Holders Technology plc
Annual Report & Accounts 2016

Specialised PCB Materials, LED Components, and Lighting Solutions

Year in brief

Holders Technology supplies specialty laminates and materials for printed circuit board manufacture ("PCB"), and operates as an LED solutions provider to the lighting and industrial markets.

PCB and LED segments achieved modest revenue growth in the year, and margins were maintained. PCB overheads were reduced, while LED overheads increased due to additional sales recruitment. The result before restructuring and impairment costs was somewhat behind 2015.

During the year, PCB divisions were restructured and costs reduced, and the LED Opteon Germany division was closed. The restructuring costs are shown below.

The directors propose to pay a final dividend of 0.25p per share.

Highlights included:

- Results compared to 2015:

Group revenue	1.7% higher
PCB revenue	0.4% higher
LED revenue	5.3% higher
Group gross margins	Unchanged

• Operating loss before impairment and restructuring costs	£191,000
• Operating loss	£374,000
• Cash balances	£781,000 (£338,000 higher than 2015)

Results are summarised below:

		2016 £'000	2015 £'000
Revenue	PCB	8,336	8,304
	LED	3,044	2,891
	Total	11,380	11,195
Gross profit		2,841	2,799
Gross margin		25.0%	25.0%
Operating loss before impairment and restructuring costs		(191)	(126)
Operating loss		(374)	(151)
Loss per share		(9.72p)	(9.16p)
Dividend proposed and paid		0.50p	0.50p
Total cash		781	443
Debt		Nil	Nil

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STRATEGIC REPORT

Chairman's statement

In my statement accompanying the 2015 Annual Report and Accounts I stated that the board was evaluating various options to return Holders Technology Group ("The Group") to profitability. As a result of this review some changes to our management team were made, coupled with a significant restructuring programme and the closure of an unprofitable division. A number of sales staff have been changed and investments made to enhance our plant and machinery.

Inevitably changes of this nature impose a major short term cost but we believe they are essential to achieving our goal of restored profitability.

The overall Group result, excluding restructuring costs, was broadly similar to the preceding year with revenue increasing by 1.7% from £11.2 to £11.4m. The 2016 year did not include any revenue from our former Indian joint venture which we exited in 2015 but the impact of the stronger Euro following the EU referendum in June had a significant offsetting impact on the 2016 result. The impact of the referendum result is explained in more detail in the Financial Review.

The Group operating result before impairment and restructuring costs was a loss of £191,000 (2015: operating loss £126,000). Impairment and restructuring costs increased the operating loss to £374,000 (2015: £151,000).

The PCB divisions together had revenues of £8.3m (2015: £8.3m) and achieved an operating profit of £115,000 (2015: loss £3,000) before restructuring costs of £116,000. Including restructuring and impairment costs, the PCB divisions made an operating loss of £1,000 (2015: loss £28,000).

Our German operations remain the predominant element of the Group's PCB sales, the second half of the year saw some benefit from the restructuring programme and the operations were profitable. The UK PCB operations, as anticipated, saw a reduction in revenue but the major changes made within this entity enabled it to achieve a small positive contribution for the year.

Total LED revenues amounted to £3.0m (2015: £2.9m). Combined operating losses before restructuring costs of £67,000 totalled £275,000 (2015: loss of £26,000). The LED divisions made an operating loss after restructuring costs of £342,000 (2015: £26,000).

The various LED elements of our business had very mixed results but taken together they were behind our expectations. While the UK division, Holders Components, achieved growth in both revenue and profitability and Holders Germany maintained its position, NRGstar saw a marked decline as did Opteon Germany. Action has been taken to change the sales teams in a number of these entities and Opteon Germany has been closed.

Last year I reported that the Group faced a potential EU Cross Border Group Relief claim totalling £192,000 and that we had fully provided for this amount in that year's accounts. While some of the claim has been agreed a balance of £126,000 is still subject to further discussion.

2016 was a difficult year for the Group but our staff showed commitment and support throughout the year for which we thank them.

The Board has a continuing belief in the Group's ability to overcome the difficulties it confronts. It is heartened by the initial signs of improved PCB performance, and by the customer interest in the new "smart lighting" products added into the LED divisions. Given this belief the Board considers it appropriate to recommend a final dividend of 0.25p for the 2016 year.

R W Weinreich
Executive Chairman
16 February 2017

STRATEGIC REPORT

Operating review

Corporate strategy

The board seeks to enhance shareholder value over the medium to long term, whilst maintaining a conservative financial framework. Where an opportunity to increase the Group's position is identified, this is addressed within the bounds of internally generated cash flow and bank facilities.

Product strategy

Holders Technology plc ("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 defence, aerospace, automotive and medical sectors, while the Far East is dominant in the production of consumer-related electronics.

Holders continues to pursue a PCB strategy based on dual positioning: both as a low-cost source of standard products used throughout the industry; and as an exclusive supplier of technically sophisticated products to the PCB sector.

In addition to the PCB industry, Holders operates as a LED solutions provider to the lighting and industrial markets. The product offering ranges from single LED components, through semi assembled light modules, to finished LED lighting products.

Our LED strategy is to provide a competitive and complementary premium product range for our selected markets, supported by strong technical support and industry knowledge. In addition, Holders provides bespoke solutions to fulfil customer requirements.

Market Overview

The overall PCB market in 2016 remained challenging. Our market position in Germany remains strong, and is stable in the UK.

With the acceptance of LEDs in the marketplace and an understanding of the energy saving benefits, the market has moved to developing solutions for Smart Lighting and incorporating lighting within the 'Internet of Things'. Holders is well placed in offering solutions which incorporate this smart, wireless technology and are working with several suppliers, one of which was awarded 'Smart Controls Product of 2016'.

PCB operations

PCB Strategic Review

During the year, a strategic review of the PCB businesses was undertaken in view of their reduced profitability. As a result of the review, both businesses were restructured to improve efficiency. This led to one-off costs of £116,000 during the year. Excluding these one-off costs, PCB segment profitability improved by £143,000 compared to 2015.

UK

UK trading operations are based in Galashiels, Scotland. The PCB industry in the UK is oriented towards the aerospace and defence industries, both of which require a broad range of products.

UK revenues reduced from £1.9m in 2015 to £1.4m in 2016.

Germany

The German PCB industry is dominated by demand from the automotive and industrial sectors.

2016 revenues in sterling terms increased from £6.4m to £7.0m, mainly due to the strengthening Euro.

LED & Lighting solutions

UK

In addition to its PCB business, Holders Technology UK has two LED trading divisions.

