

HOLDERS Technology Annual Report & Accounts 2013

Specialised Materials, LED Components and Lighting Solutions

Year in brief

Holdings Technology supplies special laminates and materials for printed circuit board manufacture (“PCB”), and operates as a LED solutions provider to the lighting and industrial markets.

The overall results for 2013 were mixed. In Germany the PCB and LED divisions both made good progress. However, in the UK, PCB revenue fell and LED was impacted by the loss of a major customer and reduced revenue while its components division was restructured. China operations incurred further losses and were sold in January 2014. The result from the China discontinued business was £269,000 loss compared to £326,000 loss in 2012.

Highlights included:

- Group revenue growth 4.7%
- LED revenue growth 25.4%
- Operating profit £105,000
- Basic earnings per share 1.85p
- Cash balances £1.29 million. No debt.
- Proposed dividend 1.0 pence per share

Holdings Technology recorded the following results:

	2013 £'000	2012 Restated £'000
Continuing Operations		
Revenue PCB	11,011	11,036
LED	3,254	2,595
Total	14,265	13,631
Gross profit	3,467	3,584
Margins	24.3%	26.3%
Operating profit/ (loss)	105	(56)
Earnings/ (loss) per share	1.85p	(2.82p)
Dividend proposed/ paid	1.0p	1.0p
Total Operations		
Total cash	1,290	700
Debt	nil	nil

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STRATEGIC REPORT

Chairman's statement

At the interim stage I was able to report an improvement in the result for the first half of the year as compared to the preceding year. This improved position was maintained during the second half of the year with operating profit from continuing operations amounting to £105,000 (2012 loss £56,000).

During the year China operations incurred losses and following a strategic review it was decided to dispose of these businesses. This was achieved on 3 January 2014. The loss incurred by the discontinued China operations was £269,000 (2012: loss £326,000). Further details of these items are given in the Financial review.

The major element of our PCB activities is our German subsidiary which in the year under review increased its turnover to £7.8m (2012 £7.0m). The German PCB market experienced only slight growth in the year and we believe our activities outperformed the market as a whole; however, competitive pressures remain strong and thus the growth in sales was not fully reflected in increased trading profits.

The UK PCB business is heavily dependent on aerospace and defence and the defence area saw a significant contraction during the year. Against this background it is commendable that while sales declined by 19.5% to £3.3m (2012 £4.1m) tight management of costs restricted the decline in operating profit to 1.4%.

Whilst our PCB activities remain the core element of the Group's continuing business with turnover of £11,011,000 accounting for some 78% of total turnover we continue to seek significant growth from our LED activities.

During the year the general market for LEDs continued to grow with significant technical advances being made by a number of major manufacturers. We remain focussed on positioning our activities in a manner designed to ensure we can benefit from these market developments. We are making progress towards this goal but we have yet to achieve critical mass and were adversely affected by the loss of a major UK customer in the year. Despite this set back,

LED sales from continuing operations increased from £2,595,000 to £3,254,000.

We have also made marked progress in relocating our UK production facilities and strengthening both our UK and German sales teams. Coupled with these changes we have been able further to extend our range of products and its technical sophistication.

During the course of the year to 30 November 2013 it became clear that as a result of changes in customer demand and the successful expansion of our in-house assembly capability in our Galashiels facility the role for our Chinese joint venture was much reduced. We will, as required, still deal directly with suppliers in the Far East including China but we disposed of our 70% holding in Topgrow Technologies Limited on 3 January 2014. The resulting non cash impairment of £213,000 while impacting profitability in the year under review will eliminate the considerable amount of senior management time that has had to be diverted to this activity in recent years and will, we believe, be of overall financial benefit to the Group in future years.

As always on behalf of the board and shareholders I would like to thank our staff whose continued support gives us confidence that we will be able to maintain our position in our PCB markets and grow our LED presence significantly.

Given our financial strength and the board's belief in the Group's future we consider it appropriate to recommend a final dividend for the past year of 1.0p per share.

While it would be wrong to imply that there will not be challenges across the Group in the current year we believe that our German PCB activities will maintain the progress they have made. The addition of a major new product range will aid our UK PCB operations to maximise their share of the market available to them.

We expect LED operations generally to make good progress this year but I would caution that this will mainly be weighted towards the second half of the year.

R W Weinreich
Executive Chairman
19 February 2014

STRATEGIC REPORT

Operating review

Corporate strategy

Holdings is committed to maintaining its position in the PCB industry whilst increasing sales and profitability in its LED lighting activities.

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

Product strategy

Holdings has operated for many years as a distributor of specialised materials and equipment to the printed circuit board (PCB) industry. The European PCB industry has strengths in the defence, aerospace, automotive and medical sectors, while the Far East is dominant in the production of consumer-related electronics.

