialised materials and equipment	70%
Holders Property GmbH*	Germany	Dormant	100%

Dongguan Hui Zhan Electronic Limited is owned indirectly through Topgrow Technologies Limited. The latter owns 100% of Dongguan Hui Zhan Electronic Limited.

* Holders Property GmbH was formed on 28 November 2007 but did not trade during the year.

16. Investment in Joint Venture

In April 2007, the company formed a joint venture called Holders Technology (India) Private Limited, based in Mysore, India to service the Indian market.

	Company 2007 £'000	Company 2006 £'000
Investment at cost	**15**	–

17. Investments in associates

The group has the following investments in associates:

Name	Country of incorporation and operation	Nature of business	Interest in ordinary shares and voting rights
Waysky Technology Limited	Hong Kong	Specialised materials and equipment	34%
China Hill Technology Limited	Hong Kong	Specialised materials and equipment	23%

Group	Interest in associates £'000	Group loan to associates £'000	Total £'000
At 1 December 2005	36	67	103
Currency translation	2	4	6
Share of loss	(25)	–	(25)
Reduction in impairment provision	–	35	35
At 1 December 2006	13	106	119
Disposal	(13)	(106)	(119)
Reclassification of subsidiary as associate	14	14	28
At 30 November 2007	**14**	**14**	**28**

Topgrow Technologies Limited (Topgrow) disposed of its investment in the Hong Kong company, Sino Pacific Limited, in February 2007.

On 27 November 2007, Topgrow sold 2% of its shareholding in Waysky Technology Limited (Waysky), reducing its stake to 49%. Accordingly, Waysky, together with its 67% subsidiary, China Hill Technology Limited, are treated as associated companies with effect from 27 November 2007.

18. Inventories

	Group		Company	
	2007 £'000	2006 £'000	**2007 £'000**	2006 £'000
Raw materials and consumables	**850**	961	**–**	–
Goods for resale	**1,795**	2,192	**–**	–
	2,645	3,153	**–**	–

19. Trade and other receivables

	Group		Company	
	2007	2006	2007	2006
	£'000	£'000	£'000	£'000
Trade receivables	2,378	2,723	–	–
Less: provision for impairment	(70)	(119)	–	–
Net trade receivables	2,308	2,604	–	–
Amounts due from group undertakings	–	–	329	821
Other debtors	54	124	11	9
Prepayments and accrued income	226	46	5	–
	2,588	2,774	345	830

20. Trade and other payables

	Group		Company	
	2007	2006	2007	2006
	£'000	£'000	£'000	£'000
Trade payables	579	887	10	21
Amounts due to group undertakings	–	–	557	296
Other taxation and social security	250	224	–	–
Other creditors	160	59	6	3
Accruals	410	508	81	75
	1,399	1,678	654	395

21. Borrowings

	Group		Company	
	2007	2006	2007	2006
	£'000	£'000	£'000	£'000
Current				
Bank overdraft	174	404	–	–
Finance lease obligations	–	2	–	–
	174	406	–	–
Non-current				
Finance lease obligations	–	4	–	–

Overdrafts are denominated in sterling or euros and bear interest rates based on LIBOR or EURIBOR respectively. The bank overdraft facilities are secured by a multilateral guarantee by the holding company and the main trading subsidiaries. Finance lease obligations are secured on the assets concerned.

The weighted average effective interest rates on the group and company's borrowings were as follows:

	2007	2006
	%	%
Bank overdrafts – floating rates	5.4	4.5
Finance leases – fixed rates	6.8	6.8

22. Financial instruments

Financial assets

The only financial assets held are cash at bank which attracts interest at variable rates. Cash at bank is held in on demand deposits. Amounts held were:

	Group	
	2007	2006
	£'000	£'000
Sterling	841	580
Euro	310	159
Swedish krona	46	4
US dollar	4	8
Indian rupee	14	–
Hong Kong dollar	17	63
Renminbi	43	8
	1,275	822

Financial liabilities

Financial liabilities include £nil (2006: £6,000) which attract an average fixed interest rate of nil (2006: 6.8%). Overdraft borrowings attract interest rates of between 1.5% and 1.65% above relevant base rates. The sterling interest rate is linked to the UK clearing bank base rate and the euro interest rate is linked to the European Central Bank base rates. Overdrafts are repayable on demand. The amounts borrowed were:

	Group		Company	
	2007	2006	2007	2006
	£'000	£'000	£'000	£'000
Euro	174	404	–	–

Fair value of financial assets and liabilities

The fair value of financial assets and liabilities is not significantly different from their carrying values.