Holders Components specialises in providing LED solutions to original equipment manufacturers (OEMs) in the general lighting market plus various specialist industrial segments. During 2016, the division benefited from an improved product range, and achieved good growth.

Operating review (continued)

NRGstar offers a range of energy efficient lighting technologies targeted at the retail and commercial segments. Results for 2016 were disappointing; revenue fell compared to 2015. In the second half, the sales team was strengthened and new products introduced.

Continental Europe

In Germany, Holders Technology GmbH has two LED trading divisions.

Holders Components, which specialises in providing LED solutions to customers in continental Europe, achieved similar revenue in 2016 compared to 2015. The sales team was strengthened during the year and the benefits of this are expected to accrue in 2017.

The Opteon division sold finished goods predominantly to the wholesale market. Revenue decreased significantly during the year and the business was closed at the year end. Closure costs totalled £67,000.

We look forward to an increase in growth in the LED businesses, as our expanded sales forces benefit from increasing specification of products in repeating projects.

Victoria Blaisdell
Group Managing Director
16 February 2017

STRATEGIC REPORT

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 provides an important indication 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.

- 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 measure is *net liquid funds*, which is described in more detail below.

Revenue

Group revenue from continuing operations increased from £11.2m to £11.4m. Overall PCB revenue increased by 0.4%, and LED revenue increased by 5.3%.

2016 revenue included the impact of the stronger Euro/ sterling exchange rate which added £0.8m to Group revenue. 2015 revenue, however, included £0.1m of revenue from the India Joint Venture which ceased at the end of 2015. If these two factors are eliminated, the volume revenue movement on a constant currency basis, was a £0.4m reduction (4.0%).

Profitability

The operating result before non-trading items was a loss of £191,000 compared to a loss of £126,000 in 2015. The gross profit margin was 25.0% compared to 25.0% in 2015.

Total administrative expenses before restructuring and impairment costs increased by £97,000 compared to 2015, however this figures includes a £167,000 increase arising from the stronger Euro. If this is eliminated the movement was a reduction of £70,000. On a like for like basis, the administration cost as a proportion of revenue increased from 23.7% in 2015 to 24.3% in 2016.

Additionally, there were £183,000 of restructuring costs relating to terminated employment contracts, stock provisions and legal costs. The operating result after these items was a loss of £374,000.

Taxation

As announced in October 2015, the Group has a potential UK tax liability in respect of EU Cross Border Group Relief ("CBGR") claims relating to its former Swedish and Dutch operations. The remaining liability, estimated at up to £126,000, was fully provided for in the 2015 accounts, although the Board believes a lower amount may be payable when a final settlement is agreed.

Post tax result

The loss for the financial year after tax, attributable to equity shareholders was £0.4m (2015: loss of £0.4m). The basic loss per share from continuing business was 9.72p (2015: loss 9.16p per share) and the fully diluted loss per share was 9.72p (2015: loss per share 9.16p).

Dividends

The board proposes a final dividend of 0.25p per share to be paid on 23 May 2017 to shareholders on the register on 5 May 2017. Including the 0.25p interim dividend already paid on 11 October 2016 the total dividend for 2016 will be 0.50p (2015: 0.50p).

Principal risks and uncertainties

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

- **Competition**

  Both the PCB and LED sectors are highly competitive and the Group faces competition from a wide range of companies. The Group continually seeks the most cost-effective sources for its products in order to remain competitive.

- **Customers**

  The Group is exposed to the risk of bad debts. Within the major European markets, the Group uses credit analysis data to monitor customer risk levels and maintain appropriate credit limits. Credit insurance is used for UK and European customers where it is available.

Financial review (continued)

- **Suppliers**
  As with any distribution business, the Group is dependent on maintaining supply. The Group has diversified its product range and sources in order not to be overly dependent on any single supplier.

Cash flow, liquidity and financing

Stock levels were reduced from £2.5m in 2015 to £2.4m in 2016.

The Group maintains overdraft and trade financing facilities with its banks to meet short term financing requirements during the year. At 30 November 2016, the Group had net cash of £0.8m compared with £0.4m at the previous year end.

At 30 November 2016 the Group had *net liquid funds* (trade and other receivables plus cash minus current liabilities) of £1.1m compared to £1.0m in the preceding year. Net assets per ordinary share at 30 November 2016 were £0.93 compared with £0.93 in 2015.

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.

The Group's financial instruments, other than forward currency contracts, 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 sold in local currencies.

The overseas sales operations during the year were in the European Community. The Group has currency exposures primarily in US dollars and Euros. Although day to day transactional exposures are regularly covered by forward contracts, the Group has an underlying exposure, particularly to the Euro. At the year-end forward USD purchase contracts with a contracted value of £943,000 were held as detailed in note 19.

The EU Referendum decision has resulted in a strengthening of the Euro against sterling. German operations (roughly 70% of Group revenue and 50% of Group assets), being Euro-based, have become more valuable in sterling terms. The UK operations (roughly 30% of Group revenue and 50% of Group assets) have experienced higher import costs due to weaker sterling. However, our UK competitors are predominantly in the same currency position so that the UK competitive position has been unaffected.

Share Capital

During the year, a total of 220,000 ordinary shares were allotted from the Treasury shareholding to Rudi Weinreich and Thomas Bray for total proceeds of £58,700.

Net assets

Net assets at the 2016 year-end were almost unchanged at £3,860,000 (2015: £3,870,000). In addition to the investment above, the Group benefited from £346,000 of exchange differences from Euro-based foreign operations, which eliminated most of the trading loss.

Conclusion

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

Paul Geraghty
Group Finance Director
16 February 2017

STRATEGIC REPORT

The Strategic Report on pages 1-5 was approved by the Board on 16 February 2017 and signed on its behalf by

Paul Geraghty
Group Finance Director
16 February 2017

Company information

Directors	R W Weinreich, Executive Chairman V M Blaisdell, BSc, Group Managing Director P K I Geraghty BSc, FCA, Group Finance Director D A Mahony, BA (Econ), MSc, Non-Executive Director
Secretary	P K I Geraghty BSc, FCA
Registered office	27-28 Eastcastle Street London W1W 8DH
Website	www.holdersgroup.com
Registered number	1730535
Auditors	Grant Thornton UK LLP Grant Thornton House 202 Silbury Boulevard Milton Keynes MK9 1LW
Bankers	HSBC City CBC 60 Queen Victoria Street London EC4N 4TR
Registrars	Neville Registrars Neville House 18 Laurel Lane Halesowen West Midlands B63 3DA
Nominated Advisor and Broker	Northland Capital Partners Limited 60 Gresham Street London EC2V 7BB

Report of the directors

Business review and future developments

A review of the year and likely developments is contained in the Strategic Report.