Holdings continues to pursue its 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 a LED solutions provider to the lighting and industrial markets. The product offering ranges from single LED components, to semi assembled light modules, through to finished LED lighting products.

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

Economic Environment

In 2013, the PCB industry faced a challenging year. Although the market showed a slight improvement in Germany, it reduced in the UK.

The LED industry in 2013 showed growth, with the prices of LEDs continuing to reduce. The reduction in prices coupled with the efficiencies

available from LED technology is expected to lead to an increasing uptake of LED lighting products across both the commercial and domestic markets.

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. The UK market deteriorated in 2013, resulting in a reduction in revenue to £3.3m. (2012: £4.1m)

Germany

The German PCB industry is particularly driven by demand from the automotive and industrial sectors. We believe that the German PCB business benefitted both from a slight increase in the market and a gain in market share leading to an increase in revenue to £7.8m. (2012: £7.0m)

LED & Lighting products

UK

In addition to its PCB business, Holdings Technology UK has three LED trading elements.

Holdings Components specialises in providing LED solutions both to the general lighting market and to selected industrial and commercial market segments. Last year, Holdings Components lost a significant customer, which resulted in a decline in its profitability. Despite this setback we were able to strengthen the sales team and management, increase the product range and reduce UK LED operating costs.

Opteon offers a range of LED products to the commercial and retail markets. Trading for the year showed modest improvement.

NRGstar offers a range of energy efficient lighting technologies, focussing on the retail and commercial market segments. NRGstar significantly increased sales and profitability during 2013.

Continental Europe

In Germany, Holdings Components and Opteon are trading divisions of Holdings Technology GmbH and these divisions serve the rest of the European market.

STRATEGIC REPORT

Operating review (continued)

During the last year, both divisions continued to increase their revenue and profitability.

China

China operations have been discontinued as detailed in the Financial Review. However we retain valuable relationships with business partners in the region.

India

Holdings Technology (India) Private Limited provides materials and services to the local PCB industry and is also now providing LED lighting assembly services to European customers. The company has continued to make satisfactory progress.

Victoria Blaisdell

Group Managing Director

19 February 2014

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.

- Gearing and liquidity

The Group operates in a cyclical industry and the directors have consistently applied a conservative approach to financing the Group's activities. The key measures are *net liquid funds* and *gearing*, which are described in more detail below.

Revenue

Group revenue from continuing operations increased from £13.6m to £14.3m. PCB revenue overall was unchanged whilst LED revenue grew by 25%.

Profitability

The operating result before exceptional items was a profit of £105,000 compared to a loss of £56,000 in 2012. The gross profit margin was 24.3% compared to 26.3% in 2012.

During the year the Group's China operations were reviewed, and on 3 January 2014 the Group's 70% investment in Topgrow Technologies Limited was disposed of. Topgrow Technologies wholly owns Dongguan Hui Zhan Electronic Limited, and owns 20% of Waysky Limited, both operating in mainland China.

The China businesses disposed of on 3 January 2014 have been treated as discontinued operations as at 30 November 2013. This result from the discontinued businesses was a loss of £269,000 (2012: loss £326,000). Further details are shown in note 10 of the financial statements.

Total administrative expenses were reduced by £226,000 compared to 2012 so that the

administration cost as a proportion of revenue decreased from 24.0% in 2012 to 21.4% in 2013.

Post tax result

The loss for the financial year after tax, attributable to equity shareholders was £0.2m (2012: loss of £0.4m). The basic earnings per share from continuing business were 1.85p (2012: loss 2.82p per share) and the loss per share from total operations was 4.98p (2012: 11.09p).

Dividends

The board proposes a final dividend of 1.0p per share to be paid on 20 May 2014 to shareholders on the register on 30 April 2014. Including the 1.0p interim dividend already paid on 3 October 2013 the total dividend for 2013 would be 2.0p (2012: 2.0p).

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 out 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 customers where 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.

Cash flow, liquidity and financing

Despite increased sales levels the Group was able to reduce stock levels from £3.2m in 2012 to £2.8m in 2013.

STRATEGIC REPORT

Financial review (continued)

The Group maintains overdraft and trade financing facilities with its banks to meet short term financing requirements during the year. At 30 November 2013, the Group had net cash of £1.3m compared with £0.7m at the previous year end.

At 30 November 2013 the Group had *net liquid funds* (trade and other receivables plus cash minus current liabilities) of £1.8m compared to £1.5m in the preceding year.

Net assets per ordinary share at 30 November 2013 were £1.21 compared with £1.25 in 2012.

Derivatives and other financial instruments

Operations are financed by a mixture of retained profits and overdrafts. The board's current policy is to use variable rate overdraft facilities in order to maintain short term flexibility. At 30 November 2013, the Group had *gearing*, being debt divided by debt plus shareholders' funds, of 0.0% (2012: 0.0%).

