

# Holders Technology plc Annual Report & Accounts 2017

Specialised PCB Materials, LED Components and Smart Lighting

## 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 selected industrial markets.

The Group made notable progress during the year, with encouraging revenue growth, improved margins, and a return to profitability.

The Group now comprises two PCB divisions based in the UK and Germany, and two LED divisions also based in the UK and Germany. In the opinion of the directors, all divisions achieved satisfactory growth by the year end.

Certain operations (NRGstar and Opteon Germany) were discontinued during the period, and their results are shown separately as discontinued operations.

The directors will recommend payment of a final dividend of 0.25p per share.

The results are summarised below.

Highlights		2017	2016	Change	
		£'000	Restated £'000	£'000	
Continuing Revenue	PCB	9,453	8,336	1,117	Increase* <sup>1</sup>
	LED	2,755	2,362	393	Increase* <sup>2</sup>
	Group	12,208	10,698	1,510	Increase* <sup>3</sup>
Gross Margins	PCB	24.2%	22.2%	2.0%	Increase
	LED	33.4%	34.2%	-0.8%	Decrease
	Group	26.3%	24.9%	1.4%	Increase
Operating Profit/ (Loss)	PCB	214	(1)	215	Increase
	LED	(92)	(229)	137	Decrease
	Group	65	(261)	326	Increase
Profit/ (Loss) before tax	Group	54	(265)	319	Increase
Tax credit/ (expense)		5	(17)	22	-
Discontinued Loss		(42)	(113)	71	Decrease
Profit/ (Loss) after tax	Group	17	(395)	412	Increase
EPS/ LPS - Continuing		1.42p	(6.94p)		
EPS/ LPS - Total		0.41p	(9.72p)		
Dividend paid & proposed		0.50p	0.50p		
Cash		580	781		
Debt		Nil	Nil		

\* Increase includes <sup>1</sup>£0.6m/ <sup>2</sup>£0.1m/ <sup>3</sup>£0.7m arising from exchange rate movements.

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# STRATEGIC REPORT

## Chairman's Statement

In my last Annual Statement, I reported that a number of changes were being made to the Group's management and sales teams and that along with this, further investments in PCB machinery were being made. The aim of these measures was to enable the Group to return to profitability and I am very pleased to be able to report that the Group did achieve a profit for the year of £65,000 from continuing operations (2016: loss of £261,000).

The Group now comprises PCB and LED divisions, based in both the UK and Germany. Two unprofitable activities NRGStar, based in the UK, and Opteon, based in Germany, were closed at the beginning of the year with their combined results recording a loss of £42,000 (2016: loss £113,000).

The overall Group result for the year showed continuing revenues of £12.2m (2016: £10.7m), with gross margins of 26.3% (2016: 24.9%) and a profit after tax of £17,000 (2016: loss £395,000). Approximately £0.7m of the Group revenue growth related to the Euro strengthening against sterling.

The PCB divisions together had revenue of £9.5m (2016: £8.3m) and achieved an operating profit of £214,000 (2016: loss £1,000) with margins improving from 22.2% to 24.2%. Approximately £0.6m of the PCB revenue growth related to the Euro strengthening against sterling.

Our German PCB operations, the largest single element of the Group, had a successful year with satisfactory growth from both existing and new product lines. Investments were made in machinery and improved systems during the year and we plan further investment in 2018.

UK PCB operations achieved encouraging revenue growth from a number of new product lines. The directors expect modest revenue improvement in 2018.

LED revenues overall amounted to £2.8m (2016: £2.4m) with gross margins decreased slightly to 33.4% (2016: 34.2%) and operating losses being reduced from £229,000 in 2016 to £92,000 in 2017. Approximately £0.1m of the LED revenue growth related to the Euro strengthening against sterling.

The LED divisions both had stronger second halves in 2017 with the UK division, in particular, substantially improving its performance. The product range continues to develop with smart lighting controls a key focus for the future. Both divisions were profitable in the second half of the year.

On behalf of the Board I would like to record our thanks to all of our staff for their hard work during 2017 which resulted in a profitable year for the Group. With 2017 seeing a return to profitability the board and management team remain fully committed to achieving further improvement in both sales and profitability in 2018 and beyond. The Board considers it appropriate to recommend a final dividend of 0.25p in respect of the 2017 year.



**R W Weinreich**  
*Executive Chairman*  
6 April 2018

# STRATEGIC REPORT

## Operating and Business 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 strengthen the Group's position is identified, this is addressed within the bounds of internally generated cash flow and bank facilities.

### Product strategy

Holdings Technology plc ("Holdings") has operated for many years as a distributor of specialised and consumable materials to the 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.

Holdings 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, Holdings operates as an LED and smart control solutions provider to the lighting and selected industrial markets. The product offering ranges from distribution of a full range of LED components, to supporting our customers with the design and assembly of light engines and integration of smart control lighting solutions.

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, Holdings provides bespoke solutions to fulfil customer requirements.

### Market Overview

2017 saw good growth for the largest European PCB manufacturers, and our market position in Germany remains strong, with some notable improvement in the UK.

With the growing 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'. Holdings is well placed in offering solutions which incorporate this smart, wireless technology and is working with key suppliers in this sector.

### PCB operations

#### 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. During the year the division benefitted from a wider product range, and improved product availability.

#### Continental Europe

The German PCB industry is dominated by demand from the automotive and industrial sectors. In 2017, further investment in machinery and systems continued, and the PCB product offering was extended.

2017 revenues in sterling terms increased from £6.9m to £8.0m, of which approximately £0.6m was due to the strengthening Euro.

### LED & Lighting solutions

#### UK

Holdings Components UK specialises in providing LED solutions to original equipment manufacturers (OEMs) in the general lighting market. During 2017, the division benefitted from an extended product range and a strengthened sales team.

Sales for the first half of 2017 were below expectations, however marked progress was made in the second half with good growth and profitability. The division has seen strong interest in smart lighting control solutions during the first quarter of 2018.

# STRATEGIC REPORT

## Operating and Business Review (continued)

### Continental Europe

Holders Components Germany specialises in providing LED solutions to customers in continental Europe. The division also had a slower start in 2017 but saw improving sales and profitability in the second half. The division enters 2018 with a strong order book and encouraging interest in smart lighting control solutions, as well as customised components.

### Discontinued Divisions

The unprofitable NRGstar operation was closed in the first half of the year. The NRGstar results, together with the financial activities from Opteon Germany (the closure of which we announced at the end of 2016), are shown as discontinued operations. Further details are shown in note 9 to the accounts.

### Conclusion

We have made good progress in 2017 across all four divisions, investing in new products, equipment, and strong technical sales people, as well as focussing on improving our processes to become more efficient. We look forward to achieving further progress in 2018.



**Victoria Blaisdell**

*Group Managing Director*

6 April 2018

# 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 adopted a conservative approach to financing the Group's activities. The key measure is *net liquid funds*, which is described in more detail below.

- Efficiency

Production efficiency is important in a competitive PCB market, and a greater focus has been placed on monitoring this activity during the year.

### Revenue

Group revenue from continuing operations increased from £10.7m to £12.2m. Overall PCB revenue increased by 13.4%, and LED revenue increased by 16.6%. If the impact of Euro/ sterling strengthening is eliminated, then real terms growth was PCB 6.2%, LED 13.0%.

### Profitability

The operating result from continuing operations was a profit of £65,000 compared to a loss of £261,000 in 2016. The gross profit margin was 26.3% compared to 24.9% in 2016.

