Holders Technology

Annual Report & Accounts 2008

Welcome to 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 telecommunications, aerospace, medical and automotive sectors.

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 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.

Auto

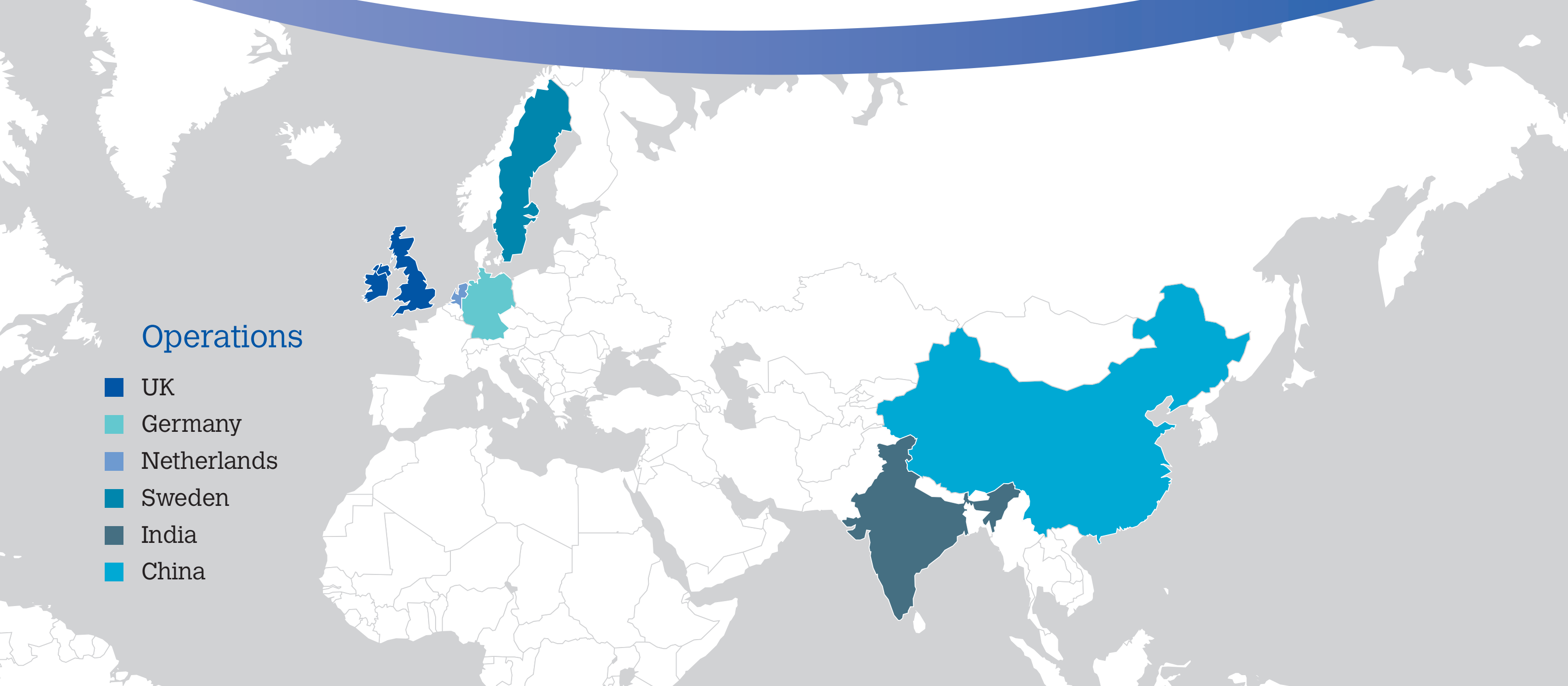
The cars we drive rely on electronics more than ever before. Not only are electronics essential to the inner workings of our cars' chemical functions; they now provide us with stability control, navigation and entertainment during our drive. Holders Technology supplies materials used in the manufacture of the sophisticated electronic circuits which provide these functions.

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.

Aerospace

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



Year in brief

The printed circuit board (PCB) industry reflected the decline in the world economy during 2008. Holders Technology achieved the following results in a difficult market:

£17.5m	**REVENUE** Revenue declined 7.3% to £17.5m (2007: £18.9m).
£4.4m	**GROSS PROFIT** Gross profit of £4.4m (2007: £5.0m).
£0.7m	**OPERATING PROFIT** Operating profit before exceptional items fell from £1.2m to £0.7m.
£1.3m	**POSITIVE CASH FLOW** £1.3m positive cash flow generated from operations.
£0.1m	**RESTRUCTURING OF SWEDISH OPERATION**
£0.1m	**GOODWILL AND INVESTMENTS** £0.1m non-cash write down of goodwill and investments.
£1.5m	**NET CASH** Net cash of £1.5m at year end (2007: £1.1m)
3.25p	**FINAL DIVIDEND** Proposed unchanged final dividend of 3.25p.

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Chairman's statement

R W Weinreich
Chairman and Chief Executive
10 February 2009

We fully expect to maintain our position in our key markets and to end the year financially strong.

I cautioned in previous Chairman's Statements that the year to 30 November 2008 would be unlikely to match the preceding year and this proved to be the case. Our markets weakened further in the second half of the year, particularly in Sweden and Germany.

The end users served by our European subsidiaries vary from country to country, so we outline each of these markets as follows:

The UK PCB market has a marked bias towards the aerospace and industrial electronics industries and these have shown more resilience than consumer related markets to date. Our UK operations produced a good performance for the year.

Our German subsidiary's sales are heavily influenced by production levels in the car industry and severely reduced volumes in that industry during the latter part of the year inevitably had a significant impact on operations. Despite this, trading for the year remained profitable.

The Dutch subsidiary has exposure to the general industrial market and to medical equipment manufacturers. Whilst the latter experienced normal trading in the year there was marked softening in the general industrial market. Despite this weakening, our Dutch subsidiary remained profitable for the year.

Our Swedish subsidiary, serving the Scandinavian market has for some years felt the impact of the major Scandinavian telecommunication companies switching their sourcing of PCBs to the Far East. This subsidiary was unprofitable in the year to 30 November 2008. We have reshaped our Scandinavian activities to ensure continued sales coverage of this market but at a significantly reduced cost. The cost of these changes is contained in the accounts for the year.

Outside of Europe our geographical coverage extends to China and India. The Chinese PCB market is very consumer product focused and dependent on exports. Recent changes within this market have had adverse implications for our subsidiary, and we are examining its present structure. Our Indian joint venture, whilst small, is holding its ground and continuing to make progress in widening its product range.

During the year to 30 November 2008, we maintained a determined focus on minimising overheads; this has enabled us, in part, to offset the adverse impact of volume declines. However despite prudential hedging of currency exposures we were unable totally to offset the impact of exchange movements and margins were adversely affected in the year.

The strength of the euro against the pound increased the net asset values of our European subsidiaries, when translated into sterling. This contributed to the increase in the group's tangible net asset value from 123p per share to 143p per share over the year to 30 November 2008.

Our conservative financial policy has enabled us to maintain a strong, positive cash position, despite the difficult economic times, and I am pleased to confirm that the company will, subject to the approval of shareholders at the Annual General Meeting, pay a final dividend of 3.25p per share (2007: 3.25p per share). The dividend will be paid on 19 May 2009 to shareholders on the register on 24 April 2009 and the shares will go ex-dividend on 22 April 2009.

