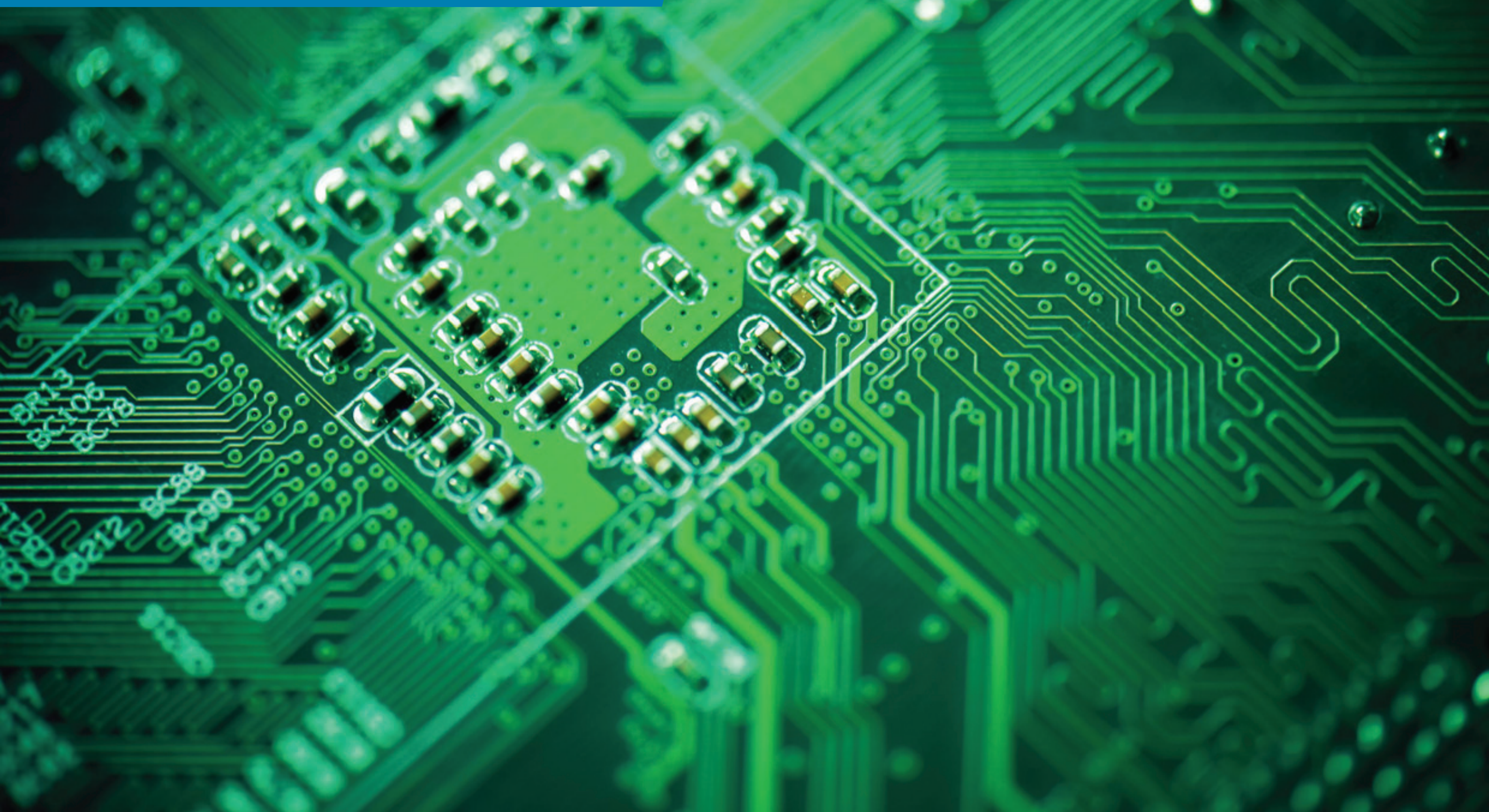
Holders Technology

Annual Report & Accounts 2010

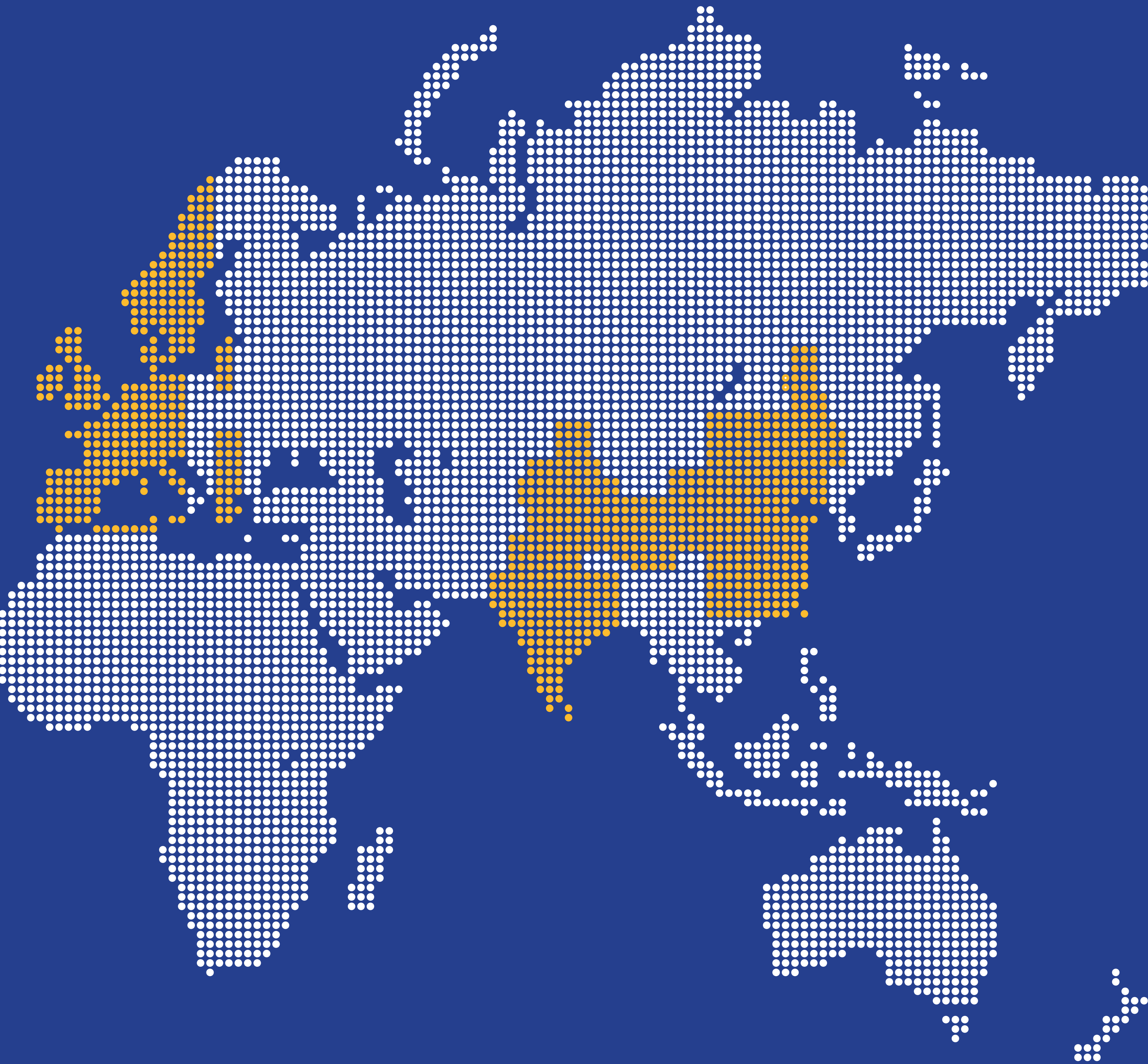
Stock Code: HDT

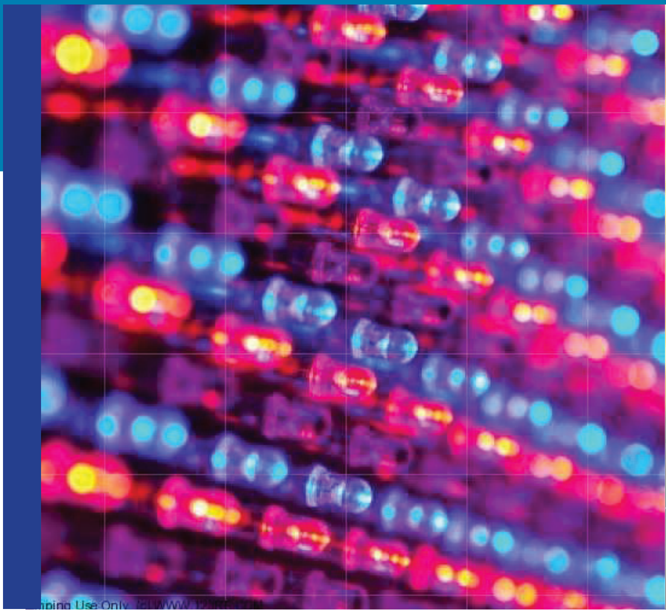
SPECIALISED MATERIALS, COMPONENTS AND EQUIPMENT

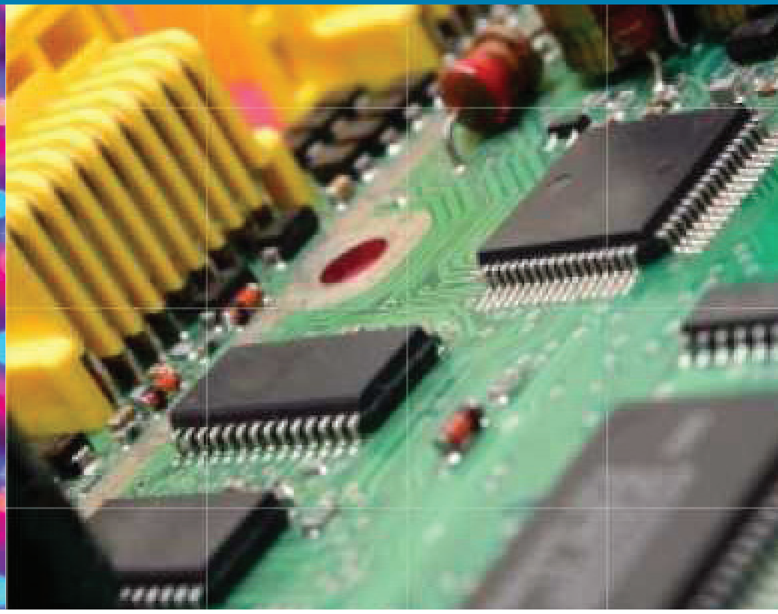


A Warm Welcome

Holders Technology products are used in a wide range of applications. Holders supplies special laminates and materials to make printed circuit boards and LED components for lighting applications.







Business Review

02 Chairman's statement
04 Operating review
06 Financial review

Governance

08 Directors
09 Company information
10 Report of the directors
12 Directors' remuneration report
13 Corporate governance
15 Independent auditor's report to the members of Holders Technology plc

Accounts

16 Consolidated income statement
16 Consolidated statement of comprehensive income
17 Statements of changes in equity
18 Balance sheets
19 Cash flow statements
20 Notes to the financial statements
50 Notice of annual general meeting
53 Five year summary

Year in brief

Holders Technology participated strongly in the Electronics industry's recovery from the 2008/2009 recession. Growth was particularly good in Germany. Initial steps were taken to enter the LED market.

→ Revenue grew 26% to £16.3m (2009: £13.0m))

→ Gross profit of £4.2m (2009: £3.2m)

→ Operating profit of £0.6m before exceptional items (2009: £0.2m loss)

→ Operating profit of £0.5m after exceptional items (2009:£0.4m loss)

→ £0.6m invested to develop the LED business

→ Net cash of £0.9m at year end (2009: £2.1m)

→ Proposed final dividend of 3.25p

We remain of the view that the move into the LED market is a major opportunity for the group.

Chairman's statement

Your company saw a strong recovery in its PCB area of trading in the year to 30 November 2010 with operating profit of £0.6m, before exceptional items, as compared to the preceding year loss of £0.2m. This was most marked in our German subsidiary where we saw very significant recovery both in turnover and in operating profit. The result for the year was assisted by the incorporation within the German company of those elements of our European operations previously conducted through our Dutch subsidiary.

The result for the UK company, which was less severely impacted than was our German business in 2009, was broadly flat in 2010 £5.1m (2009 £5.2m).

The contribution made by our Chinese and our Indian activities in the year was modest; Indian turnover was broadly flat with a small profit being recorded. China registered a decline in turnover and a loss of £0.1m. As a result of this we have considered it appropriate to write off the remaining £57,000 of goodwill relating to our Chinese interests. Having a window onto the Chinese market remains of value as it enables us to source materials which are of benefit to other operations within the group.

Our policy of continuously seeking supplies of new products for the PCB market bore considerable fruit in the year with our extended range of laminates showing very strong growth in the period.

On behalf of shareholders, I and the board would like to record our appreciation of the commitment shown by our staff in the PCB areas of our business which enabled us to achieve the recovery we saw in the year.

The other major event of the year was the expansion of our activities in the LED (Light Emitting Diode) market. Shareholders will recall that in December 2009 we acquired JK Components Limited ("JK"), a small UK company distributing mainly within the UK LED products sourced from certain Far Eastern suppliers.

I said in the statement accompanying the 2009 accounts that our key objective for LEDs in the year to 30 November 2010 was to invest and build a platform for sustained growth firstly within the UK and then throughout the geographical markets we currently address.

LED Lighting

A bright future

Lasting over 25,000 hours and using 80% less electricity than conventional bulbs, LED lighting is the future.
Visit **www.opteonlighting.com**

I am pleased to be able to report that during the year we made good progress towards achieving these goals. Master distribution agreements for Europe with the suppliers used by JK were secured and we have expanded our German operation, both with personnel and additional storage facilities, giving us a platform for coverage of the continental European market. Further development is envisaged this year and to date we have invested £0.6m. Our LED operations recorded a loss of £0.1m in the year.

We remain of the view that the move into the LED market is a major opportunity for the group. In order to assist shareholders in understanding the reasoning underlying that belief, I would direct your attention to the section within the business review following this statement which sets in context the LED strategy we are pursuing.