Administration costs as a proportion of revenue decreased from 22.8% in 2016 to 22.1% in 2017.

### Discontinued Operations

The result from the discontinued operations NRGstar (UK) and Opteon Germany was a loss of £42,000 (2016: loss £113,000).

### Taxation

As announced in October 2016, 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 is estimated at up to £130,000, of which £36,000 has been agreed by the Company. The full liability was provided for in the 2016 accounts, although the Board believes a lower amount may be payable when a final settlement is agreed.

### Post tax result

The profit for the financial year after tax, attributable to equity shareholders was £17,000 (2016: loss of £375,000). The basic earnings per share from continuing business was 1.42p (2016: loss 6.94p per share) and the fully diluted profit per share was 1.34p (2016: loss per share 6.94p).

### Dividends

The board proposes a final dividend of 0.25p per share to be paid on 23 May 2018 to shareholders on the register on 5 May 2018. Including the 0.25p interim dividend already paid on 11 October 2017 the total dividend for 2017 would be 0.50p (2016: 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 whenever it is available.

- 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.

# STRATEGIC REPORT

## Financial Review (continued)

### Cash flow, liquidity and financing

Despite the reported revenue growth, stock levels were maintained at £2.4m in 2016 and 2017.

The Group maintains overdraft and trade financing facilities with its banks to meet short term financing requirements during the year. An overdraft facility of £100,000 is in place, however this has not been needed nor used during the period under review. The trade financing facility is used for occasional letters of credit and duty deferment. At 30 November 2017, the Group had net cash of £0.6m compared with £0.8m at the previous year end.

At 30 November 2017 the Group had *net liquid funds* (trade and other receivables plus cash minus current liabilities) of £1.2m compared to £1.1m in the preceding year. Net assets per ordinary share at 30 November 2017 were £0.95 compared with £0.93 in 2016.

### 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 predominantly in the European Union. 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 £300,000 were held as detailed in note 19.

2017 saw a further strengthening of the Euro against sterling as a result of the EU Referendum result. German operations (roughly 75% of Group revenue and 50% of Group assets), being Euro-based, have become more valuable in sterling terms. The UK operations (roughly 25% of Group revenue and 50% of Group assets) have experienced higher import costs due to weaker sterling. Our UK competitors are generally in a similar foreign exchange position to Holders so that our position has not been significantly impacted in comparison to them.

### Net assets

Net assets at the 2017 year-end were £3,932,000 (2016: £3,860,000). In addition to the net profit of £17,000, the Group benefited from £73,000 of exchange differences from Euro-based foreign operations.

### 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*

6 April 2018

## STRATEGIC REPORT

The Strategic Report on pages 1-5 was approved by the Board on 6 April 2018 and signed on its behalf by



**Paul Geraghty**

*Group Finance Director*

6 April 2018



# BOARD REPORTS

## Company Information

Directors	R W Weinreich, Executive Chairman V M Blaisdell, BSc, Group Managing Director P K I Geraghty BSc, FCA, Group Finance Director T G Bray MEng, Executive 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	<a href="http://www.holdersgroup.com">www.holdersgroup.com</a>
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

# BOARD REPORTS

## 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 profit after taxation for the financial year attributable to shareholders of £17,000 (2016: loss £395,000).

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 2018 to shareholders on the register at close of business on 5 May 2018. The total dividend for the year, including the interim dividend of 0.25p (2016: 0.25p) per share paid on 11 October 2017, amounts to £20,000 (2016: £20,000), which is equivalent to 0.50p (2016: 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. Thomas Bray was appointed to the Board as Executive Director on 23 February 2017. All other directors served throughout the year. The beneficial shareholdings of the directors at 30 November 2017 are set out in note 23 to the financial statements.

Rudi Weinreich, aged 71, 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 45, 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 57, 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.

Thomas Bray, aged 36, joined the Group in 2013 as Holders Components Sales Director, and is now LED Business Development Director. Thomas was previously Technical Director of ACDC Lighting.

David Mahony, aged 74, is the Senior Non-Executive Director, appointed in 1988.

### Substantial shareholdings

At 29 March 2018 the company had been informed of the following interests, in addition to the interests of R W Weinreich and T G Bray, amounting to 3% or more in the issued ordinary share capital of the company:

	Number	%
Andre Marcou	520,000	12.50%
Armstrong Investments Limited	275,000	6.61%
Rath Dhu Limited	235,000	5.65%
Stockinvest Limited	171,500	4.12%
Hugh S Pearson Gregory	161,290	3.88%

# BOARD REPORTS

## 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 30 April 2018.

### 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 enjoys a positive cash position with no debt, and benefits from a number of customers and suppliers across different geographic areas and industries. Management have prepared budgets and forecasts covering the period to May 2019. 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.

# BOARD REPORTS

## 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

6 April 2018

# BOARD REPORTS

## Directors' Remuneration Report

The directors present the directors' remuneration report for the financial year ended 30 November 2017. 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 certain 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 2017 and details of each director's attendance.

	Board	Audit	Remuneration
Number held	12	2	1
R Weinreich	12	1	-
V Blaisdell	12	1	-
T Bray	9	-	-
D Mahony	11	2	1
P Geraghty	12	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.

# BOARD REPORTS

## 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.

### 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

## Opinion

### **Our opinion on the financial statements is unmodified**

We have audited the financial statements of Holders Technology plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 November 2017 which comprise the Group Income Statement, the Group Statement of Comprehensive Income, 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 the preparation of the group financial statements 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.

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 2017 and of the group's profit 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 as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of financial statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Who we are reporting to**

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.

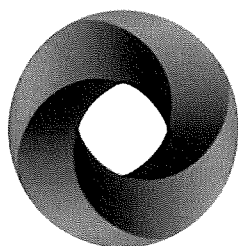
### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern



basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



### Overview of our audit approach

- Overall group materiality: £61,000, which represents 0.5% of the group's revenue
- Key audit matters were identified as goodwill impairment and impairment of investments
- We performed full scope audit procedures at Holders Technology plc, Holders Technology UK Limited and Holders Technology GmbH

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Key Audit Matter - group

#### How the matter was addressed in the audit

#### Goodwill impairment

There is a risk that goodwill recognised on historical acquisitions may be impaired. An annual impairment review is required in order to assess the carrying value of the acquired goodwill.

Management's assessment of the potential impairment of goodwill incorporated significant judgements in assumptions, such as timing and extent of future revenues, gross margin and discount rate used.

We therefore identified the impairment of goodwill as a significant risk, which was one of the most significant assessed risks of material misstatement.

Our audit work included, but was not restricted to:

- Consideration of the appropriateness of the methodology applied by management in their assessment of impairment and the judgements applied;
- Checking the mathematical accuracy of the impairment models;
- Consideration of the appropriateness of forecast growth rates;
- Comparison of historical forecasts against actual results to test the accuracy of management's forecasting;
- Evaluating the sensitivity of the discount rate applied to future cash flows; and
- Evaluating the reasonableness of estimates including the assumptions contained in the impairment models through our knowledge of the business and discussions with management.

The group's accounting policies on goodwill and its annual impairment

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review are shown in notes 2 and related disclosures are included in note 13.

**Key observations**

Our testing did not identify any material deviations in the Group's impairment review from IAS 36 Impairment of Assets. In addition, our audit work did not identify any material instances of the impairment review not being completed in accordance with stated accounting policies.

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**Key Audit Matter – parent**

**How the matter was addressed in the audit**

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**Impairment of investments**

At the year end Holders Technology plc had an investment of £2.91 million in subsidiary undertakings.