Results and dividends

The Group made a loss after taxation for the financial year attributable to shareholders of £395,000 (2015: loss £361,000).

Full details are contained in the Group income statement on page 14. The directors have proposed a final dividend of 0.25p per share payable on 23 May 2017 to shareholders on the register at close of business on 5 May 2017. The total dividend for the year, including the interim dividend of 0.25p (2015: 0.25p) per share paid on 11 October 2016, amounts to £20,000 (2015: £20,000), which is equivalent to 0.50p (2015: 0.50p) per share.

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 6, all of whom served throughout the year. The beneficial shareholdings of the directors at 30 November 2016 are set out in note 23 to the financial statements.

Rudi Weinreich, aged 70, 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.

Victoria Blaisdell, aged 44, joined the Group in 2004 and is now Group Managing Director. Prior to joining the Group she worked in the IT industry for over 12 years and worked in several countries as a Senior Consultant for a large American telecom consulting company.

Paul Geraghty, aged 56, joined the Group in 2011 as Group Finance Director and Company Secretary. He previously held senior financial roles in engineering companies, including Elektron Components Limited and Protec plc.

David Mahony, aged 73, is the Senior Non-Executive Director, appointed in 1988.

Substantial shareholdings

At 13 February 2017 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	520,000	12.50%
Armstrong Investments Limited	275,000	6.61%
Rath Dhu Limited	235,000	5.65%
Thomas Bray	200,000	4.81%
Stockinvest Limited	171,500	4.12%
Hugh S Pearson Gregory	161,290	3.88%

Report of the directors (continued)

Annual General Meeting
The Annual General Meeting of the Company will be held at the offices of Grant Thornton UK LLP, Churchill House, 26-30 Upper Marlborough Road, St Albans, Hertfordshire AL1 3UU at 11.30 a.m. on 24 April 2017.

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 139,672 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 415,955 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 company’s business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 5. The financial position of the company, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on page 4. In addition, notes 2, 3, 4, 19 and 24 to the financial statements include the company’s objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and foreign exchange risk mitigation activities; and its exposures to credit risk and liquidity risk. Budgets and forecasts indicate a satisfactory going concern position.

The company has good financial resources together with a number of customers and suppliers across different geographic areas and industries. Management have prepared budgets and forecasts covering the period to May 2018. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook and therefore conclude it is appropriate to prepare the financial statements on a going concern basis.

Report of the directors (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Report of the Directors 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 elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company and 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 accounting estimates that are reasonable and prudent;
- state whether applicable 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 are sufficient to show and explain the company’s transactions and 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.

The directors confirm that:

- 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 as directors in order 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
Paul Geraghty
Secretary

16 February 2017

Directors' remuneration report

The directors present the directors' remuneration report for the financial year ended 30 November 2016. 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 11.

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

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

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

Contributions are made to the pension schemes of certain directors.

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

Executive directors' remuneration and terms of appointment

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

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

Non-executive directors' remuneration

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

Details of the directors' remuneration, pension entitlements, shareholdings and share options are included in note 23 to the financial statements.

BOARD REPORTS

Corporate governance

UK Corporate Governance Code

We do not comply with the UK Corporate Governance Code. Instead, we have reported on our Corporate Governance arrangements drawing on best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the Group and best practice.

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. 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 2016 and details of each director's attendance.

	Board	Audit	Remuneration
Number held	11	2	1
R Weinreich	11	1	-
V Blaisdell	11	1	-
D Mahony	11	2	1
P Geraghty	11	1	-

Audit Committee

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

Remuneration Committee

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

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

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

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

Board nominations

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

Corporate governance (continued)

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 provide 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.

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 2016 which comprise the Group income statement, the Group statement of comprehensive income, the Group and Company statements of changes in equity, the Group and company balance sheets, the Group and company statements of cash flow, 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 9, 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 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2016 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Jeremy Read
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Milton Keynes
16 February 2017

FINANCIAL STATEMENTS

Group income statement for the year ended 30 November 2016

	Note	2016 £'000	2015 £'000
Revenue	5	**11,380**	11,195
Cost of sales		**(8,539)**	(8,396)
Gross profit		**2,841**	2,799
Distribution costs		**(399)**	(364)
Administrative expenses		**(2,749)**	(2,652)
Restructuring costs	7	**(183)**	-
Impairment costs	15	**-**	(25)
Other operating income		**116**	91
Operating loss		**(374)**	(151)
Finance income	6	**3**	1
Finance expenses	6	**(7)**	(16)
Loss before taxation		**(378)**	(166)
Tax expense	8	**(17)**	(195)
Loss for the financial year		**(395)**	(361)
Basic loss per share	10	**(9.72p)**	(9.16p)
Diluted loss per share	10	**(9.72p)**	(9.16p)
Total loss per share	10	**(9.72p)**	(9.16p)

Group statement of comprehensive income for the year ended 30 November 2016

	2016 £'000	2015 £'000
Loss for the year	**(395)**	(361)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	**346**	(246)
Total comprehensive income and expense for the year	**(49)**	(607)

FINANCIAL STATEMENTS

Statements of changes in equity for the year ended 30 November 2016

Group	Share capital	Share premium	Capital redemption reserve	Translation reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 30 November 2014	416	1,531	1	34	2,512	4,494
Dividends	-	-	-	-	(20)	(20)
Employee share-based payment options	-	-	-	-	3	3
Transactions with owners	-	-	-	-	(17)	(17)
Loss for the year	-	-	-	-	(361)	(361)
Exchange differences on translating foreign operations	-	-	-	(246)	-	(246)
Total comprehensive income for the year	-	-	-	(246)	(361)	(607)
Balance at 30 November 2015	416	1,531	1	(212)	2,134	3,870
Dividends	-	-	-	-	(20)	(20)
Shares issued	-	59	-	-	-	59
Transactions with owners	-	59	-	-	(20)	39
Loss for the year	-	-	-	-	(395)	(395)
Exchange differences on translating foreign operations	-	-	-	346	-	346
Total comprehensive income for the year	-	-	-	346	(395)	(49)
Balance at 30 November 2016	**416**	**1,590**	**1**	**134**	**1,719**	**3,860**