Management team

In order fully to grasp the opportunities available to the group, the board has decided to rearrange the top management team. While I will remain as Executive Chairman, Victoria Blaisdell, currently Corporate Development Director, will, from 1 March 2011, take the role of Group Managing Director. Victoria has been involved in both our PCB and LED activities and has recently, with considerable success, concentrated more heavily on the LED area of our activities.

Outlook

While inevitably, as a company strongly reliant on European trading, we cannot be wholly insulated from the impact of wider economic influences, we believe that in our traditional PCB business we are well placed to preserve our position as a major supplier to the European market.

Whilst the LED and lighting market is fast growing, the level of competition is significant. Nevertheless, we believe that we have a major opportunity substantially to grow our business in this area. This will require significant investment but the potential returns that we can see over future years do, we believe, fully justify that investment being made.

R W Weinreich
Chairman and Chief Executive

9 February 2011

The drive to reduce carbon emissions and save energy costs is causing a revolution in the design of lighting products.

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 an opportunity to increase market share or to lower operating costs is identified, this is 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
Holders has operated for many years as a distributor of specialised materials and equipment to the printed circuit board (PCB) industry. The European PCB industry has strengths in the aerospace, automotive and medical sectors, and the Far East is becoming increasingly dominant in consumer-related electronics.

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 PCB 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.

The drive to reduce carbon emissions and save energy costs is causing a revolution in the design of lighting products, with the introduction of powerful light emitting diodes (LEDs). Holders is sourcing and distributing the specialised materials required for the circuits which power the LEDs. Following the acquisition of JK Components (now renamed Holders Components), the group is now also a distributor of the LEDs themselves. Holders will continue to expand the product range to its customers across Europe, in order to offer a complete solution of LED components.

Economic environment
In 2010, the PCB industry enjoyed a recovery from the recession of 2008/09. This was particularly marked in Germany, where the equipment and automotive sectors were strong.

Holders Technology PCB Division

Supplying the PCB industry

Holders Technology UK Limited production area, where laminates are cut to size and drilled, ready for PCB manufacture. Specialised laminates: visit **www.holderstechnology.com**

Holders Technology UK PCB operations

UK trading operations are based in Galashiels, Scotland. The PCB industry in the UK is oriented towards the aerospace industry and requires a broad range of products. The UK market was broadly flat in 2010 with revenue of £5.2m

German PCB operations

The German PCB industry is particularly driven by demand from the automotive and capital goods sectors. Both these sectors performed strongly in 2010. In addition, Holders won a number of new customers for its range of laminates. Revenue advanced from £5.2m to £9.5m.

Last year, the group's Dutch business was merged into the German operations. The integration was successfully achieved.

Holders Technology GmbH is a leading supplier of the aluminium sheets used in PCB manufacturing. Sheets are cut to size from giant rolls, shown here: visit **www.holderstechnology.com**

Far East PCB operations

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

Revenue at Far East operations declined slightly in 2010 to £0.9m and recorded a loss of £0.1m. Consequently the board decided that the goodwill of £57,000 attributed to this operation should be written off.

India PCB operations

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 to make good progress and was profitable in 2010.

LED/Lighting products operations

In December 2009, the company acquired JK Components Limited (now renamed Holders Components Limited), a distributor of LED components to the electronics industry, primarily in the lighting sector.

Holders has invested in additional sales coverage and expanding the range of stock. A further division, named Opteon, has been created to market finished lights, incorporating LED technology.

Holders Components and Opteon divisions have also been formed in Germany to distribute LED components and lighting products respectively in continental Europe.