International Accounting Standard (IAS) 36 'Impairment of assets' requires management to test assets other than goodwill and indefinite life intangibles for impairment where potential triggers for impairment are identified. Such triggers include declining performance or losses at individual cash generating units (CGUs), which are identified as being each division.

The performance of the impairment review requires management to make key judgements and assumptions. We therefore identified the impairment of investments as a significant risk, which was one of the most significant assessed risks of material misstatement.

Our audit work included, but was not restricted to:

- Consideration of the appropriateness of the methodology applied by management in their assessment of the carrying value of investments;
- Comparison of historical forecasts against actual results to test the accuracy of management's forecasting;
- Applying sensitivity analysis to future forecast assumptions; and
- Evaluating the reasonableness of estimates including the assumptions contained in the impairment models through our knowledge of the business and future forecasts.

The group's accounting policy on investments, note 2 to the financial statements and related disclosures are included in note 15.

**Key observations**

Our testing did not identify any material deviations in the Company's impairment review from IAS 36 Impairment of Assets.

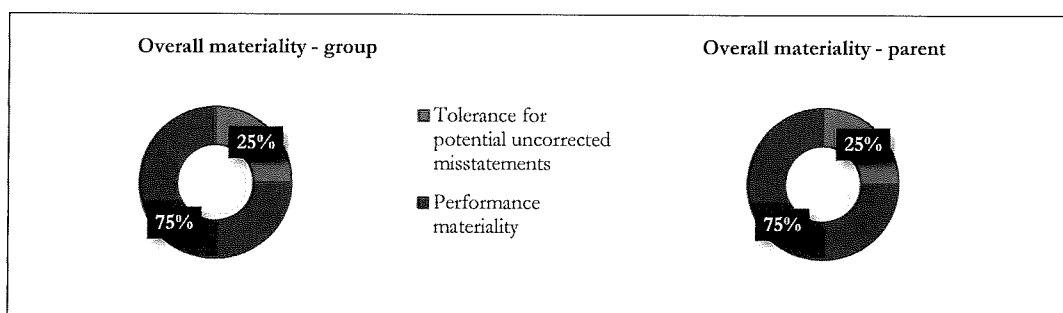
## Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

Materiality was determined as follows:

Materiality measure	Group	Parent
Financial statements as a whole	<p>£61,000, which is 0.5% of the group's total revenue. This benchmark is considered the most appropriate because revenue is a primary measure used by shareholders in assessing the performance of the business and is a generally accepted audit benchmark.</p> <p>Materiality for the current year is higher than the level that we determined for the year ended 30 November 2016 to reflect the increase in revenue over the year.</p>	<p>£44,000 which is 1.5% of parent company's total assets. This benchmark is considered the most appropriate because it is a non-trading company, holding investments in group companies and this is a generally accepted audit benchmark.</p> <p>Materiality for the current year is higher than the level that we determined for the year ended 30 November 2016 to reflect, the increase in total assets at year end.</p>
Performance materiality used to drive the extent of our testing	75% of financial statement materiality	75% of financial statement materiality
Specific materiality	We also determine a lower level of specific materiality for certain areas such as directors' remuneration and related party transactions	We also determine a lower level of specific materiality for certain areas such as directors' remuneration and related party transactions
Communication of misstatements to the audit committee	£3,050 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£2,200 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.



### An overview of the scope of our audit

Our audit approach was a risk-based approach founded on a thorough understanding of the group's business. We took into account the size and risk profile of each entity, any changes in the business and other factors when determining the level of work to be performed at each entity, which in particular included the following considerations:

- The group operates from three locations with accounting functions at each location. All accounting is conducted locally for each entity within the group and we have tailored our audit response accordingly. Audit work for Holders Technology plc and Holders Technology UK Limited was undertaken by the group audit team. Audit work for Holders Technology GmbH was undertaken by Warth & Klein Grant Thornton under direction from the group audit team, with the group audit team reviewing the audit work completed. A full scope audit approach has been adopted for Holders Technology plc, Holders Technology UK and Holders Technology GmbH. All other entities in the group are dormant. In assessing the risks of material misstatement to the group financial statements we considered the transactions undertaken by each entity and therefore where the focus of our work was required;
- The total percentage coverage of procedures over revenue was 100%;
- The total percentage coverage of procedures over total assets was 100%;
- Our audit approach was fully substantive in nature and consistent with 2016.

### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report set out on pages 3 to 22, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Our opinion on other matters prescribed by the Companies Act 2006 is unmodified**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements with applicable legal requirements.

**Matters on which we are required to report under the Companies Act 2006**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which 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

**Responsibilities of directors for the financial statements**

As explained more fully in the Report of the Directors 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

*Grant Thornton UK LLP*

**Jeremy Read**

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountant

Cambridge

6 April 2018

# FINANCIAL STATEMENTS

## Group Income Statement for the year ended 30 November 2017

	Note	2017 £'000	2016 Restated £'000
Revenue - continuing operations	5	12,208	10,698
Cost of sales		(9,003)	(8,038)
<b>Gross profit</b>		<b>3,205</b>	<b>2,660</b>
Distribution costs		(438)	(385)
Administrative expenses		(2,695)	(2,539)
Restructuring costs	7	-	(116)
Other operating (expenses)/ income		(7)	119
<b>Operating profit/ (loss) from continuing operations</b>	7	<b>65</b>	<b>(261)</b>
Finance income	6	-	3
Finance expenses	6	(11)	(7)
<b>Profit/ (loss) before taxation from continuing operations</b>		<b>54</b>	<b>(265)</b>
Tax credit/ (expense)	8	5	(17)
<b>Profit/ (loss) after taxation from continuing operations</b>		<b>59</b>	<b>(282)</b>
Loss from discontinued operations	9	(42)	(113)
<b>Profit/ (loss) for the year attributable to equity shareholders</b>		<b>17</b>	<b>(395)</b>
<b>Basic earnings/ (loss) per share – continuing operations</b>	10	<b>1.42p</b>	<b>(6.94p)</b>
<b>Diluted earnings/ (loss) per share – continuing operations</b>	10	<b>1.34p</b>	<b>(6.94p)</b>
<b>Basic and diluted loss per share – discontinued operations</b>	10	<b>(1.01p)</b>	<b>(2.78p)</b>
<b>Total earnings/ (loss) per share</b>	10	<b>0.41p</b>	<b>(9.72p)</b>

## Group statement of comprehensive income for the year ended 30 November 2017

	2017 £'000	2016 £'000
Profit/ (loss) for the year	17	(395)
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Exchange differences on translating foreign operations	73	346
<b>Total comprehensive income for the year</b>	<b>90</b>	<b>(49)</b>

## FINANCIAL STATEMENTS

### Statements of Changes in Equity for the year ended 30 November 2017

Group	Share capital	Share premium	Capital redemption reserve	Translation reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 30 November 2015</b>	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)
Other comprehensive income	-	-	-	346	-	346
<b>Total comprehensive income for the year</b>	-	-	-	346	(395)	(49)
<b>Balance at 30 November 2016</b>	416	1,590	1	134	1,719	3,860
Dividends	-	-	-	-	(21)	(21)
Shares based payments	-	-	-	-	3	3
Transactions with owners	-	-	-	-	(18)	(18)
Profit for the year	-	-	-	-	17	17
Other comprehensive income	-	-	-	73	-	73
<b>Total comprehensive income for the year</b>	-	-	-	73	17	90
<b>Balance at 30 November 2017</b>	<b>416</b>	<b>1,590</b>	<b>1</b>	<b>207</b>	<b>1,718</b>	<b>3,932</b>