In summary the year to 30 November 2008 was not an easy one for your company and the current year is likely to be even more difficult. The level of turnover we will achieve this year will, in large part, be driven by factors outside our control. We expect that margins will be under pressure, due to weak demand, and it is of particular concern that we are seeing a tightening of the market for credit insurance in respect of our receivables; this will require even greater vigilance on our part. Should we see any of our activities not contributing, we will review the possibility of restructuring these.

As with our Scandinavian operations this year, there may be one off costs associated with any actions we are obliged to take. Above all we will continue to concentrate on cost containment and cash preservation.

The board wishes shareholders to be fully aware of the challenges your company faces and currently we consider it likely that the first half of the current year may not be profitable. As against this sombre assessment of our position I am glad to be able to report that we have had an encouraging reception for a major new product line we have added to our range and we expect this to have a positive impact on the second half of the current year.

As a company we have experienced cyclical downturns before and are experienced in addressing the challenges these pose. We fully expect to maintain our position in our key markets and to end the year financially strong.

R W Weinreich
Chairman and Chief Executive

10 February 2009

Business review

Jim Shawyer
Group Finance Director
10 February 2009

The current recession is hitting the automotive and consumer-related sectors very hard, but to date the aerospace and medical sectors have been resilient.

Operating Review

Corporate strategy

The board is committed to enhancing shareholder value over the medium to long term, whilst 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.

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 migrated from the USA and Europe to the Far East. Scandinavia, which had been an important region for telecomms-related PCB manufacturing saw a particularly sharp decline. The European PCB industry is now mainly focused on the aerospace, automotive and medical sectors. The current recession is hitting the automotive and consumer-related sectors very hard, but to date the aerospace and medical sectors have been resilient.

Holders Technology

UK Operations

UK trading operations are based in Galashiels, Scotland. The PCB industry in the UK is oriented towards the aerospace industry and carries a broad range of products. The company successfully introduced a new line of FR4 laminate and hopes to develop this segment further in 2009. Revenue was steady at £5.3m.

Dutch operations

Holders Dutch operations are based at Dussen, near Rotterdam. The company specialises in the supply of FR4 and flexible laminates. Supply issues in the early part of 2008 caused a marked decline in the FR4 business, but sales of flexible laminates increased. Overall, revenue declined by 20% to £4.0m.

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 motor industry is an important sector for the PCB industry in Germany and this saw a marked slowdown in the second half of the year. Revenue for the year as a whole fell 3% to £6.9m.

Swedish operations
The Scandinavian PCB manufacturing base contracted significantly in 2008, after a large decline in 2007, and it has been decided that the group's Swedish subsidiary will be closed in 2009. A local representative office will be maintained. A provision of £64,000 for the restructuring costs has been recorded in the income statement as an exceptional item.

Far East operations
Far East operations comprised of Topgrow Technologies Limited (Topgrow), a Hong Kong based holding company, and Dongguan Hui Zhan Electronic Company (DHZ), as its main operating subsidiary. DHZ provides materials and services to the PCB industry from its base in Dongguan, Southern China.

DHZ, while it grew its revenue by 134% to £0.5m, has yet to achieve profitability.

Topgrow recorded a loss for the year of £58,000 and the directors considered that it would be prudent to write down the goodwill attributable to this entity, amounting to £100,000.

Topgrow's associated companies, Waysky and China Hill, both had a difficult year and the directors have decided that the associated company investment should be fully written off. An impairment provision of £51,000 has been recorded.

India
Holders Technology (India) Private Limited was established as a joint venture (60% owned by Holders Technology plc) in April 2007. The JV company has continued the good start that it made in its first year of operation and made a small but positive contribution to the group result.

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 largely 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 decreased from £18.9m to £17.5m. Whilst revenue in the UK and Germany was steady, Scandinavia experienced a decline of 42% to £0.6m. The Netherlands experienced much slower demand for FR4 laminate.

The deconsolidation of Waysky and China Hill, which became associated companies at the end of last year, caused a reduction in revenue of £0.3m from Far East operations, however the remaining consolidated Far East companies grew revenue by 92% to £0.8m.

Profitability
Operating profit before exceptional items fell from £1.2m in 2007 to £0.7m in 2008. The gross profit margin dipped slightly from 26.5% in 2007 to 25.3%. The group continued to cut administrative expenses, which were reduced by £0.1m to £3.3m.

Profit before tax fell from £1.2m in 2007 to £0.5m in 2008, reflecting the reduction in revenue and gross profit but partially offset by the reduction in administrative expenses.

Taxation
The group tax rate was affected by the impairment charges relating to goodwill and associated companies. No tax relief is available on these impairment charges. Similarly, there is no immediate prospect of obtaining any tax credit in respect of losses incurred in Far East operations. Consequently the tax rate was 47.4% in 2008 compared with 37.6% in 2007.

Post tax profits
The profit for the financial year after tax, attributable to equity shareholders was £0.3m (2007: £0.7m). As a result basic earnings per share decreased from 17.97p per share in 2007 to 8.21p per share. Diluted earnings per share were 8.21p (2007: 17.78p).

Business review
continued

Dividends
The board proposes a final dividend of 3.25p per share to be paid on 19 May 2009 to shareholders on the register on 24 April 2009. Including the 2.10p interim dividend already paid on 23 September 2008 and subject to the approval of shareholders at the AGM, the total dividend for 2008 will be 5.35p (2007: 5.35p), which would be covered 1.5 times by earnings.

Cash flow, liquidity and financing
The group's profitability together with careful management of working capital enabled the group to generate £1.3m of operating cash flow (2007: £2.0m).

Total borrowings, comprising overdrafts, as at 30 November 2008, amounted to £0.2m (2007: £0.2m). Borrowings to finance European requirements were denominated in euros. Borrowing requirements for Hong Kong and China were denominated in Hong Kong dollars.

At 30 November 2008 the group had **net liquid funds** (trade and other receivables and cash minus current liabilities) of £2.5m compared to £2.0m in the preceding year.

Net assets per ordinary share at 30 November 2008 increased to £1.48, compared with £1.41 in 2007.

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 2008, the group had **gearing**, being debt divided by debt plus shareholders funds, of 3.8% (2007: 3.1%).

The group's financial instruments, other than derivatives, comprise borrowings, some cash and various items, such as trade receivables and payables 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

10 February 2009

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 30 Old Broad Street London EC2N 1HT
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 £322,000 (2007: £744,000).

Full details are contained in the consolidated income statement on page 16. The directors have recommended a final dividend of 3.25p (2007: 3.25p) per share payable on 19 May 2009 to shareholders on the register at close of business on 24 April 2009. 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 (2007: 2.1p) per share paid on 23 September 2008, amounts to £211,000 (2007: £215,000), which is equivalent to 5.35p (2007: 5.35p) per share.

Payment of suppliers

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 suppliers at 30 November 2008 was 18 days (2007: 16 days). For the company the average number of days credit taken from trade suppliers at 30 November 2008 was 13 days (2007: 10 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 receivables, 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 7. All served throughout the year. The beneficial shareholdings of the directors at 30 November 2008 are set out in note 28 to the financial statements.

Rudi Weinreich, aged 62, 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 55, 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 36, 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 65, 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 2009 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	**%**
Armstrong Investments Limited	275,000	6.98%
Rath Dhu Limited	272,500	6.92%
Andre Marcou	178,458	4.53%
Hugh S Pearson Gregory	136,109	3.45%

Annual General Meeting

The Annual General Meeting of the Company will be held at Devonshire House, Manor Way, Borehamwood, Hertfordshire WD6 1QQ at 11.30 a.m. on 24 April 2009.