Revenue in the period for all the LED-related entities amounted to £0.8m and this segment recorded a loss of £0.1m, primarily due to recruitment and systems related costs.

Profit before tax was £0.5m compared with a loss of £0.4m last year. The turnaround derived from higher revenue, better margins and continued tight control of costs.

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**
  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 revenue in continuing operations increased from £13.0m to £16.3m. £0.8m was derived from Holders Components Limited, which was acquired in December 2009. The PCB-related business grew 20%, with a particularly strong performance in Germany, where good progress was made with a new range of laminates

Profitability
Operating profit before exceptional items turned around from a loss of £0.2m in 2009 to a profit of £0.6m in 2010. The gross profit margin improved from 24.6 in 2009 to 25.7%.

Administrative expenses as a proportion of revenue were reduced from 23.5% in 2009 to 20.0% in 2010, reflecting the benefit from the restructuring in 2009 as well as the increase in revenue.

Exceptional costs in 2010 consisted of goodwill impairment of £57,000 and acquisition costs of £26,000.

Profit before tax was £0.5m compared with a loss of £0.4m last year. The turnaround derived from higher revenue, better margins and continued tight control of costs.

Taxation
The group incurred a normal tax charge on its UK profits in 2010, however an over provision relating to prior years and the ability to utilise prior year tax losses in Germany resulted in a reduced tax charge for the year.

Post tax result
The profit for the financial year after tax, attributable to equity shareholders was £0.5m (2009: loss of £0.4m). As a result the profit per share (both basic and fully diluted) amounted to 12.87p per share (2009: loss 9.52p per share).

Dividends
The board proposes a final dividend of 3.25p per share to be paid on 24 May 2011 to shareholders on the register on 6 May 2011. Including the 2.10p interim dividend already paid on 5 October 2010 the total dividend for 2010 will be 5.35p (2009: 5.35p).

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

- **Competition**
  Supply to both the PCB and LED sectors is highly competitive and the group faces competition from a wide range of companies. The group continually seeks out the most cost-effective sources for its products in order to remain competitive.

LED Lighting

Holders Components supplies LEDs to companies like Ocean LED (featured here), a leading manufacturer of underwater lights.
LED components: visit **www.holderscomponents.com**

- **Customers**
  The group is exposed to the risk of bad debts. 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. The group has diversified its product range and sources in order to not be overly dependent on any single supplier.

Cash flow, liquidity and financing
The strong recovery in the business during 2010 inevitably required higher investment in working capital. Consequently £0.7m of funds was used in operations, compared with £0.8m released from operations in 2009, when the business contracted.

The group maintains overdraft and trade financing facilities with its banks to meet short term financing requirements during the year. European requirements were denominated in euros. At 30 November 2010, the group had net cash of £0.9m compared with £2.1m at the previous year end.

At 30 November 2010 the group had net liquid funds (trade and other receivables plus cash minus current liabilities) of £1.3m compared to £3.3m in the preceding year.

Net assets per ordinary share at 30 November 2010 were £1.43 compared with £1.42 in 2009.

Derivatives and other financial instruments
Operations are financed by a mixture of retained profits and overdrafts. The board's current policy is to use variable rate overdraft facilities in order to maintain short term flexibility. At 30 November 2010, the group had gearing, being debt divided by debt plus shareholders funds, of 0.9% (2009: nil).

The group's financial instruments, other than derivatives, comprise borrowings, cash and 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

9 February 2011

Directors

Rudi Weinreich
Chairman and Chief Executive

Aged 64. Chairman and Chief Executive, was born in Austria. He has been responsible for all aspects of the business since he started it in 1972, particularly the assessment of new products and distributorship agreements.

Jim Shawyer
Group Finance Director

Aged 57. 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
Corporate Development Director

Aged 38. 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 CGI Group Inc.

David Mahony
Senior Non-executive Director

Aged 67, is the Senior Non-executive Director, appointed in 1988. He is Chairman of Opsec Security Group plc.

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

HSBC

Registrars

Neville Registrars
Neville House,
18 Laurel Lane,
Halesowen,
West Midlands ,
B63 3DA

Nominated Advisor and Broker

Northland Capital Partners Limited
46 Worship Street,
London,
EC2A 2EA

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 components for the electronics industry.

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 £507,000 (2009: loss £375,000).

Full details are contained in the consolidated income statement on page 16. The directors have proposed a final dividend of 3.25p per share payable on 24 May 2011 to shareholders on the register at close of business on 6 May 2011. The total dividend for the year, including the interim dividend of 2.1p (2009: 2.1p) per share paid on 5 October 2010, amounts to £211,000 (2009: £211,000), which is equivalent to 5.35p (2009: 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 2010 was 36 days (2009: 15 days). For the company, the average number of days credit taken from trade suppliers at 30 November 2010 was nil days (2009: 12 days).

Financial risk management
Details of the group's financial risk management are contained in note 4 to the financial statements.

Directors
The directors currently holding office are listed on page 9. All served throughout the year. The beneficial shareholdings of the directors at 30 November 2010 are set out in note 28 to the financial statements.

Rudi Weinreich, aged 64, Chairman and Chief Executive, was born in Austria. He has been responsible for all aspects of the business since he started it in 1972, particularly the assessment of new products and distributorship agreements.

Jim Shawyer, aged 57, 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 38, 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 CGI Group Inc.

David Mahony, aged 67, is the Senior Non-executive Director, appointed in 1988. He is chairman of Opsec Security Group plc.

Substantial shareholdings
At 1 February 2010 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	%
Andre Marcou	347,083	8.81%
Armstrong Investments Limited	275,000	6.98%
Rath Dhu Limited	272,500	6.92%
Stockinvest Limited	171,500	4.35%
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 26 April 2010.

Special business at the Annual General Meeting
An ordinary resolution (set out as resolution 5 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 6 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 (set out as resolution 7 in the Notice of Annual General Meeting) will be proposed 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 of the company as at the date of this report, excluding treasury shares. The directors, in reaching any decision to purchase ordinary shares, will take into account the company's cash resources, capital requirements and the effect of any purchase on earnings per share.

Going Concern

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

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs).The financial statements are required by law to give a true and fair view of the state of affairs of the group and parent company 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 then apply them consistently
- make judgments and estimates that are reasonable and prudent
- IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements
- 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 adequate 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 2006. 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.
In so far as each of the directors is aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

- The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 the Companies Act, were in force since 30 April 2007, 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

9 February 2011

Directors' remuneration report

The directors present the directors' remuneration report for the financial year ended 30 November 2010.

As the company is listed on AIM, it does not have to comply with the requirements of the remuneration report contained in the listing rules.

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 13.

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 13.

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 26 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 it is judged appropriate. 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).

The following table shows the number of scheduled board and board committee meetings held during the year ended 30 November 2010 and details of each director's attendance.

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

- indicates not a member of that committee in 2009/10

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 12.

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 that might be made meet the desired criteria.

Shareholder relationships
The objective of the board is to create increased shareholder value by growing the business in a manner 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 to 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 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 culminates in an annual group budget which is approved by the board. Results for the company and for its main constituent businesses are reported monthly to the board against this budget and revised forecasts for the year are prepared each quarter.

Financial and accounting principles

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

Internal financial controls assurance

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

Capital investment

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

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 the 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.

Independent auditor's report to the members of Holders Technology plc

We have audited the financial statements of Holders Technology plc for the year ended 30 November 2010 which comprise consolidated income statement, consolidated statement of comprehensive income, statements of changes in equity, the balance sheets and the cash flow statements and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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

As explained more fully in the Directors' Responsibilities Statement set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 November 2010 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the group financial statements are prepared is consistent with the group financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Paul Naylor
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge

9 February 2011

Consolidated income statement for the year ended 30 November 2010

	Note	Before exceptional items 2010 £'000	Exceptional items 2010 £'000	Total 2010 £'000	Total 2009 £'000
Continuing operations					
Revenue	5	**16,314**	**–**	**16,314**	12,966
Cost of sales		**(12,116)**	**–**	**(12,116)**	(9,770)
Gross profit		**4,198**	**–**	**4,198**	3,196
Distribution costs		**(390)**	**–**	**(390)**	(301)
Administrative expenses		**(3,273)**	**–**	**(3,273)**	(3,044)
Fundamental restructuring	8	**–**	**–**	**–**	(176)
Impairment of goodwill	8	**–**	**(57)**	**(57)**	–
Acquisition costs	8	**–**	**(26)**	**(26)**	–
Other operating income/(expenses)		**39**	**–**	**39**	(90)
Operating profit/(loss)		**574**	**(83)**	**491**	(415)
Finance income	6	**–**	**–**	**–**	20
Finance costs	7	**(1)**	**–**	**(1)**	(13)
Profit/(loss) before taxation	8	**573**	**(83)**	**490**	(408)
Tax expense	9	**(59)**	**–**	**(59)**	9
Profit/(loss) for the year		**514**	**(83)**	**431**	(399)
Profit/(loss) for the year attributable to:					
Owners of the parent				**507**	(375)
Non-controlling interest				**(76)**	(24)
Profit/(loss) for the financial year				**431**	(399)
Total and continuing					
Basic earnings/(loss) per share	11			**12.87p**	(9.52p)
Diluted earnings/(loss) per share	11			**12.87p**	(9.52p)