Company	Share capital	Share premium	Capital redemption reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000
<b>Balance at 30 November 2015</b>	416	1,531	1	172	2,120
Dividends	-	-	-	(20)	(20)
Shares issued	-	59	-	-	59
Transactions with owners	-	59	-	417	476
Profit and total comprehensive income for the year	-	-	-	437	437
<b>Balance at 30 November 2016</b>	<b>416</b>	<b>1,590</b>	<b>1</b>	<b>589</b>	<b>2,596</b>
Dividends	-	-	-	(21)	(21)
Share based payments	-	-	-	3	3
Transactions with owners	-	-	-	(18)	(18)
Loss and total comprehensive income for the year	-	-	-	(42)	(42)
<b>Balance at 30 November 2017</b>	<b>416</b>	<b>1,590</b>	<b>1</b>	<b>529</b>	<b>2,536</b>

# FINANCIAL STATEMENTS

## Balance Sheets at 30 November 2017

Company number: 1730535

	Note	Group		Company	
		2017	2016	2017	2016
		£'000	£'000	£'000	£'000
<b>Assets</b>					
<b>Non-current assets</b>					
Goodwill	13	318	318	-	-
Property, plant and equipment	14	369	400	2	6
Investments in subsidiaries	15	-	-	2,291	2,291
Deferred tax assets	21	9	9	-	-
		<b>696</b>	<b>727</b>	<b>2,293</b>	<b>2,297</b>
<b>Current assets</b>					
Inventories	16	2,408	2,365	-	-
Trade and other receivables	17	2,272	1,790	611	592
Current tax assets		-	-	-	-
Cash and cash equivalents		579	781	4	318
		<b>5,259</b>	<b>4,936</b>	<b>615</b>	<b>910</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	18	(1,675)	(1,457)	(372)	(611)
Current tax liabilities		(122)	(122)	-	-
		<b>(1,797)</b>	<b>(1,579)</b>	<b>(372)</b>	<b>(611)</b>
<b>Net current assets</b>		<b>3,462</b>	<b>3,357</b>	<b>243</b>	<b>299</b>
<b>Non-current liabilities</b>					
Retirement benefit liability	20	(226)	(219)	-	-
Deferred tax liabilities	21	-	(5)	-	-
		<b>(226)</b>	<b>(224)</b>	<b>-</b>	<b>-</b>
		<b>3,932</b>	<b>3,860</b>	<b>2,536</b>	<b>2,596</b>
<b>Shareholders' equity</b>					
Share capital	22	416	416	416	416
Share premium account		1,590	1,590	1,590	1,590
Capital redemption reserve		1	1	1	1
Retained earnings		1,718	1,719	529	589
Cumulative translation adjustment reserve		207	134	-	-
		<b>3,932</b>	<b>3,860</b>	<b>2,536</b>	<b>2,596</b>

### Parent Company Income Statement

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £39,000 (2016: profit £37,000).

The financial statements were approved by the Board on 6 April 2018 and signed on its behalf by:



R W Weinreich  
Director



# FINANCIAL STATEMENTS

## Statements of Cash Flows for the year ended 30 November 2017

	Group		Company	
	2017	2016	2017	2016
	£'000	Restated £'000	£'000	£'000
<b>Cash flows from operating activities</b>				
Profit/ (loss) before tax from continuing operations	54	(265)	(54)	(24)
Share-based payment charge	3	-	-	-
Depreciation	72	74	4	2
(Increase)/ decrease in inventories	(34)	387	-	-
(Increase)/ decrease in trade and other receivables	(368)	(220)	(419)	41
(Decrease)/ increase in trade and other payables	128	349	(239)	(16)
Interest income	-	(3)	-	-
Interest expense	11	7	-	-
Cash (used in)/ generated from operations	(134)	329	(708)	3
Interest paid	(11)	(7)	-	-
Corporation tax paid	-	(48)	-	(1)
Loss from discontinued operations	(9)	89	-	-
Net cash used in operations	(154)	363	(708)	2
<b>Cash flows from investing activities</b>				
Purchase of property, plant, and equipment	(41)	(110)	-	(4)
Proceeds from sale of property, plant, and equipment	4	-	-	-
Proceeds from sale of joint venture	-	22	-	50
Dividends received from Group undertakings	-	-	400	200
Interest received	-	3	15	6
Net cash (used in)/generated from investing activities	(37)	(85)	415	252
<b>Cash flows from financing activities</b>				
Proceeds from sale of shares	-	59	-	59
Equity dividends paid	(21)	(20)	(21)	(20)
Net cash (used in)/ generated from financing activities	(21)	39	(21)	39
<b>Net change in cash and cash equivalents</b>	<b>(212)</b>	<b>317</b>	<b>(314)</b>	<b>293</b>
Cash and cash equivalents at start of period	781	443	318	25
Effect of foreign exchange rates	10	21	-	-
<b>Cash and cash equivalents at end of period</b>	<b>579</b>	<b>781</b>	<b>4</b>	<b>318</b>

# FINANCIAL STATEMENTS

## Notes to the Financial Statements

### 1. General information

Holders Technology plc, a public company limited by shares, 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 numerous financial resources, as shown in the financial statements, 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.

# FINANCIAL STATEMENTS

## Notes to the Financial Statements (continued)

### 2. Accounting policies (continued)

#### 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 (EU effective date 1 January 2019)
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses (EU effective date 1 January 2017)
- Amendments to IAS 7: Disclosure Initiative (EU effective date 1 January 2017)
- Amendments to IFRS 2: Classification and Measurement of Share-Based Payments Transactions (EU effective date 1 January 2017)
- Annual improvements to IFRS Standards 2014 – 2016 cycle (EU effective date 1 January 2018)
- IFRIC Interpretation 22 Foreign currency transactions and advance consideration (EU effective date 1 January 2018)

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. The group's revenues normally comprise items where parties, products, prices and ownership transfers are very unambiguous and although we do not anticipate a significant impact arising from IFRS 15, a full assessment has not yet been done.

#### 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.

# FINANCIAL STATEMENTS

## Notes to the Financial Statements (continued)

### 2. Accounting policies (continued)

#### **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.

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 to third party customers occurring in the period, stated exclusive of value added tax and net of trade discounts and rebates. Revenue is earned from sale of PCB raw and processed materials; and LED components, assemblies and finished goods. 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.

#### **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.

# FINANCIAL STATEMENTS

## Notes to the Financial Statements (continued)

### 2. Accounting policies (continued)

#### 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.

#### 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.

# FINANCIAL STATEMENTS

## Notes to the Financial Statements (continued)

### 2. Accounting policies (continued)

#### 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.

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.

# FINANCIAL STATEMENTS

## Notes to the Financial Statements (continued)

### 2. Accounting policies (continued)

#### 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 Cimatic 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.

#### 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?

# FINANCIAL STATEMENTS

## Notes to the Financial Statements (continued)

### 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. The key current judgement relates to the liability for Cross Border tax. The liability is currently expected to be between £36,000 and £130,000. The full potential liability has been provided within current tax liabilities and accruals. Management currently anticipates that up to £88,000 of the potential liability will be resolved during 2018; leaving £42,000 liability subject to an ongoing court case decision. The company is not a party to the court case and the timing of its conclusion is currently uncertain.

##### 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 13. Management is not aware of any probable scenarios that would require changes in its key estimates, and lead to impairment. The key assumption impacting the value in use is the revenue forecast.