Company	Share capital	Share premium	Capital redemption reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000
Balance at 30 November 2014	416	1,531	1	51	1,999
Profit and total comprehensive income for the year	-	-	-	138	138
Dividends	-	-	-	(20)	(20)
Share-based payment charge	-	-	-	3	3
Balance at 1 December 2015	**416**	**1,531**	**1**	**172**	**2,120**
Profit and total comprehensive income for the year	-	-	-	437	437
Dividends	-	-	-	(20)	(20)
Shares issued	-	59	-	-	59
Share-based payment charge	-	-	-	-	-
Balance at 30 November 2016	**416**	**1,590**	**1**	**589**	**2,596**

FINANCIAL STATEMENTS

Balance sheets at 30 November 2016

Company number: 1730535		Group		Company	
	Note	2016	2015	2016	2015
		£'000	£'000	£'000	£'000
Assets					
Non-current assets					
Goodwill	12	318	316	-	-
Property, plant and equipment	13	400	327	6	4
Investments in subsidiaries	14	-	-	2,291	2,291
Investment in joint venture	15	-	-	-	15
Deferred tax assets	21	9	16	-	-
		727	659	2,297	2,310
Current assets					
Inventories	16	2,365	2,533	-	-
Trade and other receivables	17	1,790	1,556	592	433
Current tax assets		-	59	-	-
Cash and cash equivalents		781	443	318	25
		4,936	4,591	910	458
Liabilities					
Current liabilities					
Trade and other payables	18	(1,457)	(975)	(611)	(627)
Current tax liabilities		(122)	(213)	-	(21)
		(1,579)	(1,188)	(611)	(648)
Net current assets		3,357	3,403	299	(190)
Non-current liabilities					
Retirement benefit liability	20	(219)	(181)	-	-
Deferred tax liabilities	21	(5)	(11)	-	-
		(224)	(192)	-	-
		3,860	3,870	2,596	2,120
Shareholders' equity					
Share capital	22	416	416	416	416
Share premium account		1,590	1,531	1,590	1,531
Capital redemption reserve		1	1	1	1
Retained earnings		1,719	2,134	589	172
Cumulative translation adjustment reserve		134	(212)	-	-
		3,860	3,870	2,596	2,120

The financial statements were approved by the Board on 16 February 2017 and signed on its behalf by:

R W Weinreich
Director

FINANCIAL STATEMENTS

Statements of cash flows for the year ended 30 November 2016

	Group		Company	
	2016	2015	**2016**	2015
	£'000	£'000	**£'000**	£'000
Cash flows from operating activities				
Operating loss	**(374)**	(151)	**(24)**	(92)
Share-based payment charge	**-**	3	**-**	3
Depreciation	**74**	86	**2**	8
Decrease/ (Increase) in inventories	**192**	(102)	**-**	-
(Increase)/ decrease in trade and other receivables	**(298)**	295	**41**	17
(Decrease)/ increase in trade and other payables	**824**	(86)	**(16)**	65
Cash generated from operations	**418**	45	**3**	1
Corporation tax paid	**(48)**	(7)	**(1)**	(1)
Net cash generated from operations	**370**	38	**2**	-
Cash flows from investing activities				
Purchase of property, plant, and equipment	**(110)**	(161)	**(4)**	(4)
Proceeds from sale of property, plant, and equipment	**-**	3	**-**	-
Proceeds from sale of joint venture	**22**	-	**50**	-
Dividends received from Group undertakings	-	-	**200**	-
Interest received	**3**	1	**6**	4
Net cash (used in)/generated from investing activities	**(85)**	(157)	**252**	-
Cash flows from financing activities				
Interest paid	**(7)**	(16)	**-**	-
Proceeds from sale of shares	**59**	-	**59**	-
Equity dividends paid	**(20)**	(20)	**(20)**	(20)
Net cash generated from/ (used in) financing activities	**32**	(36)	**39**	(20)
Net change in cash and cash equivalents	**317**	(155)	**293**	(20)
Cash and cash equivalents at start of period	**443**	634	**25**	45
Effect of foreign exchange rates	**21**	(36)	**-**	-
Cash and cash equivalents at end of period	**781**	443	**318**	25

Notes to the financial statements

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 and adopted by the EU by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee effective at the time of preparing these financial statements have been applied.

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

Change in accounting policies

The Group has not adopted any new standards or amendments that have a significant impact on the Group's results or financial position.

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 5. The financial position of the company, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on page 4. In addition, notes 2, 3, 4, 19 and 24 to the financial statements include the company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and foreign exchange risk mitigation activities; and its exposures to credit risk and liquidity risk.

The company has strong financial resources together with a number of customers and suppliers across different geographic areas and industries. The Board pursues a cautious strategy, combined with effective cost control in order to maintain a strong working capital position. Budgets and forecasts indicate a satisfactory going concern position. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook and therefore conclude it is appropriate to prepare the financial statements on a going concern basis.

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 (EU effective date 1 January 2018)
- IFRS 15 Revenue from contracts with customers including amendments to IFRS 15 (EU effective date 1 January 2018)
- IFRS 16 Leases (Not yet endorsed by EU)

Notes to the financial statements (continued)

2. Accounting policies (continued)

- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses (Not yet endorsed by EU)
- Amendments to IAS 7: Disclosure Initiative (Not yet endorsed by EU)
- Clarifications to IFRS 15 Revenue from Contracts with Customers (Not yet endorsed by EU)
- Amendments to IFRS 2: Classification and Measurement of Share-Based Payments Transactions (Not yet endorsed by EU)
- Annual Improvements to IFRS 2016-16 Cycle Relating to IFRS 12 Disclosure of Interest in other entities (Not yet endorsed by EU)

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. Control is achieved where the Group is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through the power over the investee.

Subsidiaries

Subsidiaries are entities controlled by the company. Control is achieved where the Group is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through the power over the investee. The financial statements of subsidiaries are included from the date that control commences until the date that control ceases.

In the parent company accounts investments and long term loans to subsidiaries are initially recorded at cost. The investment value is subsequently recorded at cost less any impairment value.

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.

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 measured at their acquisition-date fair values.

Notes to the financial statements (continued)

2. Accounting policies (continued)

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 (i.e. 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.

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 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 cash generating unit 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. 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 are those significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of the financial performance.

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.

Notes to the financial statements (continued)

2. Accounting policies (continued)

Inventory

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

Property, plant, and equipment

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

Depreciation is calculated to write off assets over their expected useful lives. Where there is evidence of impairment, property, plant and equipment is written down to the recoverable amount. 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 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 mitigate 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.