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 255,000 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 393,955 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.

Report of the directors

continued

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, subject to any material departures disclosed and explained in the financial statements; 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 7, 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

The auditors, Grant Thornton UK LLP, are willing to continue in office as auditors of the company and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By order of the board

Jim Shawyer
Secretary

10 February 2009

Directors' remuneration report

The directors present the directors' remuneration report for the financial year ended 30 November 2008.

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 12.

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 12.

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 three executive directors 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 2008 and details of each director's attendance.

	Board	Audit	Remuneration
Number held	12	2	1
R Weinreich	12	–	–
J Shawyer	12	2	–
V Blaisdell	10	–	–
D Mahony	11	2	1

– indicates not a member of that committee in 2007/8

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 11.

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.

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.

Corporate governance
continued

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 2008 which comprise the consolidated income statement, the group and parent company statement of recognised income and expense, the group and parent company balance sheets, the group and parent company cash flow statements and notes 1 to 31. 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 2008 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 2008;
- 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
10 February 2009

Consolidated income statement

For the year ended 30 November 2008

	Note	Before exceptional items 2008 £'000	Exceptional items 2008 £'000	Total 2008 £'000	Total 2007 £'000
Continuing operations					
Revenue	5	**17,481**	–	**17,481**	18,853
Cost of sales		**(13,057)**	–	**(13,057)**	(13,866)
Gross profit		**4,424**	–	**4,424**	4,987
Distribution costs		**(427)**	–	**(427)**	(463)
Administrative expenses		**(3,285)**	–	**(3,285)**	(3,398)
Fundamental restructuring	8	–	**(64)**	**(64)**	–
Impairment of goodwill	8	–	**(100)**	**(100)**	–
Impairment of investment in associates	8	–	**(51)**	**(51)**	
Other operating income		**11**	–	**11**	76
Operating profit		**723**	**(215)**	**508**	1,202
Finance income	6	**43**	–	**43**	27
Finance expenses	7	**(38)**	–	**(38)**	(23)
Profit before taxation	8	**728**	**(215)**	**513**	1,206
Taxation	9	**(261)**	**18**	**(243)**	(454)
Profit after taxation		**467**	**(197)**	**270**	752
Attributable to:					
Equity shareholders of the company				**322**	744
Minority interests – equity				**(52)**	8
Profit for the financial year				**270**	752
Total and continuing					
Basic earnings per share	11			**8.21p**	17.97p
Diluted earnings per share	11			**8.21p**	17.78p

Statements of recognised income and expense

For the year ended 30 November 2008

	Group 2008 £'000	Group 2007 £'000	Company 2008 £'000	Company 2007 £'000
Exchange differences on translation of foreign operations	**568**	113	–	–
Profit for the year	**270**	752	**128**	540
Total recognised income and expense for the year	**838**	865	**128**	540
Attributable to:				
Equity shareholders of the company	**805**	865	**128**	540
Minority interests – equity	**33**	–	–	–
Profit for the financial year	**838**	865	**128**	5 40

Balance sheets

At 30 November 2008

		Group		Company	
	Note	**2008**	2007	**2008**	2007
		£'000	£'000	**£'000**	£'000
Assets					
Non-current assets					
Goodwill	13	**201**	397	**–**	–
Property, plant and equipment	14	**651**	622	**3**	2
Investments in subsidiaries	15	**–**	–	**2,352**	2,580
Investment in joint venture	16	**–**	–	**15**	15
Investments in associates	17	**–**	28	**–**	–
Deferred tax	24	**31**	49	**–**	4
		883	1,096	**2,370**	2,601
Current assets					
Inventories	18	**2,808**	2,645	**–**	–
Trade and other receivables	19	**2,700**	2,588	**472**	345
Current tax		**99**	–	**16**	–
Cash and cash equivalents		**1,774**	1,275	**297**	669
		7,381	6,508	**785**	1,014
Liabilities					
Current liabilities					
Trade and other payables	20	**(1,663)**	(1,399)	**(377)**	(654)
Borrowings	21	**(237)**	(174)	**–**	–
Current tax		**(33)**	(275)	**–**	(22)
		(1,933)	(1,848)	**(377)**	(676)
Net current assets		**5,448**	4,660	**408**	338
Non-current liabilities					
Retirement benefit liability	23	**(165)**	(139)	**–**	–
Deferred consideration	23	**–**	(104)	**–**	(104)
		(165)	(243)	**–**	(104)
		6,166	5,513	**2,778**	2,835
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	**3,568**	3,431	**830**	887
Cumulative translation adjustment reserve	26	**520**	37	**–**	–
Equity attributable to the equity shareholders		**6,036**	5,416	**2,778**	2,835
Minority interests in equity		**130**	97	**–**	–
		6,166	5,513	**2,778**	2,835

The financial statements were approved by the Board on 10 February 2009 and signed on its behalf by:

R W Weinreich
Director

Cash flow statements

For the year ended 30 November 2008

	Note	Group 2008 £'000	Group 2007 £'000	Company 2008 £'000	Company 2007 £'000
Cash flows from operating activities					
Operating profit		**508**	1,202	**(120)**	(78)
Share-based payment charge		**12**	12	**12**	12
Depreciation		**184**	288	**1**	–
Impairment of goodwill		**100**	–	**–**	–
Impairment of investment in associates		**51**	–	**–**	–
Currency translation		**293**	102	**–**	–
Loss on sale of property, plant and equipment		**2**	1	**–**	–
(Increase)/decrease in inventories		**(140)**	508	**–**	–
(Increase)/decrease in trade and other receivables		**(86)**	231	**(266)**	485
(Increase)/decrease in trade and other payables		**349**	(362)	**(277)**	259
Cash generated from operations		**1,273**	1,982	**(650)**	678
Corporation tax paid		**(566)**	(418)	**(46)**	(35)
Net cash generated from operations		**707**	1,564	**(696)**	643
Cash flows from investing activities					
Proceeds from disposal of investment in associate		**–**	119	**–**	–
Increase in investment in associate		**(23)**	–	**–**	–
Investment in new subsidiary		**–**	–	**–**	(18)
Investment in joint venture		**–**	–	**–**	(15)
Purchase of property, plant and equipment		**(132)**	(403)	**(2)**	–
Proceeds from sale of property, plant and equipment		**24**	15	**–**	–
Income from investments		**–**	–	**499**	600
Interest received		**43**	27	**24**	25
Net cash generated/(used) in investing activities		**(88)**	(242)	**521**	592
Cash flows from financing activities					
Proceeds from exercise of employee share options		**13**	–	**13**	–
Purchase of treasury shares		**–**	(398)	**–**	(398)
Interest paid		**(38)**	(23)	**–**	(4)
Equity dividends paid		**(210)**	(212)	**(210)**	(212)
Finance lease principal payments		**–**	(6)	**–**	–
Net cash used in financing activities		**(235)**	(639)	**(197)**	(614)
Net change in cash and cash equivalents		**384**	683	**(372)**	621
Cash and cash equivalents at start of period		**1,101**	418	**669**	48
Effect of foreign exchange rates		**52**	–	**–**	–
Cash and cash equivalents at end of period	27	**1,537**	1,101	**297**	669

Notes to the financial statements

Year ended 30 November 2008

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. 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. 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.