### 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).



# FINANCIAL STATEMENTS

## Notes to the Financial Statements (continued)

### 4. Financial risk management (continued)

#### Credit risk

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

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

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

#### Currency risk

The Group is exposed to currency risk through movements in exchange rates on its purchases and sales that are not denominated in the local functional currencies. The Group uses forward foreign exchange contracts to 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 \$400,000 were held as described in note 19.

#### 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

The group has four continuing operating divisions: PCB UK, PCB Germany, LED UK and LED Germany. Only the two PCB divisions qualify to be reported as operating segments. Both PCB divisions however have very similar products, processes, customers, distribution means and margins, and therefore in the Board's view they qualify to be aggregated as one "PCB" reportable segment.

In the Board's view, it is important for readers to be provided with a meaningful picture of the Group's performance and therefore the non-reportable LED divisions have also been aggregated and reported below. The two reported segments are therefore:

- PCB, which distributes materials, equipment and supplies to the PCB industry. This comprises UK PCB and Germany PCB.
- LED, which distributes LED-related components, lighting products and lighting solutions. This comprises Holders Components UK and Germany.

Discontinued operations comprise NRGstar and Opteon Germany, both former LED activities.

Management information is prepared and monitored, and strategic decisions are made based on all four divisions' results.

# FINANCIAL STATEMENTS

## Notes to the Financial Statements (continued)

### 5. Segment reporting (continued)

	PCB		LED		Other		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	£'000	Restated £'000	£'000	Restated £'000	£'000	Restated £'000	£'000	Restated £'000
Revenue - Continuing	9,453	8,336	2,755	2,362	-	-	12,208	10,698
Cost of sales	(7,169)	(6,484)	(1,834)	(1,554)	-	-	(9,003)	(8,038)
Gross profit	2,284	1,852	921	808	-	-	3,205	2,660
Distribution costs	(335)	(288)	(103)	(97)	-	-	(438)	(385)
Administrative expenses	(1,693)	(1,498)	(917)	(951)	(85)	(90)	(2,695)	(2,539)
Restructuring costs	-	(116)	-	-	-	-	-	(116)
Other operating income/(expenses)	(42)	49	7	11	28	59	(7)	119
Segment operating profit/ (loss)	214	(1)	(92)	(229)	(57)	(31)	65	(261)
Discontinued loss	-	-	(42)	(113)	-	-	(42)	(113)
Total operating profit/ (loss)	214	(1)	(134)	(342)	(57)	(31)	23	(374)
Other segmental information								
Depreciation (Note 13)	70	66	7	6	3	2	80	74
Segment assets	7,501	7,669	2,617	2,389	(4,163)	(4,395)	5,955	5,663
Segment liabilities	(2,633)	(3,126)	(4,093)	(3,677)	4,703	5,000	(2,023)	(1,803)

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

### Analysis of external revenue by geographic region

	UK		Germany		Rest of World		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	£'000	Restated £'000	£'000	Restated £'000	£'000	Restated £'000	£'000	Restated £'000
Revenue - PCB	1,476	1,394	3,831	6,942	4,146	3,023	9,453	8,336
- LED	1,616	1,443	673	919	466	-	2,755	2,362
	3,092	2,837	4,504	7,861	4,612	3,023	12,208	10,698
Non-current assets	207	209	489	518	-	-	696	727

UK revenues originate from UK which is where the UK segments are domiciled. Germany and Rest of World revenues originate from Germany which is where the operating segments are domiciled. Over 90% of Rest of World revenues are from European countries outside Germany.

No customer contributed more than 10% of external revenue.

# FINANCIAL STATEMENTS

## Notes to the Financial Statements (continued)

### 6. Finance income and expenses

	2017 £'000	2016 £'000
Interest on bank deposits	-	3
Interest on tax liability and pension liability	(11)	(7)

### 7. Profit for the year

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

	2017 £'000	2016 £'000
Costs of inventories recognised as an expense	8,911	8,255
Write-down of inventory to net realisable value	(34)	79
Depreciation of property, plant and equipment (note 13)	81	74
Fees payable to the company's auditors for the audit of the financial statements	24	18
Fees payable to the company's auditors for other services:		
- Audit of the financial statements of the company's subsidiaries pursuant to legislation	27	27
- Audit related assurance services	2	2
- Tax compliance services	8	8
- Tax advisory services	-	9
Operating leases - land and buildings	147	136
Operating leases - motor vehicles	-	26
Exchange profit	(6)	(94)
Restructuring costs	-	116

### 8. Taxation

Analysis of the charge in the period	2017 £'000	2016 £'000
Current tax		
- Current period	-	-
- Adjustments in respect of prior periods	-	17
	-	17
Deferred tax (note 21)	(5)	-
Total tax	(5)	17

#### Tax reconciliation

The tax for the period is lower (2016: higher) than the standard rate of corporation tax in the UK, effectively 19.33% (2016: 20.00%) for the company's financial year. The differences are explained below:

	2017 £'000	2016 £'000
Profit/ (loss) before taxation	54	(265)
Profit/ (loss) before taxation multiplied by the rate of corporation tax in the UK of 19.33% (2016: 20.00%)	10	(53)
Effects of:		
Adjustments in respect of prior years	-	17
Taxation losses	(15)	53
Taxation	(5)	17

# FINANCIAL STATEMENTS

## Notes to the Financial Statements (continued)

### 9. Discontinued operations

At the end of 2016 it was announced that Opteon, the finished goods operations in Germany, would be discontinued, and in March 2017 the equivalent activity in UK, branded as NRGstar, also ceased. This point marked the Group's cessation of this type of LED operation, and a re-focus on sales of LED components, lighting solutions and smart lighting systems.

Accordingly, these changes have been presented as discontinued operations in the income statement, and in the cash flow statement. The revised 2016 figures have been headed "Restated" accordingly where necessary. The Board are of the view that this presentation of information enables users of the financial statements to understand the financial effects of these operations no longer being part of the Group.

Income Statement	2017		2016		
	NRGstar £'000	Total £'000	NRGstar £'000	Opteon £'000	Total £'000
Revenue	50	50	344	338	682
Cost of sales	(45)	(45)	(250)	(251)	(501)
Gross profit	5	5	94	87	181
Distribution expenses	(1)	(1)	(10)	(4)	(14)
Administration expenses	(46)	(46)	(128)	(82)	(210)
Other operating expenses	-	-	-	(3)	(3)
Operating loss	(42)	(42)	(44)	(2)	(46)
Impairment costs	-	-	-	(67)	(67)
Loss before tax	(42)	(42)	(44)	(69)	(113)
Taxation on discontinued operations	-	-	-	-	-
Loss for the period from discontinued operations	(42)	(42)	(44)	(69)	(113)

Cash Flow Statement	2017		2016		
	NRGstar £'000	Total £'000	NRGstar £'000	Opteon £'000	Total £'000
Cash flows from operating activities					
Loss from operating activities	(42)	(42)	(44)	(69)	(113)
Depreciation	8	8	-	2	2
(Increase)/ decrease in inventories	60	60	1	121	122
(Increase)/ decrease in trade and other receivables	109	109	(55)	123	68
(Decrease)/ increase in trade and other payables	(144)	(144)	(25)	35	10
Cash and cash equivalents at end of period	(9)	(9)	(123)	212	89

### 10. Profit of the parent company for the financial year

The result for the financial year dealt with in the accounts of the parent company was a loss of £39,000 (2016 profit: £17,000).