Notes to the financial statements (continued)

2. Accounting policies (continued)

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.

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. Deferred tax is not discounted.

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 an appropriate actuarial 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. There is also a retirement benefit liability arising from an asset purchase of Cimatec GmbH as disclosed in note 20. The liability in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the accounting period less the fair value of plan assets, together with adjustments for past-service costs. Independent actuaries annually calculate the defined benefit obligation. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Notes to the financial statements (continued)

2. Accounting policies (continued)

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.

Profit or loss from discontinued operations

A discontinued operation is a component of the Group that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations or
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or
- is a subsidiary acquired exclusively with a view to resale.

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.

Estimation uncertainty

Impairment testing

Impairment testing of goodwill and investment in subsidiaries 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 12.

Notes to the financial statements (continued)

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 Finance Director manages the Group's treasury activities. 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 19).

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 mitigate 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. At the year-end forward purchase contracts totalling £943,000 were held as described in note 19.

Notes to the financial statements (continued)

4. Financial risk management (continued)

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 reduce 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.

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, Germany PCB, and India PCB (discontinued in 2015).
- LED, which distributes LED-related components, lighting products and lighting solutions. This includes Holders Components UK and Germany, NRGstar UK, and Opteon Germany (closed in 2016).

These operating segments are monitored and strategic decisions are made based on segment operating results. Segment information can be analysed as follows for the reporting periods under review:

	PCB		LED		Other		Total	
	2016 £'000	2015 £'000	**2016 £'000**	2015 £'000	**2016 £'000**	2015 £'000	**2016 £'000**	2015 £'000
Revenue	**8,336**	8,304	**3,044**	2,891	**-**	-	**11,380**	11,195
Cost of sales	**(6,484)**	(6,451)	**(2,055)**	(1,945)	**-**	-	**(8,539)**	(8,396)
Gross profit	**1,852**	1,853	**989**	946	**-**	-	**2,841**	2,799
Distribution costs	**(288)**	(272)	**(111)**	(92)	**-**	-	**(399)**	(364)
Administrative expenses	**(1,498)**	(1,707)	**(1,161)**	(904)	**(90)**	(41)	**(2,749)**	(2,652)
Restructuring costs	**(116)**	-	**(67)**	-	**-**	-	**(183)**	-
Impairment costs	**-**	-	**-**	-	**-**	(25)	**-**	(25)
Other operating income/(expenses)	**49**	98	**8**	24	**59**	(31)	**116**	91
Segment operating loss	**(1)**	(28)	**(342)**	(26)	**(31)**	(97)	**(374)**	(151)
Other segmental information								
Depreciation (Note 13)	**66**	73	**6**	5	**2**	8	**74**	86
Segment assets	**7,669**	6,509	**2,389**	1,427	**(4,395)**	(2,686)	**5,663**	5,250
Segment liabilities	**(3,126)**	(1,970)	**(3,677)**	(2,172)	**5,000**	2,762	**(1,803)**	(1,380)

"Other" amounts relate to central Group activities, which are not identifiable to the operating segments.

Notes to the financial statements (continued)

5. Segment reporting (continued)

Analysis of external revenue by geographic region

	UK		Rest of Europe		Asia		Total	
	2016 £'000	2015 £'000	**2016 £'000**	2015 £'000	**2016 £'000**	2015 £'000	**2016 £'000**	2015 £'000
Revenue - PCB	**1,394**	1,886	**6,942**	6,269	**-**	149	**8,336**	8,304
- LED	**1,787**	1,509	**1,257**	1,382	**-**	-	**3,044**	2,891
	3,181	3,395	**8,199**	7,651	**-**	149	**11,380**	11,195
Non-current assets	**540**	221	**187**	443	**-**	(5)	**727**	659

External revenue is allocated to regions based on where it originates from.
No customer contributed more than 10% of external revenue.

6. Finance income and expenses

	2016 £'000	2015 £'000
Interest on bank deposits	**3**	1
Interest on loans, overdrafts and pension liability	**(7)**	(16)

7. Profit for the year

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

	2016 £'000	2015 £'000
Costs of inventories recognised as an expense	**8,255**	8,049
Write-down of inventory to net realisable value	**79**	49
Depreciation of property, plant and equipment (note 13)	**74**	86
Fees payable to the company's auditors for the audit of the financial statements	**18**	12
Fees payable to the company's auditors for other services:		
- Audit of the financial statements of the company's subsidiaries pursuant to legislation	**27**	32
- Audit related assurance services	**2**	-
- Tax compliance services	**8**	10
- Tax advisory services	**9**	-
Operating leases - land and buildings	**136**	123
Operating leases – motor vehicles	**26**	57
Exchange profit	**(94)**	(83)
Restructuring costs	**183**	-
Impairment of investment in Joint Venture	**-**	25

Notes to the financial statements (continued)

8. Taxation

Analysis of the charge in the period	2016 £'000	2015 £'000
Current tax		
- Current period	-	6
- Adjustments in respect of prior periods	17	179
	17	185
Deferred tax (note 21)	-	10
Total tax	17	195

Tax reconciliation

The tax for the period is higher (2015: higher) than the standard rate of corporation tax in the UK, effectively 20.00% (2015: 20.00%) for the company's financial year. The differences are explained below:

	2016 £'000	2015 £'000
Loss before taxation	(378)	(166)
Loss before taxation multiplied by the rate of corporation tax in the UK of 20.00% (2015: 20.00%)	(76)	(33)
Effects of:		
Differences between capital allowances and depreciation	-	4
Adjustments in respect of prior years	17	176
Taxation losses	64	35
Other temporary differences	12	13
Taxation	17	195

9. 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 profit of £17,000 (2015 profit: £138,000).

As permitted by Section 408 of the Companies Act 2006, no separate income statement is presented in respect of the parent company.

10. 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 is 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, and where exercise would decrease earnings per share or increase loss per share from continuing operations. There was no earnings dilution calculated in 2016 or 2015 as losses were recorded by the Group.

Notes to the financial statements (continued)

10. Earnings per share (continued)

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

	2016 Number	2015 Number
Weighted average number of ordinary shares	4,063,813	3,939,551
Dilutive effect of share options	-	-
Fully diluted weighted average number of ordinary shares	4,063,813	3,939,551

	2016 Pence per share	2015 Pence per share
Basic (loss)/ earnings per share:	(9.72)	(9.16)
Diluted (loss)/ earnings per share:	(9.72)	(9.16)

11. Ordinary dividends

	2016 £'000	2015 £'000
Final dividend for the year ended 30 November 2015 of 0.25p (year ended 30 November 2014 final dividend: 0.25p)	10	10
Interim dividend paid in respect of the year of 0.25p (2015: 0.25p)	10	10
Amounts recognised as distributions to equity holders	20	20

The directors propose a final dividend in respect of the year ended 30 November 2016 of 0.25p per share. If approved by shareholders, it will be paid on 23 May 2017 to shareholders registered on 5 May 2017.