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 2007 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:

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

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

Amendment to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation (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)

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements – Costs of Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective 1 January 2009)

Amendment to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items (effective 1 July 2009)

Improvements to IFRSs (effective 1 January 2009 other than certain amendments effective 1 July 2009)

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

IFRS 8 Operating Segments (effective 1 January 2009)

IFRIC 12 Service Concession Arrangements (effective 1 January 2008)

IFRIC 13 Customer Loyalty Programmes (effective 1 July 2008)

Notes to the financial statements

Year ended 30 November 2008

2. Accounting policies (continued)

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

IFRIC 15 Agreements for the Construction of Real Estate (effective 1 January 2009)

IFRIC 16 Hedges of a Net Investment in a Foreign Operation (effective 1 October 2008)

IFRIC 17 Distributions of Non-cash Assets to Owners (effective 1 July 2009)

It is not expected that these standards and interpretations would have had a material effect on the results of either the company or the group if they had been adopted in these financial statements.

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.

2. Accounting policies (continued)

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, which is allocated to individual cash generating units, 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 the 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.

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.

Exceptional items

Exceptional items comprise items of income and expense that are material in amount which merit separate disclosure in order to provide an understanding of the group's underlying financial performance. Examples of events giving rise to the disclosure of material items of income and expense as exceptional items include, but are not limited to, impairment events, reorganisation of the group's operations and profits and losses on sale of businesses.

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.

Notes to the financial statements

Year ended 30 November 2008

2. Accounting policies (continued)

Inventory

Inventory is stated at the lower of cost and net realisable value. Cost is determined on a first-in-first-out basis. 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, property, plant and equipment is written down to the recoverable amount. 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, recoverable amounts 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.

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.

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 cumulative translation adjustment 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.

2. Accounting policies (continued)

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.

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, with a corresponding credit to retained earnings. 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 approved 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.

Notes to the financial statements

Year ended 30 November 2008

2. Accounting policies (continued)

Treasury shares

When the company purchases its own equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of tax), is deducted from equity attributable to the company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, is included in equity attributable to the company's equity holders.

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.

Impairment testing

Impairment testing of goodwill and intangible assets involves comparing the carrying value of an asset with its value in use, based upon a discounted cash flow model. This model involves making assumptions involving future revenues and profits as well as long-term growth rates and the appropriate discount rate. Further details are set out in note 13.

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.

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 cash generated from operations. Liquidity is maintained through committed bank credit facilities (note 21).

4. Financial risk management (continued)

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 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.

Notes to the financial statements

Year ended 30 November 2008

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**	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
Continuing operations	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000
Revenue	**5,271**	5,337	**11,329**	12,745	**881**	771	**–**	–	**17,481**	18,853
Inter-segment revenue	**27**	57	**242**	245	**84**	53	**(353)**	(355)	**–**	–
	5,298	5,394	**11,571**	12,990	**965**	824	**(353)**	(355)	**17,481**	18,853
Segment result	**472**	708	**249**	476	**(213)**	18	**–**	–	**508**	1,202
Finance income									**43**	27
Finance expenses									**(38)**	(23)
Profit before taxation									**513**	1,206
Taxation									**(243)**	(454)
Profit for the year from continuing operations									**270**	752
Total assets	**6,605**	6,050	**4,273**	4,225	**1,842**	1,132	**(4,456)**	(3,803)	**8,264**	7,604
Total liabilities	**1,645**	1,487	**836**	1,284	**663**	374	**(1,046)**	(1,054)	**2,098**	2,091
Other segment items:										
Capital expenditure (including acquisitions)										
– Property, plant and equipment (note 14)	**22**	49	**97**	279	**13**	75	**–**	–	**132**	403
Depreciation (note 14)	**36**	33	**120**	233	**28**	22	**–**	–	**184**	288
Share option charge	**12**	12	**–**	–	**–**	–	**–**	–	**12**	12
Impairment of goodwill	**100**	–	**–**	–	**–**	–	**–**	–	**100**	–
Restructuring costs	**–**	–	**64**	–	**–**	–	**–**	–	**64**	–

6. Finance income

	2008 £'000	2007 £'000
Interest on bank deposits	**43**	27

7. Finance expenses

	2008 £'000	2007 £'000
Bank loans and overdrafts	**17**	23
Other	**21**	–
	38	23

8. Profit for the year

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

	2008 £'000	2007 £'000
Costs of inventories recognised as an expense	**12,191**	13,237
Write-down of inventory to net realisable value	**114**	152
Depreciation of property, plant and equipment (note 14)	**184**	288
Trade receivables impairment	**(17)**	(26)
Loss on sale of property, plant and equipment	**2**	1
Fees payable to the company's auditors for the audit of the financial statements	**13**	13
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	**42**	40
– Other services relating to taxation	**24**	21
Operating leases – land and buildings	**287**	233
Operating leases – plant and machinery	**11**	24
Exchange loss/(gain)	**31**	(25)

Exceptional items consist of the following:

	2008 £'000	2007 £'000
Fundamental restructuring	**(64)**	–
Impairment of goodwill	**(100)**	–
Impairment of investment in associate	**(51)**	–
	(215)	–

The fundamental restructuring charge consists of redundancy and lease termination costs at the group's Swedish operation.

The goodwill impairment charge represents 100% of the goodwill related to Topgrow Technologies Limited (Topgrow), which made a loss of £58,000 in 2008 and is not forecast to return to profit in the next two years.

Topgrow's associated companies, Waysky Technology Limited and China Hill Technology Limited had a very difficult year and no audited accounts are available. Accordingly, the group's investment in associates has been written off.

Notes to the financial statements

Year ended 30 November 2008

9. Taxation

	2008 £'000	2007 £'000
Analysis of the charge in the period		
Current tax		
– Current period	**228**	381
– Adjustments in respect of prior periods	**(3)**	87
	225	468
Deferred tax (note 24)	**18**	(14)
Total tax	**243**	454

Tax reconciliation

The tax for the period is higher (2007: higher) than the standard rate of corporation tax in the UK, effectively 28.67% (2007: 30%) for the company's financial year. The differences are explained below:

	2008 £'000	2007 £'000
Profit before taxation	**513**	1,206
Profit before taxation multiplied by rate of corporation tax in the UK of 28.67% (2007: 30%)	**147**	362
Effects of:		
Differences between capital allowances and depreciation	**(3)**	(10)
Amounts not deductible for taxation purposes	**79**	–
Adjustments in respect of prior years	**2**	87
Taxation losses	**34**	15
Other timing differences	**(8)**	–
Different overseas tax rates	**(8)**	–
Taxation	**243**	454

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 £128,000 (2007: £540,000).

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. The weighted average number of treasury shares are deducted from the number of shares issued in arriving at the weighted average number of 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.

	2008			2007		
	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	**322**	**8.21p**	**8.21p**	744	17.97p	17.78p

	2008 Number	2007 Number
Weighted average number of ordinary shares	**3,922,611**	4,140,085
Dilutive effect of share options	**–**	43,595
Fully diluted weighted average number of ordinary shares	**3,922,611**	4,183,680

12. Ordinary dividends

	2008 £'000	2007 £'000
Final dividend for the year ended 30 November 2007 of 3.25p (year ended 30 November 2006: 3.0p)	**128**	125
Interim dividend paid in respect of the year of 2.1p (2007: 2.1p)	**82**	87
Amounts recognised as distributions to equity holders	**210**	212

In addition, the directors are proposing a final dividend in respect of the year ended 30 November 2008 of 3.25p per share. If approved by shareholders, it will be paid on 19 May 2009 to shareholders who are on the register of members on 24 April 2009.