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

# FINANCIAL STATEMENTS

## Notes to the Financial Statements (continued)

### 11. Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. The weighted average number of treasury shares 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 as a loss was recorded by the Group.

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

	2017 Number	2016 Number
Weighted average number of ordinary shares	4,159,551	4,063,813
Dilutive effect of share options	254,868	-
Fully diluted weighted average number of ordinary shares	4,414,419	4,063,813

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

	2017 Number	2016 Number
Weighted average number of ordinary shares	4,159,551	4,063,813
Dilutive effect of share options	254,868	-
Fully diluted weighted average number of ordinary shares	4,414,419	4,063,813

	2017 Pence per share	2016 Pence per share
<b>Basic earnings/ (loss) per share:</b>		
Continuing operations	1.42	(6.94)
Discontinued operations	(1.01)	(2.78)
Total operations	0.41	(9.72)
<b>Diluted earnings/ (loss) per share:</b>		
Continuing operations	1.34	(6.94)
Discontinued operations	(1.01)	(2.78)
Total operations	0.33	(9.72)

# FINANCIAL STATEMENTS

## Notes to the Financial Statements (continued)

### 12. Ordinary dividends

	2017 £'000	2016 £'000
Final dividend for the year ended 30 November 2016 of 0.25p (year ended 30 November 2015 final dividend: 0.25p)	10	10
Interim dividend paid in respect of the year of 0.25p (2016: 0.25p)	11	10
Amounts recognised as distributions to equity holders	21	20

The directors propose a final dividend in respect of the year ended 30 November 2017 of 0.25p per share. If approved by shareholders, it will be paid on 23 May 2018 to shareholders registered on 5 May 2018.

### 13. Goodwill

	2017 £'000	2016 £'000
<b>Group</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>		
At 1 December	316	316
Currency translation	2	2
At 30 November	318	318
	<b>£'000</b>	<b>£'000</b>
<b>Analysis by cash generating unit</b>		
PCB	146	146
LED	172	172
	<b>318</b>	<b>318</b>

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

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

# FINANCIAL STATEMENTS

## Notes to the Financial Statements (continued)

### 13. Goodwill (continued)

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. The model includes the impact of expected changes in stock levels, anticipated capital expenditure, tax costs, and dividends. 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 PCB was 10%, and the discount rate for LED was 15.0%.

### 14. Property, plant, and equipment

	Short leasehold land and buildings £'000	Group Motor vehicles, plant and machinery, office equipment £'000	Total £'000	Company Office equipment £'000	Total £'000
<b>Cost</b>					
<b>At 30 November 2016</b>	<b>92</b>	<b>2,240</b>	<b>2,332</b>	<b>61</b>	<b>61</b>
Currency translation	-	44	44	-	-
Additions	-	42	42	-	-
Disposals	-	(23)	(23)	-	-
<b>At 30 November 2017</b>	<b>92</b>	<b>2,303</b>	<b>2,395</b>	<b>61</b>	<b>61</b>
<b>Depreciation</b>					
<b>At 30 November 2016</b>	<b>92</b>	<b>1,840</b>	<b>1,932</b>	<b>55</b>	<b>55</b>
Currency translation	-	32	32	-	-
Provided in year	-	81	81	4	4
Disposals	-	(19)	(19)	-	-
<b>At 30 November 2017</b>	<b>92</b>	<b>1,840</b>	<b>1,932</b>	<b>59</b>	<b>59</b>
<b>Net book value</b>					
<b>At 30 November 2017</b>	<b>-</b>	<b>369</b>	<b>369</b>	<b>2</b>	<b>2</b>
<b>At 30 November 2016</b>	<b>-</b>	<b>400</b>	<b>400</b>	<b>6</b>	<b>6</b>

# FINANCIAL STATEMENTS

## Notes to the Financial Statements (continued)

### 15. Investments in subsidiaries

	Shares £'000	Share Premium £'000	Total £'000
<b>Cost</b>			
At 1 December 2015	771	1,520	2,291
At 1 December 2016	771	1,520	2,291
<b>At 30 November 2017</b>	<b>771</b>	<b>1,520</b>	<b>2,291</b>

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 & voting rights
Holdings Technology GmbH	Germany	Specialised materials and components	100%
Holdings Technology UK Limited	England and Wales	Specialised materials and components	100%
Holdings Components Limited	England and Wales	Dormant	100%
Opteon Limited	England and Wales	Dormant	100%

### 16. Inventories

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Raw materials and consumables	1,048	1,076	-	-
Goods for resale	1,360	1,289	-	-
	<b>2,408</b>	<b>2,365</b>	<b>-</b>	<b>-</b>



# FINANCIAL STATEMENTS

## Notes to the Financial Statements (continued)

### 17. Trade and other receivables

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Trade receivables	1,799	1,417	1	-
Less: provision for impairment	(21)	(9)	-	-
Net trade receivables	1,778	1,408	1	-
Amounts due from Group undertakings	-	-	583	561
Other receivables	102	163	17	19
Prepayments and accrued income	392	219	10	12
	<b>2,272</b>	<b>1,790</b>	<b>611</b>	<b>592</b>

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	2017 £'000	2016 £'000
Impairment at 1 December	9	24
Currency translation	-	-
Impairment losses recognised	17	14
Amounts written off as irrecoverable	(4)	(11)
Amounts recovered	(1)	-
Impairment losses reversed	-	(18)
Balance 30 November	<b>21</b>	<b>9</b>
Ageing of past due unimpaired debt:	<b>2017 £'000</b>	<b>2016 £'000</b>
Past due 0-30 days	291	299
Past due 31-60 days	65	56
Past due 61-90 days	54	33
Past due 91-365 days	70	3
Past due > 365 days	-	-
	<b>480</b>	<b>391</b>

# FINANCIAL STATEMENTS

## Notes to the Financial Statements (continued)

### 18. Trade and other payables

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Trade payables	755	600	18	14
Amounts due to Group undertakings	-	-	318	558
Other taxation and social security	319	239	-	-
Other payables	159	111	-	-
Accruals	442	507	36	39
	<b>1,675</b>	<b>1,457</b>	<b>372</b>	<b>611</b>

### 19. Financial instruments

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

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
<b>Financial assets</b>				
Cash and cash equivalents	579	781	4	318
Trade and other receivables	1,880	1,571	601	180
Loans and receivables at amortised cost	2,459	2,352	605	498
<b>Financial liabilities</b>				
Trade and other payables	1,356	1,218	54	53
Financial liabilities at amortised cost	1,356	1,218	54	53
Derivatives	-	-	-	-
Liabilities at fair value through profit and loss	-	-	-	-
<b>Net financial assets</b>	<b>1,103</b>	<b>1,134</b>	<b>551</b>	<b>445</b>

The carrying value of the Group's financial assets and liabilities are considered to approximate their respective fair values. The value of foreign exchange forward contracts has not been included as it is considered to be not material.

# FINANCIAL STATEMENTS

## Notes to the Financial Statements (continued)

### 19. Financial instruments (continued)

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

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

	Group			Company		
	Financial assets £'000	Financial liabilities £'000	Net financial assets / (liabilities) £'000	Financial assets £'000	Financial liabilities £'000	Net financial assets / (liabilities) £'000
Sterling	953	350	603	6	47	(41)
Euro	1,113	701	412	599	7	592
US dollar	393	305	88	-	-	-
<b>At 30 November 2017</b>	<b>2,459</b>	<b>1,356</b>	<b>1,103</b>	<b>605</b>	<b>54</b>	<b>551</b>
Sterling	1,009	283	726	203	47	156
Euro	1,036	694	342	295	6	289
US dollar	307	241	66	-	-	-
<b>At 30 November 2016</b>	<b>2,352</b>	<b>1,218</b>	<b>1,134</b>	<b>498</b>	<b>53</b>	<b>445</b>

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.