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. Forward currency contracts have also been used to reduce the company's foreign currency exposure when it has provided euro loans to finance its European subsidiaries.

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

forward USD purchase contracts with a contracted value of £856,000 were held as detailed in note 20.

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

19 February 2014

STRATEGIC REPORT

The Strategic Report on pages 1-5 was approved by the Board on 19 February 2014 and signed on its behalf by

Paul Geraghty

Group Finance Director

19 February 2014

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 D A Mahony, BA (Econ), MSc, Non-Executive Director
Secretary	P K I Geraghty BSc, FCA
Registered office	Elstree House Elstree Way Borehamwood Hertfordshire WD6 1SD
Website	www.holderstechnology.com
Registered number	1730535
Auditors	Grant Thornton UK LLP 101 Cambridge Science Park Milton Road Cambridge CB4 0FY
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 131 Finsbury Pavement London EC2A 1NT

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 loss after taxation for the financial year attributable to shareholders of £179,000 (2012: loss £374,000).

Full details are contained in the consolidated income statement on page 14. The directors have proposed a final dividend of 1.0p per share payable on 20 May 2014 to shareholders on the register at close of business on 30 April 2014. The total dividend for the year, including the interim dividend of 1.0p (2012: 1.0p) per share paid on 3 October 2013, amounts to £78,000 (2012: £168,000), which is equivalent to 2.0p (2012: 2.0p) per share.

Financial risk management

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

Directors

The directors currently holding office are listed on page 6, all of whom served throughout the year. The beneficial shareholdings of the directors at 30 November 2013 are set out in note 24 to the financial statements.

Rudi Weinreich, aged 67, 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 41, joined the Group in 2004 and is now Group Managing Director. She has worked in the IT industry for over 12 years and has previously worked in several countries as a Senior Consultant for American Management Systems Inc.

Paul Geraghty, aged 53, joined the Group in 2011 as Group Finance Director and Company Secretary. He previously held senior financial roles in engineering companies, including Elektron Components Limited and Protec plc.

David Mahony, aged 70, is the Senior Non-executive Director, appointed in 1988. He is chairman of Opsec Security Group plc.

BOARD REPORTS

Report of the directors (continued)

Substantial shareholdings

At 14 February 2014 the company had been informed of the following interests, in addition to the interests of R W Weinreich, amounting to 3% or more in the issued ordinary share capital of the company, excluding treasury shares:

	Number	%
Andre Marcou	471,000	11.96%
Armstrong Investments Limited	275,000	6.98%
Rath Dhu Limited	235,000	5.97%
Stockinvest Limited	171,500	4.35%
Hugh S Pearson Gregory	138,290	3.51%

Annual General Meeting

The Annual General Meeting of the Company will be held at Elstree House, Elstree Way, Borehamwood, Hertfordshire WD6 1SD at 11.30 a.m. on 30 April 2014.

Special business at the Annual General Meeting

An ordinary resolution (set out as resolution 6 in the Notice of the Annual General Meeting) will be proposed to give the directors authority to allot 1,386,517 ordinary shares being approximately 33% of the issued ordinary share capital of the company as at the date of this report which includes 295,000 ordinary shares being the maximum number of shares the company may be obliged to issue under its employee share option scheme. The authority, when given, will expire at the conclusion of next year's annual general meeting. The directors have no present intention of exercising this authority.

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

A special resolution (set out as resolution 8 in the Notice of Annual General Meeting) will be proposed to authorise the company to buy on the open market up to 393,955 ordinary shares of 10p each, representing 10% of the issued ordinary share capital of the company as at the date of this report, excluding treasury shares. The directors, in reaching any decision to purchase ordinary shares, will take into account the company's cash resources, capital requirements and the effect of any purchase on earnings per share.

Going Concern

The 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 5. In addition, notes 2, 3, 4, 20 and 25 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 hedging activities; and its exposures to credit risk and liquidity risk. Budgets and forecasts indicate a satisfactory going concern position.

BOARD REPORTS

Report of the directors (continued)

The company has good financial resources together with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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

19 February 2014

BOARD REPORTS

Directors' remuneration report

The directors present the directors' remuneration report for the financial year ended 30 November 2013. 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.

There is no company pension scheme in place, apart from a legacy defined benefit scheme in relation to a former member of staff in Germany. Contributions are made to the personal pension schemes of certain directors.

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

Executive directors' remuneration and terms of appointment

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

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

Non-executive directors' remuneration

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

Details of the directors' remuneration, pension entitlements, shareholdings and share options are included in note 24 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 Company 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. Given the size of the company it is not considered by the board that it is either necessary or appropriate to incur the cost of employing a separate chairman. All directors are required to retire and submit themselves for re-election at three yearly intervals. No director has a service agreement requiring more than twelve months notice of termination to be given.