Notes to the financial statements

Year ended 30 November 2008

13. Goodwill

Group	£'000
Cost	
At 1 December 2007	**397**
Currency translation	**8**
Release of deferred consideration	**(104)**
Impairment charge	**(100)**
At 30 November 2008	**201**

	£'000
Analysis by geographic segment	
Europe	**144**
Asia	**57**
	201

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%.

Due to the incidence of losses reported by Topgrow Technologies Limited in the current year and forecast for the next two years, the directors concluded that the likelihood of deferred consideration of £104,000 being paid is remote and this amount has been credited against the cost of investment. Also, all the £100,000 of goodwill attributable to the Topgrow cash generating unit was impaired and it has been written off.

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 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**
Currency translation	–	236	236	–	–
Additions	–	132	132	2	–
Disposals	–	(113)	(113)	–	–
At 30 November 2008	**94**	**2,150**	**2,244**	**17**	**15**
Depreciation					
At 1 December 2006	65	1,191	1,256	13	13
Currency translation	–	35	35	–	–
Provided in year	8	280	288	–	–
Disposals	–	(212)	(212)	–	–
At 30 November 2007	**73**	**1,294**	**1,367**	**13**	**13**
Currency translation	–	129	129	–	–
Provided in year	9	175	184	1	–
Disposals	–	(87)	(87)	–	–
At 30 November 2008	**82**	**1,511**	**1,593**	**14**	**13**
Net book value					
At 30 November 2008	**12**	**639**	**651**	**3**	**2**
At 30 November 2007	21	601	622	2	2

Notes to the financial statements

Year ended 30 November 2008

15. Investments in subsidiaries

	Shares £'000	Loans £'000	Total £'000
Cost			
At 1 December 2006	1,781	781	2,562
Addition	18	–	18
At 1 December 2007	1,799	781	2,580
Impairment provision	(104)	(124)	(228)
At 30 November 2008	**1,695**	**657**	**2,352**

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 2008 £'000	2007 £'000
Cost		
Investment at 30 November	**15**	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 2006	13	106	119
Disposal	(13)	(106)	(119)
Reclassification of subsidiary as associate	14	14	28
At 1 December 2007	14	14	28
Addition	–	23	23
Impairment provision	(14)	(37)	(51)
At 30 November 2008	–	–	–

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 (China Hill), are treated as associated companies with effect from 27 November 2007. Both Waysky and China Hill encountered difficult trading conditions in 2008 and it is uncertain whether these companies will be able to continue as going concerns. The directors have concluded that investment in these companies is impaired and have fully provided against the investment.

Notes to the financial statements

Year ended 30 November 2008

18. Inventories

	Group		Company	
	2008	2007	**2008**	2007
	£'000	£'000	**£'000**	£'000
Raw materials and consumables	**962**	850	**–**	–
Goods for resale	**1,846**	1,795	**–**	–
	2,808	2,645	**–**	–

19. Trade and other receivables

	Group		Company	
	2008	2007	**2008**	2007
	£'000	£'000	**£'000**	£'000
Trade receivables	**2,430**	2,378	–	–
Less: provision for impairment	**(29)**	(70)	**–**	–
Net trade receivables	**2,401**	2,308	**–**	–
Amounts due from group undertakings	**–**	–	**457**	329
Other receivables	**99**	54	**10**	11
Prepayments and accrued income	**200**	226	**5**	5
	2,700	2,588	**472**	345

The group has provided for all amounts that are deemed doubtful, based on all trade receivables that are more than 365 days overdue except in certain circumstances where monies have been received after the reporting date. The group also provides for all other specifically identified amounts that are less than 365 days overdue based on known impairment indicators including known trading difficulties. The table below shows the movements in the provision for impairment of trade receivables:

	2008	2007
Group	**£'000**	£'000
Impairment at 1 December 2007	**70**	119
Impairment losses recognised	**41**	12
Amounts written off as irrecoverable	**(24)**	(23)
Impairment losses reversed	**(58)**	(38)
Balance 30 November 2008	**29**	70

Aging of receivables:

	2008	**2008**	2007	2007
	Gross	**Impaired**	Gross	Impaired
	£'000	**£'000**	£'000	£'000
Not past due	**1,887**	**–**	1,849	–
Past due 0-30 days	**416**	**–**	395	–
Past due 31-60 days	**78**	**9**	85	21
Past due 61-90 days	**8**	**1**	10	10
Past due 91-365 days	**36**	**14**	37	37
Past due > 365 days	**5**	**5**	2	2
	2,430	**29**	2,378	70

20. Trade and other payables

	Group		Company	
	2008	2007	**2008**	2007
	£'000	£'000	**£'000**	£'000
Trade payables	**950**	579	**8**	10
Amounts due to group undertakings	**–**	–	**343**	557
Other taxation and social security	**242**	250	**–**	–
Other payables	**159**	160	**5**	6
Accruals	**312**	410	**21**	81
	1,663	1,399	**377**	654

21. Borrowings

	Group		Company	
	2008	2007	**2008**	2007
	£'000	£'000	**£'000**	£'000
Current				
Bank overdraft	**237**	174	–	–
	237	174	**–**	–

Overdrafts are denominated in sterling, euros or Hong Kong dollars and bear interest rates related to LIBOR, EURIBOR or Hong Kong base rates respectively. The bank overdraft facilities are secured by a multilateral guarantee by the holding company and the main trading subsidiaries.

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

	2008	2007
	%	%
Bank overdrafts – floating rates	**5.2**	5.4

Notes to the financial statements

Year ended 30 November 2008

22. Financial instruments

a) The carrying amount and fair value of financial assets and liabilities at 30 November

	Group		Company	
	2008	2007	**2008**	2007
Financial assets	**£'000**	£'000	**£'000**	£'000
Cash and cash equivalents	**1,774**	1,275	**297**	669
Trade and other receivables	**2,500**	2,362	**467**	340
	4,274	3,637	**764**	1,009
Financial liabilities				
Trade and other payables	**1,421**	1,149	**377**	654
Bank overdraft	**237**	174	**–**	–
	1,658	1,323	**377**	654

The carrying value of the group's financial assets and liabilities are considered to approximate their respective fair values.

b) Interest rate and currency profile of financial assets and liabilities

Currency profiles of the group's financial assets and liabilities are set out below:

	Group			Company		
	Financial assets £'000	**Financial liabilities £'000**	**Net financial assets/ (liabilities) £'000**	**Financial assets £'000**	**Financial liabilities £'000**	**Net financial assets/ (liabilities) £'000**
Sterling	**1,656**	**130**	**1,526**	**501**	**377**	**124**
Euro	**1,848**	**551**	**1,297**	**262**	**–**	**262**
Swedish krona	**69**	**97**	**(28)**	**1**	**–**	**1**
US dollar	**248**	**479**	**(231)**	**–**	**–**	**–**
Indian rupee	**21**	**9**	**12**	**–**	**–**	**–**
Hong Kong dollar	**82**	**263**	**(181)**	**–**	**–**	**–**
Renminbi	**350**	**129**	**221**	**–**	**–**	**–**
At 30 November 2008	**4,274**	**1,658**	**2,616**	**764**	**377**	**387**
Sterling	1,795	295	1,500	634	586	48
Euro	1,434	669	765	162	68	94
Swedish krona	114	47	67	1	–	1
US dollar	65	249	(184)	212	–	212
Indian rupee	23	7	16	–	–	–
Hong Kong dollar	62	43	19	–	–	–
Renminbi	144	13	131	–	–	–
At 30 November 2007	3,637	1,323	2,314	1,009	654	355

All the group's financial assets and liabilities are non-interest bearing or have floating interest rates. There are no fixed rate financial assets. Floating rate financial assets earn interest at rates based on local bank deposit rates. Floating rate financial liabilities bear interest at rates based on the Bank of England Base Rate or relevant national equivalents.