Consolidated statement of comprehensive income

for the year ended 30 November 2010

	2010 £'000	2009 £'000
Profit/(loss) for the year	**431**	(399)
Exchange differences on translating foreign operations	**(180)**	288
Total comprehensive income for the year	**251**	(111)
Total comprehensive income for the year attributable to:		
Owners of the parent	**305**	(64)
Non-controlling interests	**(54)**	(47)
	251	(111)

Statements of changes in equity

Group

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Translation reserve £'000	Retained earnings £'000	Total attributable to owners of parent £'000	Non-controlling interest £'000	Total equity £'000
Balance at 1 December 2008	416	1,531	1	520	3,568	6,036	130	6,166
Dividends	-	-	-	-	(211)	(211)	-	(211)
Employee share-based payment options	-	-	-	-	(10)	(10)	-	(10)
Transactions with owners	-	-	-	-	(221)	(221)	-	(221)
Profit/(loss) for the year	-	-	-	-	(375)	(375)	(24)	(399)
Non-controlling interest investment	-	-	-	-	-	-	62	62
Exchange differences on translating foreign operations	-	-	-	311	-	311	(23)	288
Total comprehensive income for the year	-	-	-	311	(375)	(64)	15	(49)
Balance at 30 November 2009	416	1,531	1	831	2,972	5,751	145	5,896
Dividends	-	-	-	-	(211)	(211)	-	(211)
Employee share-based payment options	-	-	-	-	(4)	(4)	-	(4)
Transactions with owners	-	-	-	-	(215)	(215)	-	(215)
Profit/(loss) for the year	-	-	-	-	507	507	(76)	431
Exchange differences on translating foreign operations	-	-	-	(202)	-	(202)	22	(180)
Total comprehensive income for the year	-	-	-	(202)	507	305	(54)	251
Balance at 30 November 2010	**416**	**1,531**	**1**	**629**	**3,264**	**5,841**	**91**	**5,932**

Company

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 December 2008	416	1,531	1	830	2,778
Profit and total comprehensive income for the period	-	-	-	330	330
Dividends	-	-	-	(211)	(211)
Share-based payment charge	-	-	-	(10)	(10)
Balance at 30 November 2009	416	1,531	1	939	2,887
Loss and total comprehensive income for the period	-	-	-	(185)	(185)
Dividends	-	-	-	(211)	(211)
Share-based payment charge	-	-	-	(4)	(4)
Balance at 30 November 2010	**416**	**1,531**	**1**	**539**	**2,487**

Balance sheets at 30 November 2010

Company number: 1730535	Note	Group 2010 £'000	Group 2009 £'000	Company 2010 £'000	Company 2009 £'000
Assets					
Non-current assets					
Goodwill	13	**318**	207	**–**	–
Property, plant and equipment	14	**582**	655	**3**	3
Investments in subsidiaries	15	**–**	–	**3,622**	2,669
Investment in joint venture	16	**–**	–	**15**	15
Investments in associates	17	**–**	–	**–**	–
Deferred tax assets	24	**73**	29	**–**	2
		973	891	**3,640**	2,689
Current assets					
Inventories	18	**3,826**	1,866	**–**	–
Trade and other receivables	19	**2,721**	2,301	**423**	557
Current tax assets		**56**	69	**–**	–
Cash and cash equivalents		**888**	2,095	**63**	127
		7,491	6,331	**486**	684
Liabilities					
Current liabilities					
Trade and other payables	20	**(2,182)**	(1,107)	**(1,562)**	(454)
Borrowings	21	**(52)**	–	**–**	–
Current tax liabilities		**(55)**	(35)	**(32)**	(32)
		(2,289)	(1,142)	**(1,594)**	(486)
Net current assets		**5,202**	5,189	**(1,108)**	198
Non-current liabilities					
Borrowings	21	**(4)**	–	**–**	–
Retirement benefit liability	23	**(192)**	(176)	**–**	–
Contingent consideration	30	**(45)**	–	**(45)**	–
Deferred tax liabilities	24	**(2)**	(8)	**–**	–
		(243)	(184)	**(45)**	–
		5,932	5,896	**2,487**	2,887
Shareholders' equity					
Share capital	25	**416**	416	**416**	416
Share premium account		**1,531**	1,531	**1,531**	1,531
Capital redemption reserve		**1**	1	**1**	1
Retained earnings		**3,264**	2,972	**539**	939
Cumulative translation adjustment reserve		**629**	831	**–**	–
Equity attributable to the shareholders of the parent		**5,841**	5,751	**2,487**	2,887
Non-controlling interest		**91**	145	**–**	–
		5,932	5,896	**2,487**	2,887

The financial statements were approved by the Board on 09 February 2011 and signed on its behalf by:
R W Weinreich
Director

Cash flow statements for the year ended 30 November 2010

	Group		Company	
	2010 £'000	2009 £'000	**2010 £'000**	2009 £'000
Cash flows from operating activities				
Operating profit/(loss)	**491**	(415)	**(117)**	(215)
Share-based payment credit	**(4)**	(10)	**(4)**	(10)
Depreciation	**152**	180	**1**	2
Impairment of goodwill	**57**	–	**–**	–
Impairment of investment in subsidiary	**–**	–	**–**	177
Currency translation	**(137)**	182	**–**	–
Loss on sale of property, plant and equipment	**16**	13	**–**	–
(Increase)/decrease in inventories	**(1,870)**	942	**–**	–
(Increase)/decrease in trade and other receivables	**(274)**	410	**67**	(85)
Increase/(decrease) in trade and other payables	**867**	(517)	**1,108**	77
Cash (used in)/generated from operations	**(702)**	785	**1,055**	(54)
Corporation tax (paid)/received	**(75)**	51	**157**	47
Net cash (used in)/generated from operations	**(777)**	836	**1,212**	(7)
Cash flows from investing activities				
Net borrowings acquired with subsidiary undertaking	**(44)**	–	**–**	–
Increase in investment in subsidiaries	**–**	–	**(1,296)**	(494)
Proceeds from disposal of subsidiary	**–**	–	**67**	–
Purchase of property, plant and equipment	**(118)**	(168)	**(1)**	(2)
Proceeds from sale of property, plant and equipment	**21**	–	**–**	–
Income from investments	**–**	–	**160**	541
Interest received	**–**	20	**5**	3
Net cash (used in)/generated from investing activities	**(141)**	(148)	**(1,065)**	48
Cash flows from financing activities				
Interest paid	**(1)**	(13)	**–**	–
Loan repayments	**(26)**	–	**–**	–
Finance lease principal repayments	**(3)**	–	**–**	–
Equity dividends paid	**(211)**	(211)	**(211)**	(211)
Net cash used in financing activities	**(241)**	(224)	**(211)**	(211)
Net change in cash and cash equivalents	**(1,159)**	464	**(64)**	(170)
Cash and cash equivalents at start of period	**2,095**	1,537	**127**	297
Effect of foreign exchange rates	**(48)**	94	**–**	–
Cash and cash equivalents at end of period	**888**	2,095	**63**	127

Notes to the financial statements year ended 30 November 2010

1. General information
Holders Technology plc is incorporated in the United Kingdom under the Companies Act.

These consolidated financial statements are presented in pounds sterling and all information has been rounded to the nearest thousand. 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 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.

Going concern
The group's business activities are described in the operating review on page 4. The factors affecting performance are described in the Chairman's statement on page 2 and in the operating review on page 4. The directors review projected financial performance at a high level on a rolling basis, with detailed analysis on a monthly basis.

The directors have every expectation that the group has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Changes in accounting policies
i. Presentation of financial statements
The adoption of IAS 1 (Revised 2007) does not affect the financial position or profits of the group, but gives rise to additional disclosures. IAS 1 (Revised 2007) affects the presentation of owner changes in equity and introduces a 'Statement of comprehensive income', included with the income statement. IAS 1 Presentation of Financial Statements (Revised 2007) requires presentation of a comparative balance sheet as at the beginning of the first comparative period, in some circumstances. Management considers that this is not necessary this year because the 2008 balance sheet is the same as that previously published.

ii. Business combinations
The group has adopted IFRS 3 Business Combinations (Revised 2008), issued by the International Accounting Standards Board, which is relevant to and effective for the Group's financial statements for the annual period beginning 1 December 2009.