Borrowing facilities

The group has various borrowing facilities available to it. The company and the main operating subsidiaries are parties to a multilateral guarantee that secures part of the group's overdraft facilities, all of which are expiring in one year or less. The unutilised portion of these facilities at 30 November 2007 amounted to £1,168,000 (2006: £876,000).

23. Provisions

	Retirement benefit liability £'000	Deferred consideration £'000	Total £'000
Group			
At 1 December 2005	82	104	186
Charge to income statement	12	–	12
At 1 December 2006	94	104	198
Currency translation	5	–	5
Charge to income statement	40	–	40
At 30 November 2007	**139**	**104**	**243**

	Deferred consideration £'000
Company	
At 1 December 2005	104
Movement in year	–
At 1 December 2006	104
Movement in year	–
At 30 November 2007	**104**

Deferred consideration is payable in respect of the acquisition of shares in Topgrow Technologies Limited at 30% of profits above £24,000 in each of the eight years following the acquisition in 2004, subject to an overall maximum of £104,000. It is expected that the maximum sum will be paid within the eight year period.

The retirement benefit liability arose from the 2002 acquisition of assets by Holders Technology GmbH from Cimatec GmbH. Following the bankruptcy of Cimatec GmbH, a German court determined that Cimatec's pension obligation to one former Cimatec employee must be met by Holders Technology GmbH. The provision represents the estimated net present value of the liability to pay an annuity to that employee upon retirement, which is expected to be within the next five years. No other Holders Technology employees have any retirement benefit rights from their previous employment at Cimatec.

24. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using tax rates of 28% to 38% (2006: 30%).

The movement on the deferred tax account is as shown below:

	Group		Company	
	2007	2006	**2007**	2006
	£'000	£'000	**£'000**	£'000
At 1 December – deferred tax assets	**35**	12	**–**	1
Income statement credit	**14**	23	**4**	(1)
At 30 November	**49**	35	**4**	–

The movements in deferred tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction as permitted by IAS 12) during the period are shown below:

Deferred tax assets	**Accelerated capital allowances £'000**	**Other £'000**	**Total £'000**
Group			
At 1 December 2005	12	–	12
Credited to income statement	23	–	23
At 30 November 2006	35	–	35
Credited to income statement	2	12	14
At 30 November 2007	**37**	**12**	**49**

At the year end the amount of temporary differences associated with the undistributed earnings of overseas subsidiaries for which deferred tax liabilities had not been recognised was insignificant.

Deferred tax assets	**Accelerated capital allowances £'000**	**Other £'000**	**Total £'000**
Company			
At 1 December 2005	1	–	1
(Charged)/credited to income statement	(1)	–	(1)
At 30 November 2006	–	–	–
Credited to income statement	4	–	4
At 30 November 2007	**4**	**–**	**4**

25. Share Capital

	2007 £'000	2006 £'000
Authorised		
6,000,000 ordinary shares of 10p each (2006: 6,000,000)	**600**	600

	Number of shares	£'000
Allotted and fully paid ordinary shares of 10p each		
At 1 December 2005	4,144,551	414
Exercise of share options	15,000	2
At 30 November 2006 and 30 November 2007	**4,159,551**	**416**

245,000 10p ordinary shares with an aggregate nominal value of £24,500 were purchased in November 2007 and are held in treasury. Distributable reserves have been reduced by £398,000, being the consideration paid for these shares.