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

The following table shows the number of scheduled board and board committee meetings held during the year ended 30 November 2013 and details of each director's attendance.

	Board	Audit	Remuneration
Number held	11	2	1
R Weinreich	11	1	-
V Blaisdell	11	1	-
D Mahony	10	2	1
P Geraghty	11	2	-

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. Compliance with the policies and procedures set out in the manual is reviewed on a regular basis.

Internal financial controls assurance

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

Capital investment

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

Turnbull risk assessment

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

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

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

FINANCIAL STATEMENTS

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

We have audited the financial statements of Holders Technology plc for the year ended 30 November 2013 which comprise the consolidated income statement, the consolidated statement of comprehensive income, group and company statements of changes in equity, group and company balance sheets, the group and company statements of cash flow, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

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

Opinion on Financial Statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 November 2013 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

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

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

Paul Naylor
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge
19 February 2014

FINANCIAL STATEMENTS

Consolidated income statement for the year ended 30 November 2013

	Note	2013 £'000	2012 Restated £'000
Continuing operations			
Revenue	5	14,265	13,631
Cost of sales		(10,798)	(10,047)
Gross profit		3,467	3,584
Distribution costs		(381)	(376)
Administrative expenses		(3,049)	(3,275)
Other operating (expenses)/ income		68	11
Operating profit/ (loss)		105	(56)
Finance income	6	4	1
Finance expenses	6	(12)	(13)
Profit/ (loss) before taxation		97	(68)
Tax expense	8	(24)	(43)
Profit/ (loss) for the year from continuing operations		73	(111)
Loss for the year from discontinued operations	10	(269)	(326)
(Loss)/ profit for the year		(196)	(437)
(Loss)/ profit for the year attributable to:			
Owners of the parent		(179)	(374)
Non-controlling interest		(17)	(63)
(Loss)/ profit for the financial year		(196)	(437)
Basic earnings/ (loss) per share – continuing operations			
	11	1.85p	(2.82p)
Diluted earnings/ (loss) per share – continuing operations			
	11	1.78p	(2.82p)
Basic and diluted loss per share – discontinued operations			
	11	(6.83p)	(8.27p)
Total loss per share	11	(4.98p)	(11.09p)

Consolidated statement of comprehensive income for the year ended 30 November 2013

	2013 £'000	2012 £'000
(Loss)/ profit for the year	(196)	(437)
Items that will not be reclassified subsequently to profit or loss:		
Change in actuarial assumption re pension liability	-	(45)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	114	(168)
Total comprehensive income and expense for the year	(82)	(650)
Total comprehensive income and expense for the year attributable to:		
Owners of the parent	(70)	(582)
Non-controlling interests	(12)	(68)
	(82)	(650)

FINANCIAL STATEMENTS

Statements of changes in equity

Group	Share capital	Share premium	Capital redemption reserve	Translation reserve	Retained earnings	Total attributable to owners of parent	Non-controlling interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 December 2011	416	1,531	1	268	3,725	5,941	76	6,017
Dividends	-	-	-	-	(168)	(168)	-	(168)
Employee share-based payment options	-	-	-	-	1	1	-	1
Transactions with owners	-	-	-	-	(167)	(167)	-	(167)
Profit/(loss) for the year	-	-	-	-	(374)	(374)	(63)	(437)
Effect of change in pension liability assumptions	-	-	-	-	(45)	(45)	-	(45)
Exchange differences on translating foreign operations	-	-	-	(163)	-	(163)	(5)	(168)
Total comprehensive income for the year	-	-	-	(163)	(419)	(582)	(68)	(650)
Balance at 30 November 2012	416	1,531	1	105	3,139	5,192	8	5,200
Dividends	-	-	-	-	(78)	(78)	-	(78)
Employee share-based payment options	-	-	-	-	9	9	-	9
Transactions with owners	-	-	-	-	(69)	(69)	-	(69)
Profit/(loss) for the year	-	-	-	-	(179)	(179)	(17)	(196)
Reclassification adjustment related to terminated foreign operations	-	-	-	(45)	45	-	-	-
Exchange differences on translating foreign operations	-	-	-	109	-	109	5	114
Total comprehensive income for the year	-	-	-	64	(134)	(70)	(12)	(82)
Balance at 30 November 2013	416	1,531	1	169	2,936	5,053	(4)	5,049

Company	Share capital	Share premium	Capital redemption reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000
Balance at 1 December 2011	416	1,531	1	728	2,676
Profit/ (loss) and total comprehensive income for the year	-	-	-	(166)	(166)
Dividends	-	-	-	(168)	(168)
Share-based payment charge	-	-	-	1	1
Balance at 30 November 2012	416	1,531	1	395	2,343
Profit/ (loss) and total comprehensive income for the year	-	-	-	(284)	(284)
Dividends	-	-	-	(78)	(78)
Share-based payment charge	-	-	-	9	9
Balance at 30 November 2013	416	1,531	1	42	1,990