22. Financial instruments (continued)

c) Currency profile of net foreign currency monetary assets and liabilities

The table below shows the net unhedged monetary assets/(liabilities) of the group that are not denominated in the functional currency of the operating unit and which therefore give rise to exchange gains and losses in the income statement.

	Group				Company			
	Swedish krona £'000	Euro £'000	US dollar £'000	Total £'000	Swedish krona £'000	Euro £'000	US dollar £'000	Total £'000
Sterling	**1**	**282**	**(231)**	**52**	**1**	**262**	**–**	**263**
At 30 November 2008	**1**	**282**	**(231)**	**52**	**1**	**262**	**–**	**263**
Sterling	1	61	(188)	(126)	1	94	212	307
Swedish krona	–	51	4	55	–	–	–	–
At 30 November 2007	1	112	(184)	(71)	1	94	212	307

d) Market risk: objectives, policies and strategies

The group's interest rate risks, liquidity risks and currency risks are managed centrally within policies approved by the board.

No hedging of interest rates has been undertaken. The net interest receivable for the year was £5,000 compared to £4,000 receivable last year. No speculative transactions are undertaken.

At present there is no policy to hedge the group's currency exposures arising from the profit translation or the effect of exchange rate movements on the group's overseas net assets.

e) Market risk: sensitivities

A sensitivity analysis for financial assets and liabilities affected by market risk is set out below. Each risk is analysed separately and shows the sensitivity of financial assets and liabilities when a certain parameter is changed. The sensitivity analysis has been performed on balances at 30 November each year and therefore is not representative of transactions throughout the year. The rates used are based on historical trends and, where relevant, projected forecasts.

(i) Currencies

The group is exposed to currency risk in relation to the value of its financial assets and liabilities that are denominated in currencies other than sterling (see note 22(b) above), arising from fluctuations in exchange rates. The table below shows the impact on the value of the group's reported net financial assets at 30 November of exchange rates either strengthening or weakening by 10 per cent against sterling and the impact this would have on the reported profit or loss and equity. The group's reported profit is not materially impacted by the effect of changes in exchange rates on the value of its net financial assets, but equity would be £361,000 lower if sterling strengthen by 10 per cent. and £442,000 higher if sterling weakened by 10 per cent.

Notes to the financial statements

Year ended 30 November 2008

22. Financial instruments (continued)

e) Market risk: sensitivities (continued)

Group

Net financial assets/(liabilities)	2008 As Reported £'000	Effect of sterling strengthening by 10% Rate +10% £'000	Profit £'000	Equity £'000	Effect of sterling weakening by 10% Rate -10% £'000	Profit £'000	Equity £'000
Denominated in sterling	**1,526**	–	–	–	–	–	–
Not denominated in sterling	**1,090**	**(99)**	**(3)**	**(361)**	**121**	**4**	**442**
Net financial assets	**2,616**	**(99)**	**(3)**	**(361)**	**121**	**4**	**442**

Net financial assets/(liabilities)	2007 As Reported £'000	Effect of sterling strengthening by 10% Rate +10% £'000	Profit £'000	Equity £'000	Effect of sterling weakening by 10% Rate -10% £'000	Profit £'000	Equity £'000
Denominated in sterling	1,500	–	–	–	–	–	–
Not denominated in sterling	814	(74)	(45)	(319)	90	55	390
Net financial assets	2,314	(74)	(45)	(319)	90	55	390

Company

Net financial assets/(liabilities)	2008 As Reported £'000	Effect of sterling strengthening by 10% Rate +10% £'000	Profit £'000	Equity £'000	Effect of sterling weakening by 10% Rate -10% £'000	Profit £'000	Equity £'000
Denominated in sterling	**124**	–	–	–	–	–	–
Not denominated in sterling	**263**	**(24)**	**(24)**	–	**29**	**29**	–
Net financial assets	**387**	**(24)**	**(24)**	–	**29**	**29**	–

Net financial assets/(liabilities)	2007 As Reported £'000	Effect of sterling strengthening by 10% Rate +10% £'000	Profit £'000	Equity £'000	Effect of sterling weakening by 10% Rate -10% £'000	Profit £'000	Equity £'000
Denominated in sterling	48	–	–	–	–	–	–
Not denominated in sterling	307	(28)	(28)	–	34	34	–
Net financial assets	355	(28)	(28)	–	34	34	–

(ii) Interest rates

Changes in market interest rates expose the group to the risk of fluctuations in the cash flow relating to its financial assets and liabilities that attract interest at floating rates (see note 22(b) above). Based upon the interest rate profile of the group's financial assets and liabilities as at both 30 November 2007 and 30 November 2008, there would be no material impact of a one percentage point change in the market interest rates on the group's profit and equity.

22. Financial instruments (continued)

f) Liquidity risk

The group monitors its liquidity to maintain a sufficient level of undrawn committed debt facilities together with central management of the group's cash resources to minimise liquidity risk.

All the trade and other payables at 30 November 2008 amounting to £1,421,000 (2007: £1,149,000) are payable within three months.

Borrowings

Overdraft borrowings attract interest rates of 1.5% above relevant base rates. The sterling interest rate is linked to the UK clearing bank base rate, the euro interest rate is linked to the European Central Bank base rate and the Hong Kong dollar interest rate is linked to the Hong Kong Central Bank rate. Overdrafts are repayable on demand. The amounts borrowed were:

	Group		Company	
	2008	2007	**2008**	2007
	£'000	£'000	**£'000**	£'000
Euro	**–**	174	**–**	–
Hong Kong dollars	**237**	–	**–**	–

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 expire within one year. The unutilised portion of these facilities at 30 November 2008 amounted to £2,037,000 (2007: £1,168,000).

g) Credit risk

Group policies are aimed at minimising losses due to customer payment default. Deferred payment terms are only granted to those customers who satisfy creditworthiness criteria and individual exposures to customers are monitored. Where possible, operations purchase credit insurance.

The maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region is as follows:

	Group		Company	
	2008	2007	**2008**	2007
	£'000	£'000	**£'000**	£'000
UK	**1,161**	1,087	**456**	11
Rest of Europe	**960**	1,170	**11**	117
Asia	**379**	105	**–**	212
At 30 November	**2,500**	2,362	**467**	340

h) Capital risk

The group's objective is to minimise any capital risk by maintaining a conservative financing structure. The board's current policy is to use the variable rate overdraft facilities in order to maintain short term flexibility. At 30 November 2008, the group had gearing, being debt divided by debt plus shareholders funds, of 3.8% (2007: 3.1%).

i) Hedging instruments

The group held forward exchange contracts amounting to £195,000 at 30 November 2008 (2007: £nil). These contracts were maintained to hedge trade payables denominated in foreign currencies.

Notes to the financial statements

Year ended 30 November 2008

23. Provisions

	Retirement benefit liability £'000	Deferred consideration £'000	Total £'000
Group			
At 1 December 2006	94	104	198
Currency translation	5	–	5
Charge to income statement	40	–	40
At 1 December 2007	139	104	243
Currency translation	17	–	17
Charge/(credit) to income statement	9	–	9
Credit to goodwill	–	(104)	(104)
At 30 November 2008	**165**	**–**	**165**

	Deferred consideration £'000
Company	
At 1 December 2006	104
Movement in year	–
At 1 December 2007	104
Credit to investment in subsidiaries	(104)
At 30 November 2008	**–**

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. In view of the losses incurred by Topgrow in the current year and forecast for the next two years, the directors consider the likelihood of paying any deferred consideration to be remote. Accordingly, the provision for deferred consideration has been credited against the cost of investment.