Significant effects on current, prior or future periods arising from the first-time application of the new requirements in respect of presentation, recognition and measurement are described below:

The revised standard on business combinations (IFRS 3R) introduced major changes to the accounting requirements for business combinations. It retains the major features of the purchase method of accounting, now referred to as the acquisition method. The most significant changes in IFRS 3R that had an impact on the Group's acquisition in 2010 are as follows:

- acquisition-related costs of the combination are recorded as an expense in the income statement. Previously, these costs would have been accounted for as part of the cost of the acquisition
- any contingent consideration is measured at fair value at the acquisition date. If the contingent consideration arrangement gives rise to a financial liability, any subsequent changes are generally recognised in profit or loss. Previously, contingent consideration was recognised only once its payment was probable and changes were recognised as an adjustment to goodwill
- the measurement of assets acquired and liabilities assumed at their acquisition-date fair values is retained. However, IFRS 3R includes certain exceptions and provides specific measurement rules. IFRS 3R has been applied prospectively to business combinations for which the acquisition date is on or after 1 December 2009. For the year ended 30 November 2010, the adoption of IFRS 3R has affected the accounting for the group's acquisition of JK Components Limited (see note 30) by increasing the group's expenses related to acquisition-related costs by £26,000. Basic and diluted earnings per share for the current period have decreased by 0.66p. Business combinations for which the acquisition date is before 1 December 2009 have not been restated.

2. Accounting policies (continued)

iii. Segment reporting
The adoption of IFRS 8 has changed the segments that are disclosed in the financial statements. In previous financial statements, segments were reported on a geographic basis. Under IFRS 8 the accounting policy for identifying segments is now based on the internal management reporting information that is regularly reviewed by the board. There are now two segments: PCB and LED. PCB includes the operations that supply materials and equipment to the PCB industry. LED includes operations which distribute LED-related components and lighting products to the lighting industry.

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:

IFRS 9 Financial Instruments (effective 1 January 2013)
Group Cash-settled Share-based Payment Transactions - Amendment to IFRS 2 (effective 1 January 2010)
IAS 24 (Revised 2009) Related Party Disclosures (effective 1 January 2011)
Amendment to IAS 32 Classification of Rights Issues (effective 1 February 2010)
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective 1 July 2010)
Improvements to IFRS issued May 2010 (some changes effective 1 July 2010, others effective 1 January 2011)
Disclosures - Transfers of Financial Assets - Amendments to IFRS 7 (effective 1 July 2011)
Deferred Tax: Recovery of Underlying Assets - Amendments to IAS 12 Income Taxes (effective 1 January 2012)

The directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the group except for additional disclosures when the relevant standard comes into effect.

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.

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.

For business combinations occurring since 1 December 2009, the requirements of IFRS 3R have been applied. The consideration transferred by the group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

Notes to the financial statements year ended 30 November 2010

2. Accounting policies (continued)

The group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (ie gain on a bargain purchase) is recognised in profit or loss immediately.

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

Impairment charges

The company considers at each reporting date whether there is any indication that assets are impaired. If there is such an indication, the company carries out an impairment test by measuring an asset's recoverable amount, which is the higher of its fair value less costs to sell and its value in use. Goodwill, 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 is measured at the fair value of the consideration received or receivable.
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.

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. 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 where these rates approximate to actual rates. Otherwise actual rates are used. The resulting exchange differences are charged/credited to other comprehensive income and recognised in the currency translation reserve in equity. 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.

Notes to the financial statements year ended 30 November 2010

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 the 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.

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 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).

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 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.

Notes to the financial statements Year ended 30 November 2010

5. Segment reporting

Management currently identifies two operating segments:

- PCB, which distributes materials, equipment and supplies to the PCB industry. This includes the following operations:
  UK PCB, German PCB, Far East PCB and India PCB.
- LED, which distributes LED-related components and lighting products to the lighting industry.
  This includes Holders Components UK, Holders Components Germany, Opteon UK and Opteon Germany.

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

Segment information can be analysed as follows for the reporting periods under review:

	PCB		LED		Other		Total	
	2010 £'000	2009 £'000	**2010 £'000**	2009 £'000	**2010 £'000**	2009 £'000	**2010 £'000**	2009 £'000
Revenue	**15,554**	12,966	**760**	–	**–**	–	**16,314**	12,966
Cost of sales	**(11,557)**	(9,770)	**(559)**	–	**–**	–	**(12,116)**	(9,770)
Gross profit	**3,997**	3,196	**201**	–	**–**	–	**4,198**	3,196
Distribution costs	**(349)**	(301)	**(41)**	–	**–**	–	**(390)**	(301)
Administrative expenses	**(2,878)**	(2,909)	**(292)**	–	**(103)**	(135)	**(3,273)**	(3,044)
Fundamental restructuring	**–**	(176)	**–**	–	**–**	–	**–**	(176)
Impairment of goodwill	**(57)**	–	**–**	–	**–**	–	**(57)**	–
Acquisition costs	**–**	–	**(26)**	–	**–**	–	**(26)**	–
Other operating income/(expenses)	**28**	(9)	**20**	–	**(9)**	(81)	**39**	(90)
Segment operating profit	**741**	(199)	**(138)**	–	**(112)**	(216)	**491**	(415)
Other segmental information								
Depreciation (Note 14)	**143**	178	**8**	–	**1**	2	**152**	180
Segment assets	**13,327**	12,877	**1,329**	–	**(6,192)**	5,655)	**8,464**	7,222

Amounts relating to central group activities, which are not identifiable to the operating segments, are shown under 'Other.'

Analysis of external revenue by geographic region

	UK		Rest of Europe		Asia		Total	
	2010 £'000	2009 £'000	**2010 £'000**	2009 £'000	**2010 £'000**	2009 £'000	**2010 £'000**	2009 £'000
Revenue - PCB	**5,147**	5,218	**9,463**	6,788	**944**	960	**15,554**	12,966
- LED	**736**	–	**24**	–	**–**	–	**760**	–
	5,883	5,218	**9,487**	6,788	**944**	960	**16,314**	12,966

6. Finance income

	2010 £'000	2009 £'000
Interest on bank deposits	–	20

7. Finance expenses

	2010 £'000	2009 £'000
Loans and overdrafts	1	13

8. Profit for the year

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

	2010 £'000	2009 £'000
Costs of inventories recognised as an expense	11,404	7,834
Write-down of inventory to net realisable value	89	112
Depreciation of property, plant and equipment (note 14)	152	180
Trade receivables impairment	60	127
Loss on sale of property, plant and equipment	16	13
Fees payable to the company's auditors for the audit of the financial statements	11	11
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	53	39
- Other services relating to taxation	15	40
Operating leases - land and buildings	169	225
Operating leases – plant and machinery	11	6
Exchange (profit)/loss	3	(2)

Exceptional items consist of the following:

	2010 £'000	2009 £'000
Fundamental restructuring	–	(176)
Impairment of goodwill	(57)	–
Acquisition costs	(26)	–
	(83)	(176)

The fundamental restructuring charge in 2009 consisted of redundancy and lease termination costs at the group's Dutch operation and redundancies at the German operation.

Notes to the financial statements Year ended 30 November 2010

9. Taxation

	2010 £'000	2009 £'000
Analysis of the charge in the period		
Current tax		
- Current period	**136**	18
- Adjustments in respect of prior periods	**(27)**	(38)
	109	(20)
Deferred tax (note 24)	**(50)**	11
Total tax	**59**	(9)

Tax reconciliation

The tax for the period is lower (2009: higher) than the standard rate of corporation tax in the UK, effectively 28% (2009: 28%) for the company's financial year. The differences are explained below:

	2010 £'000	2009 £'000
Profit/(loss) before taxation	**490**	(408)
Profit/(loss) before taxation multiplied by rate of corporation tax in the UK of 28 % (2009: 28%)	**137**	(113)
Effects of:		
Differences between capital allowances and depreciation	**(2)**	(9)
Amounts not deductible for taxation purposes	**23**	(24)
Adjustments in respect of prior years	**(27)**	9
Taxation losses	**(74)**	99
Other temporary differences	**2**	29
Taxation	**59**	(9)

10. Loss/profit of the parent company for the financial year

The result for the financial year dealt with in the accounts of the parent company was a loss of £185,000 (2009 profit: £330,000).

As permitted by Section 408 of the Companies Act 2006, 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.

	2010			2009		
	Earnings £'000	**Basic earnings per share**	**Diluted earnings per share**	Earnings £'000	Basic loss per share	Diluted loss per share
Profit/(loss) attributable to equity shareholders	**507**	**12.87p**	**12.87p**	(375)	(9.52p)	(9.52p)

	2010 Number	2009 Number
Weighted average number of ordinary shares	**3,939,551**	3,939,551
Dilutive effect of share options	**–**	–
Fully diluted weighted average number of ordinary shares	**3,939,551**	3,939,551

12. Ordinary dividends

	2010 £'000	2009 £'000
Second interim dividend for the year ended 30 November 2009 of 3.25p (year ended 30 November 2008 final dividend: 3.25p)	**128**	128
Interim dividend paid in respect of the year of 2.1p (2009: 2.1p)	**83**	83
Amounts recognised as distributions to equity holders	**211**	211

In addition, the directors are proposing a final dividend in respect of the year ended 30 November 2010 of 3.25p per share. If approved by shareholders, it will be paid on 24 May 2011 to shareholders on the register or members on 6 May 2011.