FINANCIAL STATEMENTS

Balance sheets at 30 November 2013

Company number: 1730535

		Group		Company	
	Note	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Assets					
Non-current assets					
Goodwill	13	320	318	-	-
Property, plant and equipment	14	320	398	16	21
Investments in subsidiaries	15	-	-	2,308	2,780
Investment in joint venture	16	-	-	15	15
Deferred tax assets	22	41	41	-	-
		681	757	2,339	2,816
Current assets					
Inventories	17	2,799	3,140	-	-
Trade and other receivables	18	1,927	2,397	225	387
Current tax assets		26	57	-	-
Cash and cash equivalents		1,290	700	480	6
		6,042	6,294	705	393
Liabilities					
Current liabilities					
Trade and other payables	19	(1,413)	(1,556)	(1,019)	(800)
Current tax liabilities		(34)	(35)	(32)	(32)
		(1,447)	(1,591)	(1,051)	(832)
Net current assets					
		4,595	4,703	(346)	(439)
Non-current liabilities					
Borrowings	20	-	-	-	-
Retirement benefit liability	21	(205)	(199)	-	-
Contingent consideration	28	-	(29)	-	(29)
Deferred tax liabilities	22	(22)	(32)	(3)	(5)
		(227)	(260)	(3)	(34)
		5,049	5,200	1,990	2,343
Shareholders' equity					
Share capital	23	416	416	416	416
Share premium account		1,531	1,531	1,531	1,531
Capital redemption reserve		1	1	1	1
Retained earnings		2,936	3,139	42	395
Cumulative translation adjustment reserve		169	105	-	-
Equity attributable to the shareholders of the parent					
		5,053	5,192	1,990	2,343
Non-controlling interest					
		(4)	8	-	-
		5,049	5,200	1,990	2,343

The financial statements were approved by the Board on 19 February 2014 and signed on its behalf by:

R W Weinreich
Director

FINANCIAL STATEMENTS

Statements of cash flows for the year ended 30 November 2013

	Group		Company	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Cash flows from operating activities				
Operating (loss)/ profit	(148)	(365)	(369)	(175)
Share-based payment credit	9	1	9	1
Depreciation	110	151	8	9
Impairment costs	213	287	472	-
(Gain)/ Loss on sale of property, plant and equipment	1	(3)	-	-
(Increase)/decrease in inventories	348	488	-	-
(Increase)/decrease in trade and other receivables	322	415	157	289
Increase/(decrease) in trade and other payables	(87)	(92)	219	34
Cash (used in)/generated from operations	768	882	496	158
Corporation tax (paid)/received	(18)	15	72	(1)
Net cash (used in)/generated from operations	750	897	568	157
Cash flows from investing activities				
Purchase of property, plant and equipment	(48)	(74)	(3)	(1)
Proceeds from sale of property, plant and equipment	1	18	-	-
Interest received	4	1	13	14
Net cash (used in)/generated from investing activities	(43)	(55)	10	13
Cash flows from financing activities				
Interest paid	(14)	(15)	(2)	(5)
Loan repayments	-	(26)	-	-
Settlement of contingent consideration	(24)	-	(24)	-
Equity dividends paid	(78)	(168)	(78)	(168)
Net cash used in financing activities	(116)	(209)	(104)	(173)
Net change in cash and cash equivalents	586	633	474	(3)
Cash and cash equivalents at start of period	700	67	6	9
Effect of foreign exchange rates	4	-	-	-
Cash and cash equivalents at end of period	1,290	700	480	6

FINANCIAL STATEMENTS

Notes to the financial statements

1. General information

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

These consolidated financial statements are presented in pounds sterling and all information has been rounded to the nearest thousand. Foreign operations are consolidated in accordance with the policies set out in note 2 below.

2. Accounting policies

Basis of preparation

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

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 5. In addition, notes 2, 3, 4, 20 and 25 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 hedging activities; and its exposures to credit risk and liquidity risk.

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

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 10 Consolidated Financial Statements (effective 1 January 2014)
- IFRS 11 Joint Arrangements (effective 1 January 2014)
- IFRS 13 Fair Value Measurement (effective 1 January 2013)
- IAS 19 Employee Benefits (Revised June 2011) (effective 1 January 2013)
- IAS 27 (Revised), Separate Financial Statements (effective 1 January 2014)
- Disclosures - Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7 (effective 1 January 2013)
- Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32 (effective 1 January 2014)

FINANCIAL STATEMENTS

Accounting policies (continued)

- Mandatory Effective Date and Transition Disclosures - Amendments to IFRS 9 and IFRS 7 (effective 1 January 2015) Annual Improvements 2009-2011 Cycle (effective 1 January 2013)
- Transition Guidance - Amendments to IFRS 10, IFRS 11 and IFRS 12 (effective 1 January 2013)
- Investment Entities - Amendments to IFRS 10, IFRS 12 and IAS 27 (effective 1 January 2014)

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

Use of estimates

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

Principles of consolidation

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

Subsidiaries

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

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.