26. Statement of changes in shareholders' equity

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Cumulative translation adjustment £'000	Retained earnings £'000	Shareholders' equity £'000	Minority interest £'000	Total equity £'000
Group								
Balance at 1 December 2005	414	1,525	1	–	2,883	4,823	247	5,070
Profit/(loss) for the period	–	–	–	–	591	591	(22)	569
Dividends	–	–	–	–	(197)	(197)	–	(197)
Currency translation differences	–	–	–	(84)	–	(84)	(31)	(115)
Shares issued during the period	2	6	–	–	–	8	–	8
Share-based payment credit	–	–	–	–	8	8	–	8
Minority interest acquired	–	–	–	–	–	–	(49)	(49)
Investments by minority interest	–	–	–	–	–	–	17	17
Balance at 30 November 2006	416	1,531	1	(84)	3,285	5,149	162	5,311
Profit/(loss) for the period	–	–	–	–	744	744	8	752
Dividends	–	–	–	–	(212)	(212)	–	(212)
Purchase of treasury shares	–	–	–	–	(398)	(398)	–	(398)
Currency translation differences	–	–	–	121	–	121	(8)	113
Share-based payment credit	–	–	–	–	12	12	–	12
Transfer in respect of associates	–	–	–	–	–	–	(49)	(49)
Balance at 30 November 2007	**416**	**1,531**	**1**	**37**	**3,431**	**5,416**	**113**	**5,529**

26. Statement of changes in shareholders' equity *(continued)*

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Retained earnings £'000	Total equity £'000
Company					
Balance at 1 December 2005	414	1,525	1	872	2,812
Profit/(loss) for the period	–	–	–	262	262
Dividends	–	–	–	(197)	(197)
Shares issued during the period	2	6	–	–	8
Share-based payment credit	–	–	–	8	8
Balance at 30 November 2006	416	1,531	–	945	2,893
Profit/(loss) for the period	–	–	–	540	540
Dividends	–	–	–	(212)	(212)
Purchase of treasury shares	–	–	–	(398)	(398)
Share-based payment credit	–	–	–	12	12
Balance at 30 November 2007	**416**	**1,531**	**1**	**887**	**2,835**

Purchase of treasury shares

The purchase of treasury shares is recognised as a deduction from retained earnings. In 2007 the company purchased 245,000 of its own shares, representing 5.9% of the called up share capital of the company at an average price of 158.5p. All of the shares purchased are held in treasury and are available for issue upon the exercise of options under the company's employee share option scheme.

27. Cash and cash equivalents for the cash flow statement

	Group		Company	
	2007 £'000	2006 £'000	**2007 £'000**	2006 £'000
Cash and cash equivalents	**1,275**	822	**669**	48
Bank overdrafts	**(174)**	(404)	**–**	–
	1,101	418	**669**	48

28. Employees and staff costs

	Group		Company	
	2007 £'000	2006 £'000	**2007 £'000**	2006 £'000
Wages and salaries	**1,976**	1,836	**321**	264
Social security costs	**280**	330	**39**	24
Other pension costs	**85**	82	**21**	38
Share based payments	**12**	8	**12**	8
	2,353	2,256	**393**	334

28. Employees and staff costs *(continued)*

Average monthly number of permanent employees, including executive directors:

	2007 Number	2006 Number
Group		
Administration and sales	**48**	43
Service and fabrication	**70**	65
	118	108
Part-time	**9**	8
	127	116

Directors' remuneration

Directors' remuneration for the year was as follows:

	Basic salary fees, bonuses and expenses £'000	Benefits in kind £'000	Total emoluments 2007 £'000	Total emoluments 2006 £'000
R W Weinreich (Chairman)*	194	3	**197**	148
J S Shawyer	69	–	**69**	61
V M Blaisdell	22	–	**22**	–
D A Mahony	23	–	**23**	20
	308	3	**311**	229

* The company paid £18,000 (2006: £ nil) in respect of director's fees for Mr R W Weinreich to the third party Vingnum Limited. This is included within directors' emoluments above.

Pension entitlement

Directors are entitled to receive their remuneration either as salary or as pension contributions. Pension contributions to directors' personal pension schemes are as follows:

	Pension Contributions 2007 £'000	Pension Contributions 2006 £'000
J S Shawyer	**16**	15
	16	15

Directors' shareholdings

The shareholdings of those serving at the end of the year were as follows:

	Ordinary shares 2007	Ordinary shares 2006
R W Weinreich	**1,851,202**	2,051,202
J S Shawyer	**15,000**	15,000
D A Mahony	**26,300**	26,300
V M Blaisdell	**32,102**	32,102

The shareholdings are all beneficial and have not changed between 30 November 2007 and 18 February 2008.