12. Goodwill

Group	2016 £'000	2015 £'000
Cost		
At 1 December	316	318
Currency translation	2	(2)
At 30 November	318	316
	£'000	£'000
Analysis by cash generating unit		
PCB	146	144
LED	172	172
	318	316

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

Notes to the financial statements (continued)

12. Goodwill (continued)

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 product sectors concerned. The growth rates were assessed at 1.5% for Holders Technology Germany (PCB) and 2.5% for Holders Components UK (LED). The discount rate applied for each CGU was 10.0%.

13. Property, plant, and equipment

	Group			Company	
	Short leasehold land and buildings £'000	Motor vehicles, plant and machinery and office equipment £'000	Total £'000	Office equipment £'000	Total £'000
Cost					
At 30 November 2015	**92**	**2,014**	**2,106**	**57**	**57**
Currency translation	-	193	193	-	-
Additions	-	110	110	4	4
Disposals	-	(77)	(77)	-	-
At 30 November 2016	**92**	**2,240**	**2,332**	**61**	**61**
Depreciation					
At 30 November 2015	**92**	**1,687**	**1,779**	**53**	**53**
Currency translation	-	146	146	-	-
Provided in year	-	74	74	2	2
Disposals	-	(67)	(67)	-	-
At 30 November 2016	**92**	**1,840**	**1,932**	**55**	**55**
Net book value					
At 30 November 2016	**-**	**400**	**400**	**6**	**6**
At 30 November 2015	**-**	**327**	**327**	**4**	**4**

Notes to the financial statements (continued)

14. Investments in subsidiaries

	Shares £'000	Loans £'000	Total £'000
Cost			
At 1 December 2014	771	1,520	2,291
At 1 December 2015	771	1,520	2,291
At 30 November 2016	**771**	**1,520**	**2,291**

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 components	100%
Holders Technology UK Limited	England and Wales	Specialised materials and components	100%
Holders Components Limited	England and Wales	Dormant	100%
Opteon Limited	England and Wales	Dormant	100%

15. 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. At 30 November 2015, Holders Technology plc owned 60% of the Joint Venture. The Indian investment was disposed of on 12 December 2015. Disposal proceeds were INR5,000,000 (approximately £50,000) and the net assets at that time were £75,000, leading to a loss on disposal of £25,000. An impairment charge of £25,000 was recognised in the Group accounts at 30 November 2015.

	Company	
	2016 £'000	2015 £'000
Cost		
Investment at 30 November	**-**	15

16. Inventories

	Group		**Company**	
	2016 £'000	2015 £'000	**2016 £'000**	2015 £'000
Raw materials and consumables	**1,076**	1,164	**-**	-
Goods for resale	**1,289**	1,369	**-**	-
	2,365	2,533	**-**	-

Notes to the financial statements (continued)

17. Trade and other receivables

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Trade receivables	1,417	1,339	-	-
Less: provision for impairment	(9)	(24)	-	-
Net trade receivables	1,408	1,315	-	-
Amounts due from Group undertakings	-	-	561	188
Other receivables	163	84	19	229
Prepayments and accrued income	219	157	12	16
	1,790	1,556	592	433

All trade receivables that are more than 365 days overdue have been provided for except 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:

Group	2016 £'000	2015 £'000
Impairment at 1 December	24	53
Currency translation	-	(3)
Impairment losses recognised	14	7
Amounts written off as irrecoverable	(11)	-
Amounts recovered	-	-
Impairment losses reversed	(18)	(33)
Balance 30 November	9	24

Ageing of past due unimpaired debt:	2016 £'000	2015 £'000
Past due 0-30 days	299	270
Past due 31-60 days	56	28
Past due 61-90 days	33	8
Past due 91-365 days	3	8
Past due > 365 days	-	-
	391	314

18. Trade and other payables

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Trade payables	600	310	14	5
Amounts due to Group undertakings	-	-	558	573
Other taxation and social security	239	185	-	-
Other payables	111	70	-	-
Accruals	507	410	39	49
	1,457	975	611	627

Notes to the financial statements (continued)

19. Financial instruments

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

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Financial assets				
Cash and cash equivalents	781	443	318	25
Trade and other receivables	1,571	1,399	180	217
Loans and receivables at fair value	2,352	1,842	498	242
Financial liabilities				
Trade and other payables	1,218	790	53	54
Financial liabilities at amortised cost	1,218	790	53	54
Derivatives	-	-	-	-
Liabilities at fair value through profit and loss	-	-	-	-
Net financial assets	1,134	1,052	445	188

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

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

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

	Group Financial assets £'000	Group Financial liabilities £'000	Group Net financial assets / (liabilities) £'000	Company Financial assets £'000	Company Financial liabilities £'000	Company Net financial assets / (liabilities) £'000
Sterling	1,009	283	726	295	47	248
Euro	1,036	694	342	203	6	197
US dollar	307	241	66	-	-	-
At 30 November 2016	2,352	1,218	1,134	498	53	445
Sterling	921	225	696	16	52	(36)
Euro	724	389	335	226	2	224
US dollar	134	167	(33)	-	-	-
Indian rupee	63	9	54	-	-	-
At 30 November 2015	**1,842**	**790**	**1,052**	**242**	**54**	**188**

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.

Notes to the financial statements (continued)

19. Financial instruments (continued)

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

The table below shows the net 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		
	Euro	US dollar	Indian rupee	Total	Euro	US dollar	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Sterling At 30 November 2016	**342**	**66**	**-**	**408**	**289**	**-**	**289**
Sterling At 30 November 2015	335	(33)	54	356	224	-	224

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 mitigation of interest rates using interest rate swaps has been undertaken. The net interest receivable for the year was nil compared to nil receivable last year. No speculative transactions are undertaken. At present, there is no policy to mitigate 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 19(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 £191,000 lower if sterling strengthened by 10 per cent and £191,000 higher if sterling weakened by 10 per cent.