Associates

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

Goodwill and business combinations

The results of subsidiaries acquired in the period are included in the income statement from the date they are acquired. On acquisition, all of the subsidiaries' assets and liabilities that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. For business combinations occurring since 1 December 2009, the requirements of IFRS 3R have been applied. The consideration transferred by the group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

FINANCIAL STATEMENTS

Accounting policies (continued)

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

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

As permitted by IFRS 1, goodwill arising on acquisitions before 1 December 2005 (date of transition to IFRS) has been frozen at the UK GAAP amounts subject to being tested for impairment at that date.

Impairment charges

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

Revenue recognition

Revenue comprises the value of sales of goods and services to third party customers occurring in the period, stated exclusive of value added tax and net of trade discounts and rebates. Revenue is measured at the fair value of the consideration received or receivable. Revenue on the sale of goods is recognised when substantially all of the risks and rewards in the product have passed to the customer, which is usually upon delivery to the customer. Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow into the company.

Exceptional Items

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

Cash and cash equivalents

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

Trade and other receivables

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

FINANCIAL STATEMENTS

Accounting policies (continued)

Trade and other payables

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

Borrowings

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

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

Inventory

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

Property, plant and equipment

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

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

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

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

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

Leased assets

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

Foreign currencies

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

In the consolidated financial statements, the net assets of the group's foreign operations are translated at the rate of exchange at the balance sheet date. Income and expense items are translated at the average rates for the period where these rates approximate to actual rates. Otherwise actual rates are used. The resulting

FINANCIAL STATEMENTS

Accounting policies (continued)

exchange differences are charged/ credited to other comprehensive income and recognised in the currency translation reserve in equity. Such translation differences are recognised in the income statement on the disposal of the foreign operation. All other currency differences are taken to the income statement. Profit and losses on holding foreign currency balances are treated as a finance cost.

Derivative financial instruments

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

Derivative financial instruments are recognised initially at cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on re-measurement to fair value is recognised immediately in the income statement.

Equity instruments

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

Taxes

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

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

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

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

Employee share option scheme

The fair value of employee share plans is calculated using 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

FINANCIAL STATEMENTS

Accounting policies (continued)

expense when they are due. There is also a retirement benefit liability arising from an asset purchase of Cimatec GmbH as disclosed in note 21. 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. The defined benefit obligation is calculated annually by independent actuaries. 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.

Profit or loss from discontinued operations, including prior year components of profit or loss, is presented in a single amount in the statement of profit or loss. This amount, which comprises the post-tax profit or loss of discontinued operations and the post-tax gain or loss resulting from the measurement and disposal of assets classified as held for sale, is further analysed in Note 10.

The disclosures for discontinued operations in the prior year relate to all operations that have been discontinued by the reporting date of the latest period presented.

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.

FINANCIAL STATEMENTS

Accounting policies (continued)

Estimation uncertainty

Impairment testing

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

4. Financial risk management

Treasury management

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

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

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

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

The policies for managing these risks are described below:

Liquidity risk

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

The group's principal source of funding is cash generated from operations. Liquidity is maintained through committed bank credit facilities (note 20).

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.

FINANCIAL STATEMENTS

Accounting policies (continued)

Currency risk

The group is exposed to currency risk through movements in exchange rates on its purchases and sales that are not denominated in the local functional currencies. The group uses forward foreign exchange contracts to hedge the currency risk associated with these transactions, where material exposure exists. The contracts are denominated primarily in US dollars and Euros. Such contracts are accounted for in accordance with the policies set out in note 2. At the year-end forward purchase contracts totalling £856,000 were held as described in note 20.

Cash flow interest rate risk

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

Fair value estimation

The fair values of cash and cash equivalents, receivables, payables and borrowings with a maturity of less than one year approximate their book values.