28. Employees and staff costs *(continued)*

Directors' interests in share options

	At start of year or on date of appointment	No. of options granted during year	At end of year	Exercise price	Date from which exercisable	Expiry date
J S Shawyer	25,000	–	**25,000**	54.0p	01/08/06	31/07/09
J S Shawyer	25,000	–	**25,000**	80.5p	26/04/07	25/04/10
J S Shawyer	25,000	–	**25,000**	93.5p	11/08/08	10/08/11
J S Shawyer	25,000	–	**25,000**	87.2p	15/03/09	14/03/12
J S Shawyer	–	25,000	**25,000**	133.91p	09/05/10	08/05/13
V M Blaisdell	15,000	–	**15,000**	90.5p	11/04/09	10/04/12
V M Blaisdell	–	20,000	**20,000**	133.91p	09/05/10	08/05/13

The share price at 30 November 2007 was 139.5p (2006: 120.0p) whilst during the year the high and low prices were 172p and 117.5p.

No option may be exercised unless there is (as shown by the audited accounts) an increase in the fully diluted earnings per share for the financial year immediately prior to the date of exercise compared with the highest earnings per share figure for the three preceding years unless the board in its absolute discretion decides otherwise.

Key management compensation

	2007 £'000	2006 £'000
Group		
Short-term employee benefits	**736**	659
Post-employment benefits	**49**	51
Termination benefits	**–**	15
Share-based payments	**12**	8
	797	733

Key management includes Directors and senior executives.

29. Financial commitments

Capital commitments

There were no capital expenditure commitments at 30 November 2007 (2006: nil).

Operating lease commitments

Total future minimum lease payments under non-cancellable operating leases were as follows:

	2007 £'000	2006 £'000
Land and buildings		
– Leases expiring within one year	**114**	123
– Leases expiring within one to five years	**660**	775
– Leases expiring beyond five years	**214**	108
Motor vehicles, plant and machinery		
– Leases expiring within one year	**21**	26
– Leases expiring within one to five years	**15**	19
Other equipment		
– Leases expiring within one year	**10**	5
– Leases expiring within one to five years	**7**	–

Other financial commitments

The company and its fellow shareholders in Topgrow Technologies Limited have jointly guaranteed a letter of credit facility operated by Topgrow Technologies Limited amounting to £279,000 (2006: £297,000).

30. Share based payments

The Company operates a share option scheme under which options are exercisable at a price equal to the average quotation of a share as derived from the AIM appendix of the Daily Official List of the London Stock Exchange for the five dealing days immediately preceding the date of grant, subject to relevant performance criteria, as described in note 28, being satisfied. The normal minimum vesting period is three years.

Options to subscribe for ordinary shares of 10p each are as follows:

Subscription price	Dates when exercisable	Number of shares 2007	2006
54.0p	1 August 2007 to 31 July 2009	**25,000**	25,000
80.5p	26 April 2007 to 25 April 2010	**25,000**	25,000
93.5p	11 August 2008 to 10 August 2011	**25,000**	25,000
87.2p	15 March 2009 to 14 March 2012	**25,000**	25,000
90.5p	11 April 2009 to 10 April 2012	**40,000**	40,000
96.4p	26 July 2009 to 25 July 2012	**60,000**	60,000
133.91p	9 May 2010 to 8 May 2013	**45,000**	–

The estimated fair values were calculated using the Black Scholes option pricing model with the following inputs:

Grant date	11 August 2005	15 March 2006	11 April 2006	26 July 2006	9 May 2007
Share price at date of grant	93.50p	87.20p	90.50p	96.40p	133.91p
Exercise price	93.50p	87.20p	90.50p	96.40p	133.91p
No of employees	1	1	2	4	2
Shares under option	25,000	25,000	40,000	60,000	45,000
Vesting period (years)	3	3	3	3	3
Expected volatility	50%	30%	30%	30%	30%
Option life (years)	6	6	6	6	6
Expected life (years)	4.5	4.5	4.5	4.5	4.5
Risk free rates	4.75%	4.2%	4.2%	4.2%	4.6%
Expected dividends	4.2%	4.2%	4.2%	4.2%	3.7%
Possibility of ceasing employment before vesting	25.0%	25.0%	25.0%	25.0%	25.0%
Expectations of meeting performance criteria	95%	95%	95%	95%	95%
Fair value of option	27p	15p	16p	17p	27p

The expected volatility is based on historical volatility over the expected life period. The expected life is the average expected period to exercise based on historical experience and the terms of the scheme. The risk free return is the yield on zero-coupon UK government bonds of a term consistent with the assumed option life.