#### 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.

# FINANCIAL STATEMENTS

## Notes to the Financial Statements (continued)

### 19. Financial instruments (continued)

	Group			Company		
	Euro £'000	US dollar £'000	Total £'000	Euro £'000	US dollar £'000	Total £'000
<b>Sterling</b>						
<b>At 30 November 2017</b>	<b>412</b>	<b>88</b>	<b>500</b>	<b>592</b>	<b>-</b>	<b>592</b>
<b>Sterling</b>						
<b>At 30 November 2016</b>	<b>342</b>	<b>66</b>	<b>408</b>	<b>289</b>	<b>-</b>	<b>289</b>

#### 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, forward foreign exchange contracts are only used to hedge the value of anticipated purchase orders to be placed in foreign currencies.

#### 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 £205,000 lower if sterling strengthened by 10 per cent and £205,000 higher if sterling weakened by 10 per cent.

# FINANCIAL STATEMENTS

## Notes to the Financial Statements (continued)

### 19. Financial instruments (continued)

Group	As reported	Effect of sterling strengthening by 10%			Effect of sterling weakening by 10%		
		Rate +10%	Profit	Equity	Rate -10%	Profit	Equity
<b>2017</b>							
Net financial assets/(liabilities)	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Denominated in sterling	726	-	-	-	-	-	-
Not denominated in sterling	413	(45)	6	(205)	56	(6)	205
<b>Net financial assets</b>	<b>1,139</b>	<b>(45)</b>	<b>6</b>	<b>(205)</b>	<b>56</b>	<b>(6)</b>	<b>205</b>

Group	As reported	Effect of sterling strengthening by 10%			Effect of sterling weakening by 10%		
		Rate +10%	Profit	Equity	Rate -10%	Profit	Equity
<b>2016</b>							
Net financial assets/(liabilities)	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Denominated in sterling	726	-	-	-	-	-	-
Not denominated in sterling	371	(37)	34	(189)	45	(34)	189
<b>Net financial assets</b>	<b>1,134</b>	<b>(37)</b>	<b>34</b>	<b>(189)</b>	<b>45</b>	<b>(34)</b>	<b>189</b>

Company	As reported	Effect of sterling strengthening by 10%			Effect of sterling weakening by 10%		
		Rate +10%	Profit	Equity	Rate -10%	Profit	Equity
<b>2017</b>							
Net financial assets/(liabilities)	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Denominated in sterling	(41)	-	-	-	-	-	-
Not denominated in sterling	592	(54)	(54)	-	66	66	-
<b>Net financial assets</b>	<b>551</b>	<b>(54)</b>	<b>(54)</b>	<b>-</b>	<b>66</b>	<b>66</b>	<b>-</b>

Company	As reported	Effect of sterling strengthening by 10%			Effect of sterling weakening by 10%		
		Rate +10%	Profit	Equity	Rate -10%	Profit	Equity
<b>2016</b>							
Net financial assets/(liabilities)	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Denominated in sterling	156	-	-	-	-	-	-
Not denominated in sterling	289	(26)	(26)	-	32	32	-
<b>Net financial assets</b>	<b>445</b>	<b>(26)</b>	<b>(26)</b>	<b>-</b>	<b>32</b>	<b>32</b>	<b>-</b>

# FINANCIAL STATEMENTS

## 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 2017 and 30 November 2016, 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 2017 amounting to £1,356,000 (2016: £1,218,000) 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 2017 amounted to £100,000 (2016: £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	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
UK	976	752	18	19
Rest of Europe	904	819	583	161
At 30 November	1,880	1,571	601	180

#### 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 £298,000 at 30 November 2017 (2016: £943,000). 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 £2,000 (2016: minus £1,000).

# FINANCIAL STATEMENTS

## Notes to the Financial Statements (continued)

### 20. Retirement benefit liability

Group	Retirement benefit liability £'000
At 1 December 2015	181
Currency translation	24
Change in actuarial assumptions	20
Utilised	(6)
At 1 December 2016	219
Currency translation	5
Change in actuarial assumptions	(2)
Utilised	4
At 30 November 2017	226

The retirement benefit liability arose from the 2002 acquisition of assets by Holders Technology GmbH from Cimatic GmbH. Following the bankruptcy of Cimatic GmbH, a German court determined that Cimatic's pension obligation to one former Cimatic 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 Cimatic.

### 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% (2016: 20.0% to 30.0%).

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

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
At 1 December – net deferred tax assets	4	5	-	-
Income statement credit/(charge)	5	(1)	-	-
At 30 November	9	4	-	-

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

#### Deferred tax assets

Group	Pension liability £'000	Total £'000
At 1 December 2015	16	16
(Charged)/credited to income statement	(7)	(7)
At 30 November 2016	9	9
(Charged)/credited to income statement	-	-
At 30 November 2017	9	9

# FINANCIAL STATEMENTS

## Notes to the Financial Statements (continued)

### 21. Deferred tax (continued)

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.

#### Deferred tax liabilities

	Accelerated capital allowances £'000
<b>Group</b>	
<b>At 1 December 2015</b>	11
Transfer from income statement	(6)
<b>At 30 November 2016</b>	5
Transfer from income statement	(5)
<b>At 30 November 2017</b>	-

#### Deferred tax liabilities

	Accelerated capital allowances £'000
<b>Company</b>	
<b>At 1 December 2015</b>	-
Credited to income statement	-
<b>At 30 November 2016</b>	-
<b>At 30 November 2017</b>	-

The Company had no deferred tax assets.

### 22. Share Capital

	2017 £'000	2016 £'000
<b>Authorised</b>		
6,000,000 ordinary shares of 10p each (2016: 6,000,000)	600	600
	<b>Number of shares</b>	<b>Number of shares</b>
<b>Allotted and fully paid ordinary shares of 10p each</b>		
<b>At 30 November 2016 and 30 November 2017</b>	<b>4,159,551</b>	<b>4,159,551</b>



# FINANCIAL STATEMENTS

## Notes to the Financial Statements (continued)

### 23. Employees and staff costs

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Wages and salaries	1,850	1,960	157	172
Social security costs	339	336	21	17
Other pension costs	75	69	48	50
Share based payments	-	-	-	-
	<b>2,264</b>	<b>2,365</b>	<b>226</b>	<b>239</b>

Average monthly number of permanent employees, including executive directors:

Group	2017	2016
	Number	Number
Administration and sales	31	34
Service and fabrication	29	29
	<b>60</b>	<b>63</b>
Part-time	3	5
	<b>63</b>	<b>68</b>

### Directors' remuneration

Directors' remuneration for the year was as follows:

Company	Basic salary fees, bonuses and expenses £'000	Benefits in kind £'000	Total emoluments	
			2017 £'000	2016 £'000
R W Weinreich (Chairman)	15	4	19	19
V M Blaisdell	83	-	83	70
P K I Geraghty	75	2	77	63
T G Bray (from 23.2.17)	59	-	59	-
D A Mahony	17	-	17	17
	<b>249</b>	<b>6</b>	<b>255</b>	<b>169</b>

### 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	2017 £'000	2016 £'000
V M Blaisdell	22	22
P K I Geraghty	26	28
T G Bray (from 23.2.17)	2	-
	<b>50</b>	<b>50</b>

## FINANCIAL STATEMENTS

### 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	
	2017	2016
R W Weinreich	1,871,202	1,871,202
D A Mahony	20,000	20,000
V M Blaisdell	34,102	34,102
T G Bray	200,000	200,000

The shareholdings are all beneficial.