Notes to the financial statements Year ended 30 November 2010

13. Goodwill

Group

	2010 £'000	2009 £'000
Cost		
At 1 December	**207**	201
Currency translation	**(4)**	6
Arising on acquisition of JK Components Limited	**172**	–
Impairment charge	**(57)**	
At 30 November	**318**	207

	£'000	£'000
Analysis by operating segment		
German PCB	**146**	150
Far East PCB	**–**	57
LED	**172**	–
	318	207

Far East PCB operations incurred a loss in the year and management assessed that the goodwill attributable to this cash-generating unit (CGU) was impaired and should be written off. Accordingly £57,000 has been charged in the income statement as an exceptional expense.

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 (CGU). The key assumptions regarding the value-in-use calculations are those regarding the discount rates and growth rates. Management estimates discount rates using pre-tax rates that reflect current market assessments of a number of factors that impact on the time value of money and any risk specific to the CGU. The rate includes management's assessment of a normal level of debt: equity ratio within similar companies in its sector 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 for 10 years beyond the budgeted periods are extrapolated using a growth rate approximating the long term average growth rates for the economies concerned, which is assessed at 2.5% for each CGU. The discount rate applied for each CGU was 10.0%.

14. Property, plant and equipment

	Group			Company	
	Short leasehold land and buildings	Motor vehicles, plant and machinery office equipment	Total	Office equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 December 2008	94	2,150	2,244	17	17
Currency translation	–	97	97	–	–
Additions	–	168	168	2	2
Disposals	–	(45)	(45)	–	–
At 30 November 2009	94	2,370	2,464	19	19
Currency translation	–	(43)	(43)	–	–
Additions	–	118	118	1	1
In respect of acquisition	–	11	11		
Disposals	–	(67)	(67)	–	–
At 30 November 2010	**94**	**2,389**	**2,483**	**20**	**20**
Depreciation					
At 1 December 2008	82	1,511	1,593	14	14
Currency translation	–	68	68	–	–
Provided in year	9	171	180	2	2
Disposals	–	(32)	(32)	–	–
At 30 November 2009	91	1,718	1,809	16	16
Currency translation	–	(30)	(30)	–	–
Provided in year	3	154	157	1	1
Disposals	–	(30)	(30)	–	–
At 30 November 2010	**94**	**1,812**	**1,906**	**17**	**17**
Net book value					
At 30 November 2010	**-**	**577**	**577**	**3**	**3**
At 30 November 2009	3	652	655	3	3

The net book value of property, plant and equipment includes £5,000 (2009: nil) in respect of assets held under finance leases. Depreciation charged in the year on those assets amounted to £2,000 (2009: nil).

Notes to the financial statements Year ended 30 November 2010

15. Investments in subsidiaries

	Shares £'000	Loans £'000	Total £'000
Cost			
At 1 December 2008	1,695	657	2,352
Addition	–	494	494
Impairment provision	–	(177)	(177)
At 1 December 2009	1,695	974	2,669
Addition	45	1,296	1,341
Disposal	(388)	–	(388)
At 30 November 2010	**1,352**	**2,270**	**3,622**

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 UK Limited	England and Wales	Specialised materials and equipment	100%
Holders Components Limited	England and Wales	Components for the electronics industry	100%
Opteon 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.

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 2010 £'000	Company 2009 £'000
Cost		
Investment at 30 November	**15**	15

17. Investments in associates

The group has the following investment in associate:

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%

Waysky has suffered difficult trading conditions since 2007 and it is uncertain whether it will be able to continue as a going concern. The directors have concluded that the investment in this company is impaired and have fully provided against the investment.

18. Inventories

	Group		Company	
	2010 £'000	2009 £'000	**2010 £'000**	2009 £'000
Raw materials and consumables	**1,870**	966	**–**	–
Goods for resale	**1,956**	900	**–**	–
	3,826	1,866	**–**	–

19. Trade and other receivables

	Group		Company	
	2010 £'000	2009 £'000	**2010 £'000**	2009 £'000
Trade receivables	**2,571**	2,230	**–**	–
Less: provision for impairment	**(78)**	(129)	**–**	–
Net trade receivables	**2,493**	2,101	**–**	–
Amounts due from group undertakings	**–**	–	**372**	537
Other receivables	**107**	31	**43**	18
Prepayments and accrued income	**121**	169	**8**	2
	2,721	2,301	**423**	557

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:

Notes to the financial statements Year ended 30 November 2010

19. Trade and other receivables (continued)

Group	2010 £'000	2009 £'000
Impairment at 1 December 2009	**129**	29
Currency translation	**–**	1
Impairment losses recognised	**60**	121
Amounts written off as irrecoverable	**(113)**	(25)
Amounts recovered	**2**	3
Impairment losses reversed	**–**	–
Balance 30 November 2010	**78**	129

Aging of receivables:

	2010 Gross £'000	2010 Impairment £'000	2009 Gross £'000	2009 Impairment £'000
Not past due	**1,977**	**–**	1,704	14
Past due 0-30 days	**431**	**1**	355	2
Past due 31-60 days	**84**	**12**	14	–
Past due 61-90 days	**19**	**6**	2	–
Past due 91-365 days	**47**	**46**	155	113
Past due > 365 days	**13**	**13**	–	–
	2,571	**78**	2,230	129

20. Trade and other payables

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Trade payables	**1,611**	647	**–**	8
Amounts due to group undertakings	**–**	–	**1,492**	426
Other taxation and social security	**120**	147	**–**	–
Other payables	**79**	87	**5**	5
Accruals	**372**	226	**65**	15
	2,182	1,107	**1,562**	454

21. Borrowings

	Group 2010 £'000	Group 2009 £'000	Company 2010 £'000	Company 2009 £'000
Current				
Finance lease obligations	**3**	–	**–**	–
Loans	**49**	–	**–**	–
	52	–	**–**	–
Non-current				
Loans	**4**			
	4	–	**–**	–

The weighted average effective interest rates on the group and company's borrowings during the year were 2.75% (2009: 2.0%)

22. Financial instruments

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

	Group 2010 £'000	Group 2009 £'000	Company 2010 £'000	Company 2009 £'000
Financial assets				
Cash and cash equivalents	**888**	2,095	**63**	127
Trade and other receivables	**2,600**	2,132	**415**	555
	3,488	4,227	**478**	682
Financial liabilities				
Trade and other payables	**1,983**	960	**1,542**	454
Bank overdraft	**–**	–	**–**	–
	1,983	960	**1,542**	454

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

Notes to the financial statements Year ended 30 November 2010

22. Financial instruments (continued)

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	**951**	**286**	**665**	**38**	**391**	**(353)**
Euro	**1,461**	**368**	**1,093**	**378**	**1,151**	**(773)**
US dollar	**697**	**1,198**	**(501)**	**62**	**–**	**62**
Indian rupee	**52**	**12**	**40**	**–**	**–**	**–**
Japanese yen	**–**	**1**	**(1)**	**–**	**–**	**–**
Hong Kong dollar	**6**	**–**	**6**	**–**	**–**	**–**
Renminbi	**321**	**118**	**203**	**–**	**–**	**–**
At 30 November 2010	**3,488**	**1,983**	**1,505**	**478**	**1,542**	**(1,064)**
Sterling	1,674	123	1,551	562	321	241
Euro	1,778	421	1,357	119	133	(14)
Swedish krona	98	28	70	–	–	–
US dollar	196	254	(58)	1	–	1
Indian rupee	16	5	11	–	–	–
Hong Kong dollar	124	12	112	–	–	–
Renminbi	341	117	224	–	–	–
At 30 November 2009	4,227	960	3,267	682	454	228

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			
	Japanese yen £'000	Euro £'000	US dollar £'000	Total £'000	Swedish krona £'000	Euro £'000	US dollar £'000	Total £'000
Sterling	**(1)**	**(737)**	**(501)**	**(1,239)**	**–**	**(773)**	**62**	**(711)**
At 30 November 2010	**(1)**	**(737)**	**(501)**	**(1,239)**	**–**	**(773)**	**62**	**(711)**
Sterling	–	196	(58)	138	–	(14)	1	(13)
At 30 November 2009	–	196	(58)	138	–	(14)	1	(13)

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 nil compared to £7,000 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 £468,000 lower if sterling strengthened by 10 per cent and £572,000 higher if sterling weakened by 10 per cent.