The group recognised a total expense of £12,000 (2006: £8,000) related to equity-settled share-based payment transactions during the year.

31. Reconciliation of group equity and profit under UK GAAP to IFRS

(i) Year ended 30 November 2006
(End of last period presented under UK GAAP)

	Notes	UK GAAP £'000	Effect of transition to IFRS £'000	IFRS £'000
Revenue		18,822	–	18,822
Cost of sales		(13,891)	–	(13,891)
Gross Profit		4,931	–	4,931
Distribution costs		(446)		(446)
Administrative expenses		(3,592)	31	(3,561)
Other operating income		38	–	38
Operating profit		931	31	962
Deferred consideration arising on sale of former subsidiary		39	–	39
Finance income		9	–	9
Finance expenses		(26)	–	(26)
Share of loss of associate		(25)	–	(25)
Profit before tax		928	31	959
Taxation		(390)	–	(390)
Profit after tax		538	31	569
Attributable to:				
Equity shareholders of the company		560	31	591
Minority interests		(22)	–	(22)
		538	31	569

(ii) Reconciliation of UK GAAP profit to IFRS profit

	Notes	Year ended 30 November 2006 £'000
Profit after tax as reported under UK GAAP		538
Adjustments for:		
Goodwill not amortised subsequent to the Transition Date	a	31
Profit after tax as reported under IFRS		569

31. Reconciliation of group equity and profit under UK GAAP to IFRS *(continued)*

(iii) Reconciliations of equity at 1 December 2005 from UK GAAP to IFRS

	Notes	UK GAAP £'000	Effect of transition to IFRS £'000	IFRS £'000
Assets				
Non-current assets				
Goodwill	a	410	–	410
Property, plant and equipment		509	–	509
Investment in associate		103	–	103
		1,022	–	1,022
Current assets				
Inventories		2,624	–	2,624
Trade and other receivables		2,970	–	2,970
Cash and cash equivalents		734	–	734
		6,328	–	6,328
Liabilities				
Current liabilities				
Trade and other payables		(1,588)	–	1,588)
Borrowings		(367)	–	(367)
Current tax liabilities		(133)	–	(133)
		(2,088)	–	(2,088)
Net current assets		4,240	–	4,240
Non-current liabilities				
Borrowings		(6)	–	(6)
Retirement benefit liability		(82)	–	(82)
Deferred consideration		(104)	–	(104)
		(192)	–	(192)
Net assets		5,070	–	5,070
Shareholders' equity				
Share capital		414	–	414
Share premium account		1,525	–	1,525
Capital redemption reserve		1	–	1
Retained earnings	a	2,883	–	2,883
Cumulative translation adjustment	b	–	–	–
Total equity attributable to the equity shareholders		4,823	–	4,823
Minority interests		247	–	247
		5,070	–	5,070

31. Reconciliation of group equity and profit under UK GAAP to IFRS *(continued)*

(iv) Reconciliations of equity at 30 November 2006 from UK GAAP to IFRS

	Notes	UK GAAP £'000	Effect of transition to IFRS £'000	IFRS £'000
Assets				
Non-current assets				
Goodwill	a	382	31	413
Property, plant and equipment		506	–	506
Investment in associate		119	–	119
		1,007	31	1,038
Current assets				
Inventories		3,153	–	3,153
Trade and other receivables		2,844	–	2,844
Cash and cash equivalents		822	–	822
		6,819	–	6,819
Liabilities				
Current liabilities				
Trade and other payables		(1,678)	–	(1,678)
Borrowings		(406)	–	(406)
Current tax liabilities		(260)	–	(260)
		(2,344)	–	(2,344)
Net current assets		4,475	–	4,475
Non-current liabilities				
Borrowings		(4)	–	(4)
Retirement benefit liability		(94)	–	(94)
Deferred consideration		(104)	–	(104)
		(202)	–	(202)
Net assets		5,280	31	5,311
Shareholders' equity				
Share capital		416	–	416
Share premium account		1,531	–	1,531
Capital redemption reserve		1	–	1
Retained earnings	a	3,170	115	3,285
Cumulative translation adjustment	b	–	(84)	(84)
Total equity attributable to the equity shareholders		5,118	31	5,149
Minority interests		162	–	162
		5,280	31	5,311