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 began in 2008. 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 31% (2007: 28% to 38%).

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

	Group		Company	
	2008	2007	**2008**	2007
	£'000	£'000	**£'000**	£'000
At 1 December – deferred tax assets	**49**	35	**4**	–
Income statement (charge)/credit	**(18)**	14	**(4)**	4
At 30 November	**31**	49	**–**	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 2006	35	–	35
Credited to income statement	2	12	14
At 30 November 2007	37	12	49
(Charged)/credited to income statement	(36)	18	(18)
At 30 November 2008	**1**	**30**	**31**

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 2006	–	–	–
Credited to income statement	4	–	4
At 30 November 2007	4	–	4
(Charged)/credited to income statement	(4)	–	(4)
At 30 November 2008	**–**	**–**	**–**

25. Share Capital

	2008 £'000	2007 £'000
Authorised		
6,000,000 ordinary shares of 10p each (2007: 6,000,000)	**600**	600

Allotted and fully paid ordinary shares of 10p each	**Number of shares**	**£'000**
At 30 November 2007 and 30 November 2008	**4,159,551**	**416**

220,000 (2007: 245,000) 10p ordinary shares with an aggregate nominal value of £22,000 (2007: £24,500) are held in treasury.

Notes to the financial statements

Year ended 30 November 2008

26. Statement of changes in shareholders' equity

Group

	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
Balance at 1 December 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	–	–	–	–	–	–	(65)	(65)
Balance at 30 November 2007	416	1,531	1	37	3,431	5,416	97	5,513
Profit/(loss) for the period	–	–	–	–	322	322	(52)	270
Dividends	–	–	–	–	(210)	(210)	–	(210)
Issue of treasury shares	–	–	–	–	13	13	–	13
Currency translation differences	–	–	–	483	–	483	85	568
Share-based payment credit	–	–	–	–	12	12	–	12
Balance at 30 November 2008	**416**	**1,531**	**1**	**520**	**3,568**	**6,036**	**130**	**6,166**

Company

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 December 2006	416	1,531	1	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
Profit/(loss) for the period	–	–	–	128	128
Dividends	–	–	–	(210)	(210)
Issue of treasury shares	–	–	–	13	13
Share-based payment credit	–	–	–	12	12
Balance at 30 November 2008	**416**	**1,531**	**1**	**830**	**2,778**

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. 25,000 of the treasury shares were issue during 2008 upon the exercise of employee share options. The remainder 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	
	2008	2007	**2008**	2007
	£'000	£'000	**£'000**	£'000
Cash and cash equivalents	**1,774**	1,275	**669**	669
Bank overdrafts	**(237)**	(174)	**–**	–
	1,537	1,101	**669**	669

28. Employees and staff costs

	Group		Company	
	2008	2007	**2008**	2007
	£'000	£'000	**£'000**	£'000
Wages and salaries	**1,928**	1,976	**274**	321
Social security costs	**301**	280	**34**	39
Other pension costs	**96**	85	**20**	21
Share based payments	**12**	12	**12**	12
	2,337	2,353	**340**	393

Average monthly number of permanent employees, including executive directors:

	2008	2007
Group	**Number**	Number
Administration and sales	**42**	48
Service and fabrication	**60**	70
	102	118
Part-time	**9**	9
	111	127

Directors' remuneration

Directors' remuneration for the year was as follows:

	Basic salary fees, bonuses and expenses	**Benefits in kind**	**Total emoluments**	
			2008	2007
	£'000	**£'000**	**£'000**	£'000
R W Weinreich (Chairman)*	**154**	**3**	**157**	197
J S Shawyer	**66**	**–**	**66**	69
V M Blaisdell	**60**	**–**	**60**	22
D A Mahony	**23**	**–**	**23**	23
	303	**3**	**306**	311

*The company paid £19,000 (2007: £18,000) in respect of director's fees for Mr R W Weinreich to the third party Vingnum Limited. This is included within directors' emoluments above. During the year J S Shawyer exercised a share option for 25,000 shares at an exercise price of 54 pence at which point the share price was 74 pence.

Notes to the financial statements

Year ended 30 November 2008

28. Employees and staff costs (continued)

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	
	2008	2007
	£'000	£'000
J S Shawyer	**16**	16
V M Blaisdell	**1**	–
	17	16

Directors' shareholdings

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

	Ordinary shares	
R W Weinreich	**2008**	2007
R W Weinreich	**1,851,202**	1,851,202
J S Shawyer	**40,000**	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 2008 and 10 February 2009.

Directors' interests in share options

	At start of year or on date of appointment	**No. of options granted/ (exercised) 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
J S Shawyer	–	18,324	18,324	116.5p	14/03/11	13/03/14
J S Shawyer	–	1,676	1,676	77.4p	04/08/11	03/08/14
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
V M Blaisdell	–	15,000	15,000	116.5p	14/03/11	13/03/14

The share price at 30 November 2008 was 66.5p (2007: 139.5p) whilst during the year the high and low prices were 139.5p and 63.0p.

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.

28. Employees and staff costs (continued)

Key management compensation

Group	**2008 £'000**	2007 £'000
Short-term employee benefits	**794**	736
Post-employment benefits	**50**	49
Termination benefits	**–**	–
Share–based payments	**12**	12
	856	797

Key management includes Directors and senior executives.

29. Financial commitments

Capital commitments

There were no capital expenditure commitments at 30 November 2008 (2007: nil).

Operating lease commitments

The total aggregate minimum lease payments under non-cancellable operating leases were as follows:

	2008 £'000	2007 £'000
Land and buildings		
– No later than one year	**177**	114
– Later than one year and no later than five years	**568**	660
– Later than five years	**–**	214
Motor vehicles, plant and machinery		
– No later than one year	**25**	21
– Later than one year and no later than five years	**28**	15
Other equipment		
– No later than one year	**6**	10
– Later than one year and no later than five years	**2**	7

Other financial commitments

The company and its fellow shareholders in Topgrow Technologies Limited have jointly guaranteed overdraft and letter of credit facilities operated by Topgrow Technologies Limited amounting to £755,000 (2007: £279,000) of which £237,000 was utilised at 30 November 2008 (2007: £ nil).

Notes to the financial statements

Year ended 30 November 2008

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 2008**	2007
54.0p	1 August 2008 to 31 July 2009	–	25,000
80.5p	26 April 2008 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**	45,000
116.5p	14 March 2011 to 13 March 2014	**33,324**	–
77.4p	4 August 2011 to 3 August 2014	**1,676**	–

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	14 March 2008	4 August 2008
Share price at date of grant	93.50p	87.20p	90.50p	96.40p	133.91p	116.5p	77.4p
Exercise price	93.50p	87.20p	90.50p	96.40p	133.91p	116.5p	77.4p
No. of employees	1	1	2	4	2	2	1
Shares under option	25,000	25,000	40,000	60,000	45,000	33,324	1,676
Vesting period (years)	3	3	3	3	3	3	3
Expected volatility	50%	30%	30%	30%	30%	50%	50%
Option life (years)	6	6	6	6	6	6	6
Expected life (years)	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Risk free rates	4.75%	4.2%	4.2%	4.2%	4.6%	4.6%	4.6%
Expected dividends	4.2%	4.2%	4.2%	4.2%	3.7%	8.0%	8.0%
Possibility of ceasing employment before vesting	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25%
Expectations of meeting performance criteria	95%	95%	95%	95%	95%	95%	95%
Fair value of option	27p	15p	16p	17p	27p	27p	18p

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 (2007: £12,000) related to equity-settled share-based payment transactions during the year.