Notes to the financial statements (continued)

19. Financial instruments (continued)

Group

2016

Net financial assets/(liabilities)	As reported £'000	Effect of sterling strengthening by 10% Rate +10% £'000	Profit £'000	Equity £'000	Effect of sterling weakening by 10% Rate -10% £'000	Profit £'000	Equity £'000
Denominated in sterling	726	-	-	-	-	-	-
Not denominated in sterling	413	(37)	34	(191)	45	(34)	191
Net financial assets	1,139	(37)	34	(191)	45	(34)	191

2015

Net financial assets/(liabilities)	As reported £'000	Effect of sterling strengthening by 10% Rate +10% £'000	Profit £'000	Equity £'000	Effect of sterling weakening by 10% Rate -10% £'000	Profit £'000	Equity £'000
Denominated in sterling	696	-	-	-	-	-	-
Not denominated in sterling	356	(32)	10	(174)	40	(10)	174
Net financial assets	1,052	(32)	10	(174)	40	(10)	174

Company

2016

Net financial assets/(liabilities)	As reported £'000	Effect of sterling strengthening by 10% Rate +10% £'000	Profit £'000	Equity £'000	Effect of sterling weakening by 10% Rate -10% £'000	Profit £'000	Equity £'000
Denominated in sterling	289	-	-	-	-	-	-
Not denominated in sterling	156	(26)	(26)	-	(32)	(32)	-
Net financial assets	445	(26)	(26)	-	(32)	(32)	-

2015

Net financial assets/(liabilities)	As reported £'000	Effect of sterling strengthening by 10% Rate +10% £'000	Profit £'000	Equity £'000	Effect of sterling weakening by 10% Rate -10% £'000	Profit £'000	Equity £'000
Denominated in sterling	(36)	-	-	-	-	-	-
Not denominated in sterling	224	(20)	(20)	-	(25)	(25)	-
Net financial assets	188	(20)	(20)	-	(25)	(25)	-

Notes to the financial statements (continued)

19. 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 20(b)). Based upon the interest rate profile of the Group's financial assets and liabilities as at both 30 November 2016 and 30 November 2015, 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 2016 amounting to £1,218,000 (2015: £790,000) are payable within three months.

Borrowing facilities

The Group has various borrowing facilities available to it. The unutilised portion of the facilities at 30 November 2016 amounted to £100,000 (2015: £100,000).

g) Credit risk

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

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

	Group		Company	
	2016 £'000	2015 £'000	**2016 £'000**	2015 £'000
UK	**752**	709	**400**	188
Rest of Europe	**819**	679	**161**	-
Asia	**-**	35	**-**	-
At 30 November	**1,580**	1,423	**561**	188

Notes to the financial statements (continued)

19. Financial instruments (continued)

h) Capital risk

The Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through a combination of capital growth and proposed dividend policy. It aims 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 and, where necessary, by adjustment to the amount of dividends paid to shareholders.

i) Exchange rate instruments

The Group held forward exchange contracts with a contracted value of £943,000 at 30 November 2016 (2015: £27,000). When appropriate during the year, contracts were taken out to mitigate trade payables denominated in foreign currencies. The fair value of these instruments was minus £1,000 (2015: £nil).

20. Retirement benefit liability

Group	Retirement benefit liability £'000
At 1 December 2014	201
Currency translation	(14)
Change in actuarial assumptions	(16)
Utilised	10
At 1 December 2015	181
Currency translation	24
Change in actuarial assumptions	20
Utilised	(6)
At 30 November 2016	219

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.

Notes to the financial statements (continued)

21. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using tax rates of 20.0% to 30.0% (2015: 20.0% to 30.0%).

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

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
At 1 December – net deferred tax assets	5	15	-	-
Income statement credit/(charge)	(1)	(10)	-	-
At 30 November	4	5	-	-

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	Pension liability £'000	Total £'000
At 1 December 2014	35	35
(Charged)/credited to income statement	(19)	(19)
At 30 November 2015	16	16
(Charged)/credited to income statement	(7)	(7)
At 30 November 2016	9	9

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 are only recognised where in the Directors' opinion there is a reasonable expectation of the tax asset being realised. Assets are recognised based on business forecasts and the local tax environment.

Notes to the financial statements (continued)

21. Deferred tax (continued)

Deferred tax liabilities

Group	Accelerated capital allowances £'000
At 1 December 2014	20
Transfer from income statement	(9)
At 30 November 2015	11
Transfer from income statement	(6)
At 30 November 2016	**5**

Deferred tax liabilities

Company	Accelerated capital allowances £'000
At 1 December 2014	1
Credited to income statement	(1)
At 30 November 2015	-
At 30 November 2016	-

The Company had no deferred tax assets.

22. Share Capital

	2016 £'000	2015 £'000
Authorised		
6,000,000 ordinary shares of 10p each (2015: 6,000,000)	600	600

	Number of shares	Number of shares
Allotted and fully paid ordinary shares of 10p each		
At 30 November 2015 and 30 November 2016	**4,159,551**	**4,159,551**

Notes to the financial statements (continued)

23. Employees and staff costs

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Wages and salaries	1,960	1,788	172	250
Social security costs	336	295	17	20
Other pension costs	69	79	50	59
Share based payments	-	(17)	-	(17)
	2,365	2,145	239	312

Average monthly number of permanent employees, including executive directors:

Group	2016 Number	2015 Number
Administration and sales	34	38
Service and fabrication	29	36
	63	74
Part-time	5	4
	68	78

Directors' remuneration

Directors' remuneration for the year was as follows:

Company	Basic salary fees, bonuses and expenses £'000	Benefits in kind £'000	Total emoluments 2016 £'000	Total emoluments 2015 £'000
R W Weinreich (Chairman)	15	4	19	27
V M Blaisdell	78	-	78	70
D A Mahony	17	-	17	23
P K I Geraghty	70	2	72	65
	180	6	186	185

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	2016 £'000	2015 £'000
V M Blaisdell	22	22
P K I Geraghty	28	26
	50	48

Notes to the financial statements (continued)

23. Employees and staff costs (continued)

Directors' shareholdings

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

	Ordinary shares 2016	2015
R W Weinreich	**1,871,202**	1,851,202
D A Mahony	**20,000**	20,000
V M Blaisdell	**34,102**	34,102

The shareholdings are all beneficial. Mr R. Weinreich purchased 20,000 ordinary shares on 20 May 2016.