Notes to the financial statements Year ended 30 November 2010

22. Financial instruments (continued)

Group

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

		Effect of sterling strengthening by 10%			Effect of sterling weakening by 10%		
	2010 As reported £'000	**Rate +10% £'000**	**Profit £'000**	**Equity £'000**	**Rate -10% £'000**	**Profit £'000**	**Equity £'000**
Net financial assets/(liabilities)							
Denominated in sterling	**665**	**–**	**–**	**–**	**–**	**–**	**–**
Not denominated in sterling	**840**	**(76)**	**(10)**	**(468)**	**93**	**12**	**572**
Net financial assets	**1,505**	**(76)**	**(10)**	**(468)**	**93**	**12**	**572**

		Effect of sterling strengthening by 10%			Effect of sterling weakening by 10%		
	2009 As reported £'000	Rate +10% £'000	Profit £'000	Equity £'000	Rate -10% £'000	Profit £'000	Equity £'000
Net financial assets/(liabilities)							
Denominated in sterling	1,551	–	–	–	–	–	–
Not denominated in sterling	1,716	(156)	(1)	(329)	191	1	402
Net financial assets	3,267	(156)	(1)	(329)	191	1	402

Company

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

	2010 As reported £'000	**Rate +10% £'000**	**Profit £'000**	**Equity £'000**	**Rate -10% £'000**	**Profit £'000**	**Equity £'000**
Net financial assets/(liabilities)							
Denominated in sterling	**(353)**	**–**	**–**	**–**	**–**	**–**	**–**
Not denominated in sterling	**(711)**	**65**	**65**	**–**	**(79)**	**(79)**	**–**
Net financial assets	**(1,064)**	**65**	**65**	**–**	**(79)**	**(79)**	**–**

		Effect of sterling strengthening by 10%			Effect of sterling weakening by 10%		
	2009 As reported £'000	Rate +10% £'000	Profit £'000	Equity £'000	Rate -10% £'000	Profit £'000	Equity £'000
Net financial assets/(liabilities)							
Denominated in sterling	241	–	–	–	–	–	–
Not denominated in sterling	(13)	1	1	–	(1)	(1)	–
Net financial assets	228	1	1	–	(1)	(1)	–

22. Financial instruments (continued)

(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 2009 and 30 November 2010, there would be no material impact of a one percentage point change in the market interest rates on the group's profit and equity.

f) Liquidity risk

The group monitors its liquidity to maintain a sufficient level of undrawn 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 2010 amounting to £2,066,000 (2009: £960,000) are payable within three months.

Borrowings

Overdraft borrowings attract interest rates of 2.25% above HSBC's relevant currency base rates.

Overdrafts are repayable on demand. There were no overdraft borrowings at either 30 November 2009 or 30 November 2010.

Bank borrowings are secured by debentures comprising fixed and floating charges over all the assets and undertaking of the company and its UK-based operating subsidiaries. The company and its principle operating subsidiaries are pare parties to Unlimited Composite Company Guarantees to secure all liabilities of each other.

Other borrowings, comprising loans and finance leases have the following repayment profile:

Group

	Finance leases		Loans	
	2010 £'000	2009 £'000	**2010 £'000**	2009 £'000
0-6 months	**2**	-	**41**	-
6-12 months	**1**	-	**9**	-
Over 12 months	**-**	-	**4**	-
	3	-	**54**	-

Borrowing facilities

The group has various borrowing facilities available to it. The unutilised portion of the facilities at 30 November 2010 amounted to £1,550,000 (2009: £745,000).

Notes to the financial statements Year ended 30 November 2010

22. Financial instruments (continued)

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	
	2010 £'000	2009 £'000	**2010 £'000**	2009 £'000
UK	**1,150**	914	**415**	555
Rest of Europe	**1,053**	778	**–**	–
Asia	**397**	440	**–**	–
At 30 November	**2,600**	2,132	**415**	555

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 group's cash resources for any capital requirements. At 30 November 2010, the group had gearing, being debt divided by debt plus shareholders funds, of 0.9% (2009: nil).

i) Hedging instruments

The group held forward exchange contracts amounting to £125,000 at 30 November 2010 (2009: nil). When appropriate during the year, contracts were taken out to hedge trade payables denominated in foreign currencies.

23. Retirement benefit liability

Group

	Retirement benefit liability £'000
At 1 December 2008	165
Currency translation	13
Utilised	(2)
At 1 December 2009	176
Currency translation	(10)
Charged to the income statement	28
Utilised	(2)
At 30 November 2010	**192**

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 30% (2009: 28% to 31%).

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

	Group		Company	
	2010 £'000	2009 £'000	**2010 £'000**	2009 £'000
At 1 December – deferred tax assets	**29**	31	**2**	–
Income statement credit/(charge)	**50**	(1)	**(2)**	2
Transfer to deferred tax liabilities	**(6)**	(1)	**–**	–
At 30 November	**73**	29	**–**	2

Notes to the financial statements Year ended 30 November 2010

24. Deferred tax (continued)

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

Group

	Accelerated capital allowances £'000	Other £'000	Total £'000
At 1 December 2008	1	30	31
(Charged)/credited to income statement	–	(1)	(1)
Transfer to deferred tax liabilities	(1)	–	(1)
At 30 November 2009	–	29	29
(Charged)/credited to income statement	–	50	50
Transfer to deferred tax liabilities	–	(6)	(6)
At 30 November 2010	**–**	**73**	**73**

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

Company

	Accelerated capital allowances £'000
At 1 December 2008	–
Credited to income statement	2
At 30 November 2009	2
Charged to income statement	(2)
At 30 November 2010	**–**

Deferred tax liabilities

Group

	Accelerated capital allowances £'000
At 1 December 2008	–
Charged/(credited) to income statement	9
Transfer from deferred tax assets	(1)
At 30 November 2009	8
Transfer from deferred tax assets	(6)
At 30 November 2010	**2**

25. Share Capital

	2010 £'000	2009 £'000
Authorised		
6,000,000 ordinary shares of 10p each (2009: 6,000,000)	**600**	600

	Number of shares	£'000
Allotted and fully paid ordinary shares of 10p each		
At 30 November 2009 and 30 November 2010	**4,159, 551**	**416**

220,000 (2009: 220,000) 10p ordinary shares with an aggregate nominal value of £22,000 (2009: £22,000) are held in treasury and are available for issue upon the exercise of options under the company's employee share option scheme.

26. Employees and staff costs

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Wages and salaries	**1,809**	1,791	**352**	262
Social security costs	**233**	268	**29**	31
Other pension costs	**79**	102	**45**	38
Share based payments	**(4)**	(10)	**(4)**	(10)
	2,117	2,151	**422**	321

Average monthly number of permanent employees, including executive directors:

Group

	2010 Number	2009 Number
Administration and sales	**45**	39
Service and fabrication	**63**	65
	108	104
Part-time	**8**	5
	116	109

Notes to the financial statements Year ended 30 November 2010

26. Employees and staff costs (continued)

Directors' remuneration

	Basic salary fees, bonuses and expenses £'000	Benefits in kind £'000	Total emoluments £'000	2009 £'000
R W Weinreich (Chairman)*	160	4	164	150
J S Shawyer	63	–	63	55
V M Blaisdell	65	–	65	58
D A Mahony	27	–	27	25
	315	4	319	288

*The company paid £19,000 (2009: £ 19,000) in respect of director's fees for Mr R W Weinreich to the third party Vingnum Limited. This is included within directors' emoluments above.

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	
	2010 £'000	2009 £'000
J S Shawyer	29	25
V M Blaisdell	6	9
	35	34

Directors' shareholdings

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

	Ordinary shares	
	2010	2009
R W Weinreich	1,851,202	1,851,202
J S Shawyer	40,000	40,000
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 2010 and 9 February 2011.

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	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
J S Shawyer	25,000	–	25,000	68.5p	28/07/12	27/07/15
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
V M Blaisdell	12,500	–	12,500	68.5p	28/07/12	27/07/15
V M Blaisdell	–	12,500	12,500	93.5p	28/05/13	27/05/16

The share price at 30 November 2010 was 92.0p (2009: 72.5p) whilst during the year the high and low prices were 100.0p and 68.0p.

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.

Key management compensation

Group

	2010 £'000	2009 £'000
Short-term employee benefits	**676**	642
Post-employment benefits	**40**	70
Termination benefits	**–**	–
Share-based payments	**(4)**	(10)
	712	702

Key management includes Directors and senior executives.

Notes to the financial statements Year ended 30 November 2010

27. Financial commitments

Capital commitments
There were no capital expenditure commitments at 30 November 2010 (2009: nil).

Operating lease commitments
The group leases various offices and warehouses under non-cancellable operating lease agreements. The lease terms are between 1 and 5 years and the majority of lease agreements are renewable at the end of the lease period at market rate.