31. Reconciliation of group equity and profit under UK GAAP to IFRS *(continued)*

(v) Reconciliation of equity from UK GAAP to IFRS

	Notes	30 November 2006 £'000	1 December 2005 £'000
Total equity as reported under UK GAAP		5,280	5,070
Adjustments for:			
Goodwill not amortised subsequent to transition date	a	31	–
Total equity as reported under IFRS		5,311	5,070

Explanation of adjustments.
The transition to IFRS resulted in the following changes in accounting policies:

a. Goodwill
Goodwill is not amortised under IFRS but is measured at cost less impairment losses. Under UK GAAP, goodwill was amortised on a straight line basis over the time that the group was estimated to benefit from it. The change does not affect equity at 1 December 2005 because, as permitted by IFRS 1, goodwill arising on acquisitions before 1 December 2005 (date of transition to IFRS) has been frozen at the UK GAAP amounts subject to being tested for impairment at that date, the results of which assessment indicated no such impairment.

Under UK GAAP, goodwill on acquisitions prior to 1 July 1998 was eliminated directly against reserves. The gain or loss on the disposal of a previously acquired business reflects the attributable amount of purchased goodwill in respect of that business. As the group has opted not to restate business combinations prior to the date of transition, the goodwill written off to reserves under UK GAAP has been frozen and remains in reserves.

b. Other reserves
The group has adopted IAS 21 and discloses separately the exchange differences arising on the translation of foreign subsidiaries' results as a component of equity with effect from 1 December 2005. In order to eliminate the need to retrospectively apply this requirement, the group took the exemption to set cumulative translation differences to zero at the date of transition.

32. Reconciliation of company equity and profit under UK GAAP to IFRS

There is no material difference in the equity and profit for the company between UK GAAP and IFRS.

33. Related party transactions

Group
Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed.

Company
The company carried out the following transactions with its subsidiaries and joint venture:

	2007 £'000	2006 £'000
Consultancy fees charged to subsidiaries and joint venture	**536**	516
Interest on short term loans	**18**	15

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the company will be held at Devonshire House, Manor Way, Borehamwood, Hertfordshire WD6 1QQ on 28 April 2008 at 2.00 p.m. for the following purposes:

Ordinary business

1. To receive and adopt the accounts of the company together with the directors' and auditors' reports thereon for the year ended 30 November 2007.

2. To declare a final dividend in respect of the year ended 30 November 2007.

3. To re-elect R W Weinreich as a director.

4. To re-elect V M Blaisdell as a director, who retires in accordance with article 82 of the Company's Articles of Association.

5. To re-appoint Grant Thornton UK LLP as auditors and to authorise the directors to fix their remuneration.

Special business

To consider and, if thought fit, pass the following resolution as an Ordinary Resolution:

6. That, in substitution for any existing such authority, the directors be generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities (within the meaning of section 80 of the Companies Act 1985 ("Act")) up to a maximum aggregate nominal amount of £138,651.70 such authority (unless previously revoked, varied or extended) to expire at the conclusion of the Annual General Meeting of the company to be held in 2009, but so that the company may, before such expiry, make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities pursuant to any such offer or agreement as if the authority had not expired.

To consider and, if thought fit, to pass the following resolutions as Special Resolutions:

7. That, in substitution for any existing powers, the directors be empowered pursuant to section 95(1) of the Act to allot equity securities (as defined in section 94(2) of the Act) of the company wholly for cash where such allotment is either pursuant to the authority of the directors under section 80 of the Act conferred by resolution 6 above, or by virtue of section 94(3A) of the Act, in either case as if section 89(1) of the Act did not apply to such allotment, provided that such power is limited to:

(a) the allotment of equity securities in connection with the issue to holders of ordinary shares of 10p each in the company ("Ordinary Shares") where the equity securities respectively attributable to the interest of such holders are proportionate (as nearly as may be practicable) to the respective numbers of Ordinary Shares held by them, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with any fractional entitlements or any legal or practical problems under the laws of, or the requirements of any regulatory body or any stock exchange in, any territory; and

(b) to the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to a maximum aggregate nominal amount of £20,797.80;

such power to expire at the conclusion of the Annual General Meeting of the company to be held in 2009, save that the company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities pursuant to any other offer or agreement as if the power conferred thereby had not expired.