Directors' interests in share options

	At start of year or on date of appointment	No. of options granted / (exercised) during year	No. of options lapsed during the year	At end of year	Exercise price	Date from which exercisable	Expiry date
V M Blaisdell	12,500	-	12,500	-	93.5p	28/05/13	27/05/16
V M Blaisdell	25,000	-	-	25,000	123.18p	21/07/14	21/07/17
V M Blaisdell	46,598	-	46,598	-	10.0p	26/03/15	26/03/16
P K I Geraghty	38,444	-	38,444	-	10.0p	26/03/15	26/03/16
V M Blaisdell	47,000	-	-	47,000	10.0p	02/05/16	02/05/17
P K I Geraghty	37,500	-	-	37,500	10.0p	02/05/16	02/05/17
	207,042	-	97,542	109,500			

The share price at 30 November 2016 was 32.5p (2015: 30.0p) whilst during the year the high and low prices were 33.5p and 22.5p.

In respect of the options first exercisable up to 21 July 2014, 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.

For options first exercisable on 2 May 2016, no option may be exercised unless the share price exceeds 127.0p after 3 years.

Key management compensation

Group	2016 £'000	2015 £'000
Short-term employee benefits	**548**	546
Post-employment benefits	**63**	61
Termination benefits	**-**	-
Share-based payments	**-**	3
	611	610

Key management includes Directors and senior executives.

Notes to the financial statements (continued)

23. Employees and staff costs (continued)

Total share options in issue

	2016 No	2015 No
Total options in issue 1 December	331,875	364,375
Issued during year	-	-
Lapsed	(192,203)	(32,500)
Forfeited	-	-
Leavers	-	-
Total options in issue 30 November	139,672	331,875

At the year-end 109,500 share options were exercisable and 30,172 share options were outstanding.

24. Financial commitments

Capital commitments

There were no capital expenditure commitments at 30 November 2016 (2015: 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. The majority of lease agreements are renewable at the end of the lease period at market rate. Total aggregate minimum lease payments under non-cancellable operating leases were:

	2016 £'000	2015 £'000
Land and buildings		
- No later than one year	185	161
- Later than one year and no later than five years	673	618
- Later than 5 years	-	10
Motor vehicles, plant and machinery		
- No later than one year	14	20
- Later than one year and no later than five years	27	35
Other equipment		
- No later than one year	-	-
- Later than one year and no later than five years	-	-

25. 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 23, 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 2016	2015
93.5p	28 May 2013 to 27 May 2016	-	12,500
123.18p	21 July 2014 to 20 July 2017	25,000	25,000
117.15p	26 Mar 2015 to 25 Mar 2016	-	179,703
70.0p	2 May 2016 to 1 May 2017	84,500	84,500
63.8p	28 March 2017 to 27 March 2018	30,172	30,172

Notes to the financial statements (continued)

25. Share based payments (continued)

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

Grant date	28 March 2014	2 May 2013	21 July 2011
Share price at date of grant	58.00	70.00	123.18
Exercise price	63.80	77.00	135.5
No. of employees	1	2	1
Shares under option	30,172	84,500	25,000
Vesting period (years)	3	3	3
Expected volatility	22%	22%	22%
Option life (years)	3	3	3
Expected life (years)	3.5	3.5	3.5
Risk free rates	0.62%	1.03%	1.03%
Expected dividends	4.0%	4.8%	4.8%
Possibility of ceasing employment before vesting	27.0%	25.0%	25.0%
Expectations of meeting performance criteria	75%	75%	75%
Fair value of option	7p	13p	13p

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 nil charge (2015: charge of £3,000) related to equity-settled share-based payment transactions during the year.

26. Related party transactions

Group

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

Dividends were paid to directors as follows:	2016 £'000	2015 £'000
R W Weinreich	9	9
D A Mahony	-	-
V M Blaisdell	-	-
	9	9

Company

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

	2016 £'000	2015 £'000
Consultancy fees charged to subsidiaries and joint venture	284	452
Interest on short term loans	14	13

AGM

Notice of annual general meeting

Notice is hereby given that the Annual General Meeting of Holders Technology plc (the "Company") will be held at the offices of Grant Thornton UK LLP, Churchill House, 26-30 Upper Marlborough Street, St. Albans, Hertfordshire AL1 3UU on 24 April 2017 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 2016.

2. To declare a final dividend in respect of the year ended 30 November 2016.

3. To re-elect V Blaisdell as a director.

4. To re-elect D Mahony as a director.

5. To appoint T Bray as a director.

6. 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:

7. 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 2018, 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:

8. 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

Notice of annual general meeting (continued)

(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 2018 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.

9. 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 415,955 (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 2018, 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

Paul Geraghty
Secretary
16 February 2017

Registered Office: 27-28 Eastcastle Street, London W1W 8DH

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 appointer. 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 will shortly be sent to all members. 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, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA not less than 48 hours (excluding non-working days) 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 Thursday 20 April 2017 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 Thursday 20 April 2017 shall be disregarded in determining the rights of any person to attend and vote at the meeting.

4. As at 16 February 2017 (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. The total voting rights in the Company as at 16 February 2017 are 4,159,551.

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 Thursday 20 April 2017. 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:

   - copies of the executive directors' service contracts with the Company and any of its subsidiary undertakings and letters of appointment of the Non-Executive Director.

Five year summary

	2016 £'000	2015 £'000	2014 £'000	2013 £'000	2012 Restated £'000
Group revenue – continuing	**11,380**	11,195	13,478	14,265	13,631
Group revenue – discontinued				990	1,974
Gross profit	**2,841**	2,799	3,254	3,467	3,584
Distribution costs	**(399)**	(364)	(414)	(381)	(376)
Administrative expenses	**(2,749)**	(2,652)	(3,167)	(3,049)	(3,275)
Restructuring costs and impairment charges	**(183)**	(25)	(67)	-	-
Other operating income	**116**	91	37	68	11
Group operating (loss)/ profit	**(374)**	(151)	(357)	105	(56)
Finance income	**3**	1	2	4	1
Finance expenses	**(7)**	(16)	(7)	(12)	(13)
(Loss)/ profit before taxation	**(378)**	(166)	(362)	97	(68)
Taxation	**(17)**	(195)	(11)	(24)	(43)
Profit after tax	**(395)**	(361)	(373)	73	(111)
Earnings per share – continuing business					
Earnings per share – basic	**(9.72p)**	(9.16p)	(9.47p)	1.85p	(2.82p)
Earnings per share - diluted	**(9.72p)**	(9.16p)	(9.47p)	1.78p	(2.82p)
Dividends per share in respect of each year	**0.50p**	0.50p	1.25p	2.0p	2.0p
Equity attributable to shareholders of the parent	**3,860**	3,870	4,494	5,053	5,192