##### 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	25,000	-	25,000	-	123.18p	21/07/14	21/07/17
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
T G Bray	30,172	-	-	30,172	63.8p	28/03/17	28/03/18
T G Bray	-	100,000	-	100,000	30.0p	23/03/19	23/03/20
V M Blaisdell	-	120,000	-	120,000	41.25p	27/03/20	27/03/21
P K I Geraghty	-	100,000	-	100,000	41.25p	27/03/20	27/03/21
	139,672	320,000	109,500	350,172			

The share price at 30 November 2017 was 32.0p (2016: 32.5p) whilst during the year the high and low prices were 42.5p and 30.5p.

##### Key management compensation

Group	2017 £'000	2016 £'000
Short-term employee benefits	463	548
Post-employment benefits	52	63
Termination benefits	-	-
Share-based payments	-	-
	515	611

Key management includes Directors and senior executives.

# FINANCIAL STATEMENTS

## Notes to the Financial Statements (continued)

### 23 Employees and staff costs (continued)

#### Total share options in issue

	2017 No	2016 No
Total options in issue 1 December	139,672	331,875
Issued during year	370,000	-
Lapsed	(109,500)	(192,203)
Forfeited	-	-
Leavers	-	-
Total options in issue 30 November	400,172	139,672

At the year-end 30,172 share options were exercisable and 3 share options were outstanding.

### 24. Financial commitments

#### Capital commitments

There were no capital expenditure commitments at 30 November 2017 (2016: 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:

	2017 £'000	2016 £'000
<b>Land and buildings</b>		
- No later than one year	190	185
- Later than one year and no later than five years	559	673
- Later than 5 years	-	-
<b>Motor vehicles, plant and machinery</b>		
- No later than one year	15	14
- Later than one year and no later than five years	17	27
<b>Other equipment</b>		
- 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 twenty dealing days immediately preceding the date of grant, subject to relevant performance criteria, as described in note 23, being satisfied.

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

## FINANCIAL STATEMENTS

### Notes to the Financial Statements (continued)

#### 25. Share based payments (continued)

Subscription Price	Dates when exercisable	Number of shares	
		2017	2016
123.18p	21 July 2015 to 21 July 2018	-	25,000
70.0p	2 May 2017 to 2 May 2018	-	84,500
63.8p	28 March 2017 to 28 March 2018	<b>30,172</b>	30,172
30.0p	23 March 2019 to 23 March 2020	<b>150,000</b>	-
41.25p	27 March 2020 to 27 March 2021	<b>220,000</b>	-

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

Grant date	27 March 2017	23 December 2016	28 March 2014
Share price at date of grant	37.50	30.00	58.00
Exercise price	41.25	30.00	63.80
No. of employees	2	2	1
Shares under option	220,000	150,000	30,172
Vesting period (years)	3	3	3
Expected volatility	13%	13%	22%
Option life (years)	3	3	3
Expected life (years)	3.5	3.5	3.5
Risk free rates	0.0%	0.0%	0.62%
Expected dividends	1.6%	1.4%	4.0%
Possibility of ceasing employment before vesting	10.0%	10.0%	10.0%
Expectations of meeting performance criteria	75%	75%	75%
Fair value of option	3p	4p	7p

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 £3,000 charge (2016: nil charge) related to equity-settled share-based payment transactions during the year.

# AGM

## Notes to the Financial Statements (continued)

### 26. Related party transactions (continued)

#### 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:

	2017 £'000	2016 £'000
R W Weinreich	9	9
D A Mahony	-	-
V M Blaisdell	-	-
T G Bray	1	-
	<b>10</b>	<b>9</b>

#### Company

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

	2017 £'000	2016 £'000
Consultancy fees charged to subsidiaries and joint venture	274	284
Interest on short term loans	18	14

# 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 Road, St. Albans, Hertfordshire AL1 3UU on 30 April 2018 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 2017.
2. To declare a final dividend in respect of the year ended 30 November 2017.
3. To re-elect P Geraghty as a director.
4. To re-appoint Grant Thornton UK LLP as auditors and to authorise the directors to fix their remuneration.

### Special business

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

5. That, in substitution for any equivalent authorities and powers granted to the directors prior to the passing of this resolution, the directors be and they are generally and unconditionally authorised pursuant to Section 551 of the Act to exercise all powers of the Company to allot shares in the Company, and grant rights to subscribe for or to convert any security into shares of the Company (such shares, and rights to subscribe for or to convert any security into shares of the Company being "relevant securities") up to an aggregate nominal amount of £138,651.70, provided that, unless previously revoked, varied or extended, this authority shall expire on the conclusion of the Annual General Meeting of the Company to be held in 2019, except that the Company may at any time before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such an offer or agreement as if this authority had not expired.

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

6. That the directors be and they are empowered pursuant to Section 570(1) of the Act to allot equity securities (as defined in Section 560(1) of the Act) of the Company wholly for cash pursuant to the authority of the directors under Section 551 of the Act conferred by resolution 5 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

# AGM

## 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 2019 except that the Company may before the expiry of this power make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such an offer or agreement as if this power had not expired.
- 7. That the Company be and it is hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 693(4) of the Act) of Ordinary Shares of 10p each in the capital of the Company ("Ordinary Shares") provided that:
  - (a) the maximum number of Ordinary Shares hereby authorised to be purchased is 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 2019, 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

6 April 2018

Registered Office:

27-28 Eastcastle Street  
London W1W 8DH

# AGM

## 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 26 April 2018 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 26 April 2018 shall be disregarded in determining the rights of any person to attend and vote at the meeting.
4. As at 29 March 2018 (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 29 March 2018 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 26 April 2018. 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.



# AGM

## Five-year summary

	2017	2016	2015	2014	2013
	£'000	£'000	£'000	£'000	£'000
Group revenue – continuing	12,208	10,698	11,195	13,478	14,265
Group revenue – discontinued	50	682			990
Gross profit	3,205	2,660	2,799	3,254	3,467
Distribution costs	(438)	(385)	(364)	(414)	(381)
Administrative expenses	(2,695)	(2,539)	(2,652)	(3,167)	(3,049)
Restructuring costs and impairment charges	-	(116)	(25)	(67)	-
Other operating income	(7)	119	91	37	68
Group operating profit/ (loss)	65	(261)	(151)	(357)	105
Finance income	-	3	1	2	4
Finance expenses	(11)	(7)	(16)	(7)	(12)
Profit/ (loss) before taxation from continuing operations	54	(265)	(166)	(362)	97
Tax credit/ (expense)	5	(17)	(195)	(11)	(24)
Profit/ (loss) after tax from continuing operations	59	(282)	(361)	(373)	73
Loss from discontinued operations	(42)	(113)	-	-	-
Profit/ (loss) for the year attributable to equity shareholders	17	(395)	(361)	(373)	73
Earnings per share – continuing business					
Earnings per share – basic	1.42p	(9.72p)	(9.16p)	(9.47p)	1.85p
Earnings per share - diluted	1.34p	(9.72p)	(9.16p)	(9.47p)	1.78p
Dividends per share in respect of each year	0.50p	0.50p	0.50p	1.25p	2.0p
Equity attributable to shareholders of the parent	3,932	3,860	3,870	4,494	5,053