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

	2010 £'000	2009 £'000
Land and buildings		
- No later than one year	**185**	176
- Later than one year and no later than five years	**527**	420
Motor vehicles, plant and machinery		
- No later than one year	**13**	22
- Later than one year and no later than five years	**26**	9
Other equipment		
- No later than one year	**–**	3
- Later than one year and no later than five years	**–**	–

28. 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 26, 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 2010	2009
93.5p	11 August 2009 to 10 August 2011	25,000	25,000
87.2p	15 March 2010 to 14 March 2012	25,000	25,000
90.5p	11 April 2010 to 10 April 2012	40,000	40,000
96.4p	26 July 2010 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	33,324
77.4p	4 August 2011 to 3 August 2014	1,676	1,676
68.5p	28 July 2012 to 27 July 2015	67,500	67,500
93.5p	28 May 2013 to 27 May 2016	12,500	–

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

Grant date	11 April 2006	26 July 2006	9 May 2007	14 March 2008	4 August 2008	28 July 2009	28 May 2010
Share price at date of grant	90.50p	96.40p	133.91p	116.5p	77.4p	68.5p	93.5p
Exercise price	90.50p	96.40p	133.91p	116.5p	77.4p	68.5p	93.5p
No. of employees	2	4	2	2	1	5	1
Shares under option	40,000	60,000	45,000	33,324	1,676	67,500	12,500
Vesting period (years)	3	3	3	3	3	3	3
Expected volatility	30%	30%	30%	50%	50%	30%	30%
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	4.2%	4.2%	4.6%	4.6%	4.6%	4.6%	4.6%
Expected dividends	4.2%	4.2%	3.7%	8.0%	8.0%	7.4%	7.4%
Possibility of ceasing employment before vesting	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Expectations of meeting performance criteria	95%	95%	95%	95%	95%	95%	95%
Fair value of option	16p	17p	27p	27p	18p	8p	11p

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 credit of £4,000 (2009: £10,000) related to equity-settled share-based payment transactions during the year.

Notes to the financial statements Year ended 30 November 2010

29. 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:

	2010 £'000	2009 £'000
Consultancy fees charged to subsidiaries and joint venture	**550**	395
Interest on short term loans	**5**	1

30. Acquisition

On 21 December 2009, the company acquired 100% of the share capital of J K Components Limited (since renamed Holders Components Limited). Holders Components is a UK-based distributor of components to the electronics industry, with particular expertise in LED components. The acquisition was made to extend the group's activities into the LED components and lighting sector. Details of the business combination are as follows:

	£'000
Fair value of consideration transferred	
Fair value of contingent consideration	45
Recognised amounts of identifiable net liabilities	
Property, plant and equipment	13
Inventories	90
Trade and other receivables	120
Cash and cash equivalents	2
Trade and other payables	(221)
Loans	(79)
Obligations under finance leases	(6)
Overdrafts	(46)
Identifiable net liabilities	(127)
Goodwill on acquisition	172
Net overdraft acquired	44
Net cash outflow on acquisition	44
Acquisition costs charged to expenses	26
Net cash paid relating to the acquisition	70

Consideration transferred

The consideration for the acquisition was £1 plus contingent consideration representing 50%, 30% and 15% respectively of the net profits for each of the three years following the date of acquisition, payable 30 days after the signing of the accounts for each respective year. The £45,000 fair value of the contingent consideration liability initially recognised represents the present value of the group's probability-weighted estimate of the cash outflow. The forecast contingent payments were discounted at a rate of 10%, reflecting the management's view of the probability of the forecasts being achieved.

Acquisition-related costs amounting to £26,000 are not included as part of consideration transferred and have been recognised as an expense in the consolidated income statement, as 'Acquisition costs.'

Identifiable net assets

The fair value of trade and other receivables acquired as part of the business combination amounted to £120,000 after deducting £10,000 which the group identified as being impaired. The fair value of inventories acquired as part of the business combination amounted to £90,000 after deducting £10,000 which the group identified as being impaired.

Goodwill

Goodwill of £172,000 is primarily related to growth expectations, expected future profitability and the knowledge and experience of the acquired company's personnel. Goodwill has been allocated to cash generating units at 30 November 2010. The goodwill that arose from the business combination is not expected to be deductible for tax purposes.

Holders Components contribution to group results

Holders Components incurred a loss of £41,000 in the period from 21 December 2009 to 30 November 2010, primarily due to costs incurred to facilitate growth in the future, such as staff recruitment and systems costs.

Notice of annual general meeting

Notice is hereby given that the Annual General Meeting of Holders Technology plc (the "Company") will be held at Devonshire House, Manor Way, Borehamwood, Hertfordshire WD6 1QQ on 26 April 2011 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 2010.
2. To declare a final dividend in respect of the year ended 30 November 2010.
3. To re-elect V Blaisdell 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 equivalent authorities and powers granted to the directors prior to the passing of this resolution, the directors be and they are generally and unconditionally authorised pursuant to Section 551 of the Act to exercise all powers of the Company to allot shares in the Company, and grant rights to subscribe for or to convert any security into shares of the Company (such shares, and rights to subscribe for or to convert any security into shares of the Company being "relevant securities") up to an aggregate nominal amount of £138,651.70, provided that, unless previously revoked, varied or extended, this authority shall expire on the conclusion of the Annual General Meeting of the Company to be held in 2012, except that the Company may at any time 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 in pursuance of such an offer or agreement as if this authority had not expired.

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

6. That the directors be and they are empowered pursuant to Section 570(1) of the Act to allot equity securities (as defined in Section 560(1) of the Act) of the Company wholly for cash pursuant to the authority of the directors under Section 551 of the Act conferred by resolution 6 above, and/or by way of a sale of treasury shares (by virtue of Section 573 of the Act), in each case as if Section 561(1) of the Act did not apply to such allotment, provided that:
   (a) the power conferred by this resolution shall be limited to:
      (i) the allotment of equity securities in connection with an offer of equity securities to the holders of ordinary shares in the capital of the Company in proportion as nearly as practicable to their respective holdings of such shares, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems arising under the laws or requirements of any overseas territory or by virtue of shares being represented by depository receipts or the requirements of any regulatory body or stock exchange or any other matter whatsoever; and (ii) the allotment, otherwise than pursuant to sub-paragraph (i) above, of equity securities up to an aggregate nominal value equal to £20,797.80; and

(b) unless previously revoked, varied or extended, this power shall expire on the conclusion of the Annual General Meeting of the Company to be held in 2012 except that the Company may before the expiry of this power 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 in pursuance of such an offer or agreement as if this power 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 693(4) of the Act) 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 2012, 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

9 February 2011

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

Notice of annual general meeting (continued)

Notes

1. A member who is entitled to attend, speak and vote may appoint a proxy to attend, speak and vote instead of him.
2. A proxy need not also be a member of the Company but must attend the meeting in order to represent his appointor. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares (so a member must have more than one share to be able to appoint more than one proxy). A form of proxy is enclosed. The notes to the form of proxy include instructions on how to appoint the Chairman of the meeting or another person as proxy. 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.
3. Only those shareholders registered in the register of members of the Company as at 6 p.m. on Friday 23 April 2010 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 Friday 23 April 2010 shall be disregarded in determining the rights of any person to attend and vote at the meeting.
4. As at 18 March 2011 (being the latest practicable date prior to the publication of this notice of annual general meeting) the Company's issued share capital consists of 4,159,551 ordinary shares carrying one vote each. There are currently 220,000 ordinary shares held in treasury which currently do not carry the right to vote. Therefore the total voting rights in the Company as at 18 March 2011 are 3,939,551.
5. 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 Friday 22 April 2011. 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.
6. The following documents are available for inspection at the registered office of the Company during the usual business hours on any weekday (Saturday, Sunday or public holidays excluded) from the date of this notice until the conclusion of the annual general meeting and will also be available for inspection at the place of the meeting from 11.15 a.m. on the day of the meeting until its conclusion:
   (a) copies of the executive directors' service contracts with the Company and any of its subsidiary undertakings and letters of appointment of the non-executive directors; and
   (b) a copy of the proposed new articles of association of the Company, and a copy of the existing articles of association marked to show the changes being proposed in resolution 5(b).

Five year summary

	2010 £'000	2009 £'000	2008 £'000	2007 £'000	2006 £'000
Group revenue	**16,314**	12,966	17,481	18,853	18,822
Cost of sales	**(12,116)**	(9,770)	(13,057)	(13,866)	(13,891)
Gross profit	**4,198**	3,196	4,424	4,987	4,931
Distribution costs	**(390)**	(301)	(427)	(463)	(446)
Administrative expenses	**(3,273)**	(3,044)	(3,285)	(3,398)	(3,561)
Exceptional items	**(83)**	(176)	(215)	–	–
Deferred consideration on sale of former subsidiary	**–**	–	–	–	39
Other operating income/(expense)	**39**	(90)	11	76	38
Group operating profit	**491**	(415)	508	1,202	1,001
Share of associate's operating (loss)/profit	**–**	–	–	–	(25)
Finance income	**–**	20	43	27	9
Finance expenses	**(1)**	(13)	(38)	(23)	(26)
Profit before taxation	**490**	(408)	513	1,206	959
Taxation	**(59)**	9	(243)	(454)	(390)
Profit after tax	**431**	(399)	270	752	569
Attributable to:					
Owners of the parent	**507**	(375)	322	744	591
Non-controlling interest	**(76)**	(24)	(52)	8	(22)
	431	(399)	270	752	569
Earnings per share - basic	**12.87p**	(9.52p)	8.21p	17.97p	14.24p
Earnings per share - diluted	**12.87p**	(9.52p)	8.21p	17.78p	14.24p
Dividends per share in respect of each year	**5.35p**	5.35p	5.35p	5.35p	5.00p
Equity shareholders' funds	**5,841**	5,751	6,036	5,416	5,149

Holders Technology

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

www.holderstechnology.com