5. Segment reporting

Management currently identifies two operating segments:

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

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

	PCB		LED		Other		Total	
	2013 £'000	2012 Restated £'000	2013 £'000	2012 Restated £'000	2013 £'000	2012 Restated £'000	2013 £'000	2012 Restated £'000
Revenue	11,011	11,036	3,254	2,595	-	-	14,265	13,631
Cost of sales	(8,371)	(8,276)	(2,427)	(1,771)	-	-	(10,798)	(10,047)
Gross profit	2,640	2,760	827	824	-	-	3,467	3,584
Distribution costs	(301)	(316)	(80)	(60)	-	-	(381)	(376)
Administrative expenses	(2,154)	(2,257)	(891)	(873)	(4)	(145)	(3,049)	(3,275)
Other operating income/(expenses)	56	47	(3)	(6)	15	(30)	68	11
Segment operating profit	241	234	(147)	(115)	11	(175)	105	(56)
Other segmental information								
Depreciation (Note 14)	99	138	3	4	8	9	110	151
Segment assets	9,453	8,522	1,743	1,918	(4,473)	(3,389)	6,723	7,051
Segment liabilities	(1,919)	(2,467)	(2,297)	(2,353)	2,542	2,969	(1,674)	(1,851)

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

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Segment reporting (continued)

Analysis of external revenue by geographic region

	UK		Rest of Europe		Asia		Total	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Revenue - PCB	3,253	4,073	7,739	6,929	19	34	11,011	11,036
- LED	2,142	1,674	1,110	921	2	-	3,254	2,595
	5,395	5,747	8,849	7,850	21	34	14,265	13,631
Non-current assets	233	(340)	402	430	292	667	927	757

External revenue is allocated to regions based on where it originates from.

No customer contributed more than 10% of external revenue.

6. Finance income and expenses

	2013 £'000	2012 £'000
Interest on bank deposits	4	1
Interest on loans, overdrafts and pension liability	(12)	(13)

7. Profit for the year

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

	2013 £'000	2012 £'000
Costs of inventories recognised as an expense	10,234	9,956
Write-down of inventory to net realisable value	13	14
Depreciation of property, plant and equipment (note 14)	110	151
(Gain)/ loss on sale of property, plant and equipment	1	(3)
Fees payable to the company's auditors for the audit of the financial statements	12	12
Fees payable to the company's auditors and its associates for other services:		
- Audit of the financial statements of the company's subsidiaries (associates) pursuant to legislation	44	58
- Other services relating to taxation	24	16
Operating leases - land and buildings	196	183
Operating leases - plant and machinery	15	14
Exchange (profit)/loss	(25)	18

8. Taxation

	2013 £'000	2012 £'000
Analysis of the charge in the period		
Current tax		
- Current period	30	15
- Adjustments in respect of prior periods	4	(7)
	34	8
Deferred tax (note 22)	(10)	35
Total tax	24	43

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Tax reconciliation

The tax for the period is higher (2012: higher) than the standard rate of corporation tax in the UK, effectively 23.67% (2012: 24.67%) for the company's financial year. The differences are explained below:

	2013 £'000	2012 £'000
Profit/(loss) before taxation	97	(68)
Profit/(loss) before taxation multiplied by the rate of corporation tax in the UK of 23.67 % (2012: 24.67%)	23	(17)
Effects of:		
Differences between capital allowances and depreciation	(2)	(2)
Amounts not deductible for taxation purposes		3
Non taxable income	-	-
Adjustments in respect of prior years	-	-
Taxation losses	2	43
Other temporary differences	1	16
Taxation	24	43

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

The result for the financial year dealt with in the accounts of the parent company was a loss of £358,000 (2012 loss: £166,000).

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

10. Discontinued operations

On 3 January 2014, the Group's 70% shareholding in Topgrow Technologies Ltd was sold for a cash consideration of one Hong Kong dollar plus a future consideration of 440,000 Hong Kong dollars.

The Topgrow Technologies Ltd disposal has been presented as discontinued operations in the income statement and the Board are of the view that this presentation of information enables the users of the financial statements to understand the financial effects of these operations no longer being part of the Group.

In the cash flow statement, the cash flows of the discontinued business have been aggregated with those of continuing businesses, but are also shown separately in the note below.

The information presented in this note is presented at the lower of cost and fair value less costs to sell as prescribed in IFRS 5. As a result of this treatment an impairment charge of £213,000 relating to fixed assets, inventories and receivables has been recognised in the income statement in the year 30 November 2013 (2012: £287,000). This, combined with an operating loss of £56,000 (2012: loss £39,000), results in a loss on discontinued operations of £269,000 (2012: £326,000).

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Discontinued operations (continued)

The results from discontinued operations which have been included in the income statement are as below:

	2013 £'000	2012 £'000
Revenue	990	1,974
Cost of sales	(714)	(1,716)
Gross profit	276	258
Distribution costs	(26)	-
Administrative expenses	(266)	(275)
Other operating costs	(24)	(5)
Operating loss	(40)	(22)
Impairment costs	(213)	(287)
Finance expense	(2)	(2)
Loss before tax	(255)	(311)
Taxation on discontinued operations	(14)	(15)
Loss for the period from discontinued operations	(269)	(326)

A summary of the cash flows from discontinued operations is shown below.

	2013 £'000	2012 £'000
Operating activities	(160)	157
Investing activities	20	13
Total cash flows	(140)	170

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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.