8. That the company be and it is hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 163 of the Companies Act 1985) of Ordinary Shares of 10p each in the capital of the Company ("Ordinary Shares") provided that:

(a) the maximum number of Ordinary Shares hereby authorised to be purchased is 391,455 (representing 10 per cent of the issued share capital of the company, excluding treasury shares);

(b) the minimum price which may be paid for each Ordinary Share is 10p (nominal value);

(c) the maximum price which may be paid for each ordinary share is an amount equal to 105 per cent of the average of the middle market quotations for an ordinary share as derived from The London Stock Exchange for the five business days immediately preceding the day on which the Ordinary Shares are purchased;

(d) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the company to be held in 2009, unless such authority is renewed prior to such time; and

(e) the Company may make a contract to purchase its ordinary shares under the authority hereby conferred prior to the expiry of such authority, which will or may be executed wholly or partially after the expiry of such authority, and may purchase its Ordinary Shares in pursuance of any such contract.

By order of the board

Jim Shawyer
Secretary

18 February 2008

Registered Office:
Devonshire House
Manor Way
Borehamwood
Hertfordshire
WD6 1QQ

Notes

1. To be effective, forms of proxy must be duly completed and returned so as to reach Neville Registrars, New Issue Department, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3BR not less than 48 hours before the time appointed for the meeting, or adjourned meeting, as the case may be.

2. Only those shareholders registered in the register of members of the company as at 6pm on 26 April 2008 shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of securities after 6 p.m. on 26 April 2008 shall be disregarded in determining the rights of any person to attend and vote at the meeting.

3. Contracts of service (unless expiring or determinable within one year without payment of compensation) between the company or its subsidiaries and any director, together with a statement of transactions of directors (and of their family interests) in the share capital of the company and any of its subsidiaries, are available for inspection at the registered office of the company on any weekday (excluding public holidays) during normal business hours.

4. To appoint a proxy or to amend an instruction to a previously appointed proxy via the CREST system, the Crest message must be received by the issuer's agent (ID 7RA11) by 12 noon on Saturday 26 April 2008. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message. After this time any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST Personal Members or other CREST sponsor or voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings, please refer to the CREST Manual. We may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

FIVE YEAR SUMMARY

	2007 IFRS £'000	2006 IFRS £'000	2005 UK GAAP £'000	2004 UK GAAP £'000	2003 UK GAAP £'000
Group revenue	**18,853**	18,822	14,740	15,658	14,201
Cost of sales	**(13,866)**	(13,891)	(10,471)	(11,023)	(10,211)
Gross profit	**4,987**	4,931	4,269	4,635	3,990
Distribution costs	**(463)**	(446)	(406)	(483)	(358)
Administrative expenses	**(3,398)**	(3,561)	(3,404)	(3,498)	(3,424)
Deferred consideration on sale of former subsidiary	**–**	39	24	24	26
Other operating income	**76**	38	46	66	176
Group operating profit	**1,202**	1,001	529	744	410
Cost of fundamental restructuring	**–**	–	(215)	–	–
Share of associate's operating (loss)/profit	**–**	(25)	(25)	4	(22)
Finance income	**27**	9	5	15	6
Finance expenses	**(23)**	(26)	(24)	(31)	(66)
Profit before taxation	**1,206**	959	270	732	328
Taxation	**(454)**	(390)	88	(274)	(218)
Profit after tax	**752**	569	358	458	110
Attributable to:					
Equity shareholders of the company	**744**	591	351	456	110
Minority interests – equity	**8**	(22)	7	2	–
	752	569	358	458	110
Earnings per share – basic	**17.97p**	14.24p	8.47p	11.00p	2.67p
Earnings per share – diluted	**17.78p**	14.24p	8.29p	10.83	2.63p
Dividends per share in respect of each year	**5.35p**	5.00p	4.75p	4.75p	4.50p
Equity shareholders' funds	**5,416**	5,149	4,823	4,583	4,290

The figures for 2006 have been restated for the effects of IFRS. Earlier years have not been restated.