31. 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:

	2008 £'000	2007 £'000
Consultancy fees charged to subsidiaries and joint venture	**382**	536
Interest on short term loans	**6**	18

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 24 April 2009 at 11.30 a.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 2008.

2. To declare a final dividend in respect of the year ended 30 November 2008.

3. To re-elect D A Mahony as a director.

4. 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:

5. 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:

6. 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.

7. 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 393,955 (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

10 February 2009

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 6 p.m. on 22 April 2009 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 22 April 2009 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 11.30 a.m. on Wednesday 22 April 2009. 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 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

	2008 IFRS £'000	2007 IFRS £'000	2006 IFRS £'000	2005 UK GAAP £'000	2004 UK GAAP £'000
Group revenue	**17,481**	18,853	18,822	14,740	15,658
Cost of sales	**(13,057)**	(13,866)	(13,891)	(10,471)	(11,023)
Gross profit	**4,424**	4,987	4,931	4,269	4,635
Distribution costs	**(427)**	(463)	(446)	(406)	(483)
Administrative expenses	**(3,285)**	(3,398)	(3,561)	(3,404)	(3,498)
Fundamental restructuring and impairment	**(215)**	–	–	(215)	–
Deferred consideration on sale of former subsidiary	**–**	–	39	24	24
Other operating income	**11**	76	38	46	66
Group operating profit	**508**	1,202	1,001	314	744
Share of associate's operating (loss)/profit	**–**	–	(25)	(25)	4
Finance income	**43**	27	9	5	15
Finance expenses	**(38)**	(23)	(26)	(24)	(31)
Profit before taxation	**513**	1,206	959	270	732
Taxation	**(243)**	(454)	(390)	88	(274)
Profit after tax	**270**	752	569	358	458
Attributable to:					
Equity shareholders of the company	**322**	744	591	351	456
Minority interests – equity	**(52)**	8	(22)	7	2
	270	752	569	358	458
Earnings per share – basic	**8.21p**	17.97p	14.24p	8.47p	11.00p
Earnings per share – diluted	**8.21p**	17.78p	14.24p	8.29p	10.83p
Dividends per share in respect of each year	**5.35p**	5.35p	5.00p	4.75p	4.75p
Equity shareholders' funds	**6,036**	5,416	5,149	4,823	4,583

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

Form of proxy
Holders Technology plc

Form of proxy for use at the Annual General Meeting of Holders Technology plc ("**the Company**") to be held on 24 April 2009 at 11.30 a.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 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 attend, speak and 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 2008**.**			
2. To declare a final dividend.			
3. To re-elect D A Mahony as a Director.			
4. To re-appoint Grant Thornton UK LLP as auditors of the Company and to authorise the directors to fix their remuneration.			
Special business			
5. To authorise the directors to allot shares (Ordinary Resolution).			
6. To empower the directors to allot shares outside of statutory pre-emption rights subject to normal conditions (Special Resolution).			
7. 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 2009

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 22 April 2009.

(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

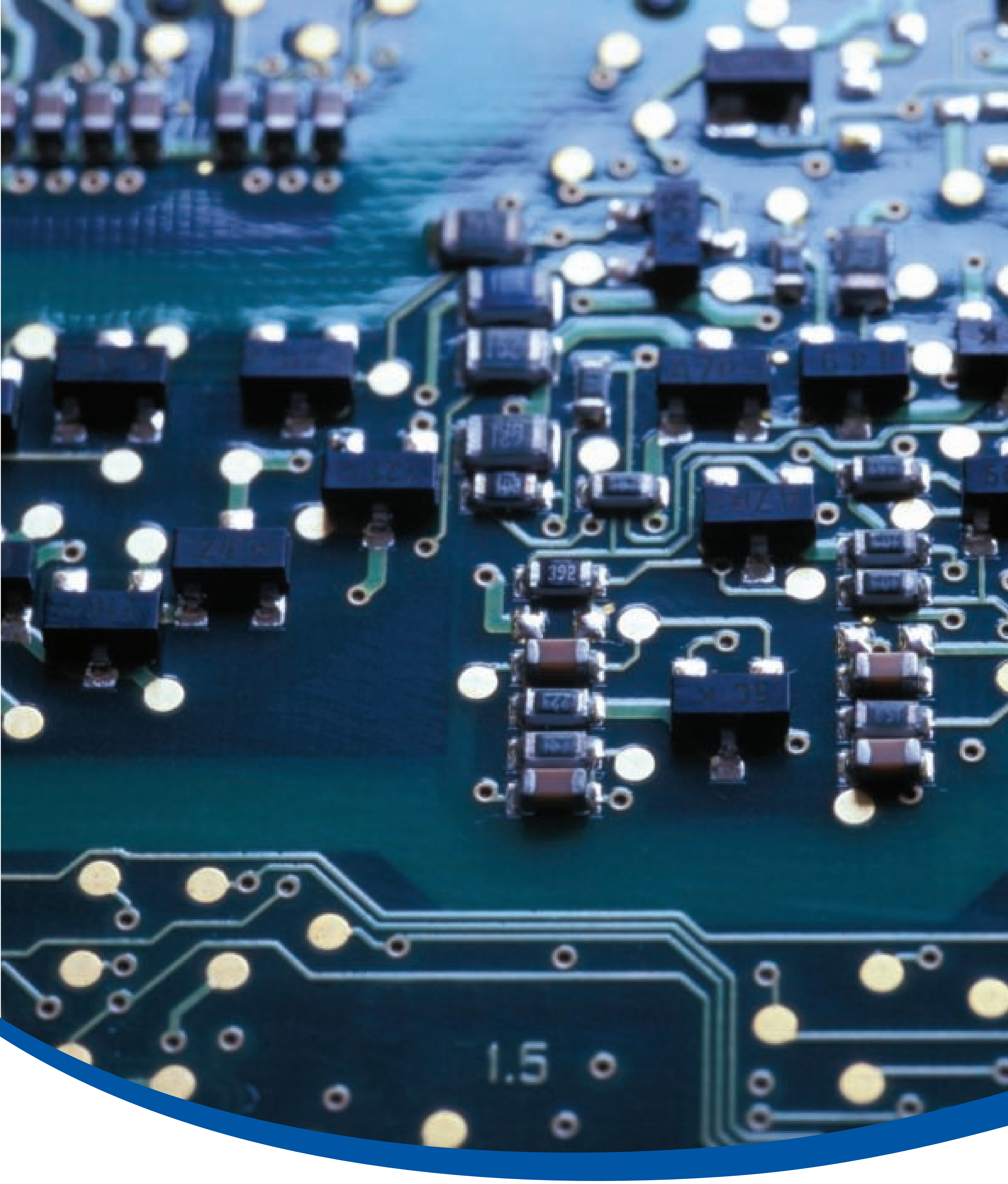
BUSINESS REPLY SERVICE
Licence No. BM 3865

1

Neville Registrars Limited
Neville House
18 Laurel Lane
Halesowen
West Midlands
B63 3BR

FIRST FOLD

THIRD FOLD



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 telecommunications, aerospace, medical and automotive sectors.

Holders Technology

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