SHAREHOLDER NOTES

HOLDERS TECHNOLOGY PLC
FORM OF PROXY

Form of proxy for use at the Annual General Meeting of Holders Technology plc ("the Company") to be held on 28 April 2008 at 2.00 p.m.

I/We, ...

of ....

being a member/members of the company entitled to receive notice, attend, speak and vote at general meetings of the company,

hereby appoint the Chairman of the Meeting (*Note 1*) ....
as my/our proxy to attend, speak and vote for me/us and on my/our behalf at the Annual General Meeting and at any adjournment and any other business of it which may properly come before the Meeting or any adjournment of it.

I/We direct my/our proxy to vote as follows in respect of the resolutions set out in the Notice of Annual General Meeting (*Note 2*):

Ordinary business	**For**	**Against**	**Abstain**
1. To receive and adopt the accounts of the company, together with the directors' and auditors' reports thereon, for the year ended 30 November 2007.			
2. To declare a final dividend.			
3. To re-elect R W Weinreich as a Director.			
4. To re-elect V M Blaisdell as a Director.			
5. To re-appoint Grant Thornton UK LLP as auditors of the company and to authorise the directors to fix their remuneration.			
Special business			
6. To authorise the directors to allot shares (Ordinary Resolution).			
7. To empower the directors to allot shares outside of statutory pre-emption rights subject to normal conditions (Special Resolution).			
8. To empower the Company to repurchase ordinary shares (Special Resolution).			

In the absence of instructions the proxy is authorised to vote (or abstain from voting) on the resolutions at his or her discretion. The proxy is also authorised to vote (or abstain from voting) on any other business which may properly come before the Meeting.

Signed .... Dated 2008

Notes:

(1) A member who is entitled to attend, speak and vote may appoint a proxy to attend, speak and vote instead of him. A member wishing to appoint someone other than the Chairman of the Meeting as his or her proxy (who need not be a member of the company) should insert that person's name in the space provided in substitution for the reference to "*the Chairman of the Meeting*" and initial the alteration. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares (so a shareholder must hold more than one share to appoint more than one proxy). A member wishing to exercise this right should contact Neville Registrars.

(2) Please indicate by inserting an "*X*" under "*FOR*" or "*AGAINST*" or *"ABSTAIN"* how you wish your vote to be cast on each resolution. On receipt of this form of proxy duly signed but without any specific directions as to how you wish your vote to be cast, you will be considered to have authorised the proxy to vote or abstain at his or her discretion.

(3) To be effective, this form of proxy together with any power of attorney or other authority under which it is signed or notarially certified copy thereof must either (a) reach Neville Registrars, New Issue Department, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3BR not less than 48 hours before the time fixed for the holding of the Meeting or (b) be lodged using the CREST Proxy Voting Service – see note 8 below. The completion and return of a form of proxy will not preclude a member from attending the Meeting and voting in person.

(4) In the case of a corporation, this form of proxy must be under the common seal or signed by an officer or attorney duly authorised in writing.

(5) In the case of joint holders, the vote of the senior who tenders a vote will be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority is determined by the order in which the names stated in the register of members of the Company in respect of the joint holding.

(6) Any alterations made to this form of proxy should be initialled.

(7) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, to be entitled to vote at the Meeting (and for the purposes of the determination by the company of the number of votes they may cast) members must be entered on the register of members of the company by 6 p.m. on 26 April 2008.

(8) CREST members who wish to appoint a proxy or proxies by utilising the proxy voting service may do so for the Meeting (and any adjournment thereof) by following the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members (and those CREST members who have appointed a voting service provider) should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message (regardless of whether it relates to the appointment of a proxy, the revocation of a proxy appointment or to an amendment to the instruction given to a previously appointed proxy) must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 7RA11) by the last time(s) for receipt of proxy appointments specified in Note 3 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Neville Registrars is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

SECOND FOLD

BUSINESS REPLY SERVICE
Licence No. MB 3865

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Neville Registrars Limited
New Issue Department
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18 Laurel Lane
Halesowen
West Midlands
B63 3BR

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THIRD FOLD