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

	2013 Number	2012 Number
Weighted average number of ordinary shares	3,939,551	3,939,551
Dilutive effect of share options	154,721	-
Fully diluted weighted average number of ordinary shares	4,094,272	3,939,551

	2013 Pence per share	2012 Pence per share
Basic earnings/ (loss) per share:		
Continuing operations	1.85	(2.82)
Discontinued operations	(6.83)	(8.27)
Total operations	(4.98)	(11.09)
Diluted earnings/ (loss) per share:		
Continuing operations	1.78	(2.82)
Discontinued operations	(6.83)	(8.27)
Total operations	(4.98)	(11.09)

12. Ordinary dividends

	2013 £'000	2012 £'000
Final dividend for the year ended 30 November 2012 of 1.0p (year ended 30 November 2011 final dividend: 3.25p)	39	129
Interim dividend paid in respect of the year of 1.0p (2012: 1.0p)	39	39
Amounts recognised as distributions to equity holders	78	168

In addition, the directors are proposing a final dividend in respect of the year ended 30 November 2013 of 1.0p per share. If approved by shareholders, it will be paid on 20 May 2014 to shareholders on the register of members on 30 April 2014.

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13. Goodwill

Group	2013 £'000	2012 £'000
Cost		
At 1 December	318	318
Currency translation	2	-
At 30 November	320	318
	£'000	£'000
Analysis by cash generating unit		
PCB	148	146
LED	172	172
	320	318

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

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

The recoverable amount of a cash-generating unit is based on its value-in-use. Value-in-use is the present value of the projected cash flows of the cash-generating unit (CGU). The key assumptions regarding the value-in-use calculations are those regarding the discount rates and growth rates. Management estimates discount rates using pre-tax rates that reflect current market assessments of a number of factors that impact on the time value of money and any risk specific to the CGU. The rate includes management's assessment of a normal level of debt: equity ratio within similar companies in its sector and reflects the risks specific to the relevant business segment.

The group prepares cash flow forecasts based on the most recent financial budgets approved by management, which cover a two year period. Cash flows for 10 years beyond the budgeted periods are extrapolated using a growth rate approximating the long term average growth rates for the product sectors concerned. The growth rates were assessed at 1.5% for Holders Technology Germany (PCB) and 2.5% for Holders Components UK (LED). The discount rate applied for each CGU was 10.0%.

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14. Property, plant and equipment

	Group			Company	
	Short leasehold land and buildings £'000	Motor vehicles, plant and machinery and office equipment £'000	Total £'000	Office equipment £'000	Total £'000
Cost					
At 1 December 2011	94	2,515	2,609	49	49
Currency translation	-	(61)	(61)	-	-
Additions	-	74	74	1	1
Disposals	-	(121)	(121)	-	-
At 30 November 2012	94	2,407	2,501	50	50
Currency translation	-	36	36	-	-
Additions	4	44	48	3	3
Disposals	-	(48)	(48)	-	-
At 30 November 2013	98	2,439	2,537	53	53
Depreciation					
At 1 December 2011	94	1,959	2,053	20	20
Currency translation	-	(45)	(45)	-	-
Provided in year	-	151	151	9	9
Impairment provision	-	50	50	-	-
Disposals	-	(106)	(106)	-	-
At 30 November 2012	94	2,009	2,103	29	29
Currency translation	-	36	36	-	-
Provided in year	-	110	110	8	8
Impairment provision	-	14	14	-	-
Disposals	-	(46)	(46)	-	-
At 30 November 2013	94	2,123	2,217	37	37
Net book value					
At 30 November 2013	4	316	320	16	16
At 30 November 2012	-	398	398	21	21

The net book value of property, plant and equipment includes £nil (2012: £nil) in respect of assets held under finance leases. Depreciation charged in the year on those assets amounted to £nil (2012: £nil)

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15. Investments in subsidiaries

	Shares £'000	Loans £'000	Total £'000
Cost			
At 1 December 2011	510	2,270	2,780
Addition	-	-	-
Impairment provision	-	-	-
Disposal	-	-	-
At 1 December 2012	510	2,270	2,780
Addition	-	-	-
Repaid	-	(93)	(93)
Impairment Provision	(129)	(250)	(379)
At 30 November 2013	381	1,927	2,308

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

Name	Country of incorporation and operation	Nature of business	Interest in ordinary shares and voting rights
Holders Technology GmbH	Germany	Specialised materials and equipment	100%
Holders Technology UK Limited	England and Wales	Specialised materials, equipment and components	100%
Holders Components Limited	England and Wales	Dormant	100%
Opteon Limited	England and Wales	Dormant	100%
Topgrow Technologies Limited	Hong Kong	Specialised materials and equipment	70%
Dongguan Hui Zhan Electronic Limited [#]	China	Specialised materials, equipment and components	70%
Holders Property GmbH	Germany	Dormant	100%

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

The investments in Topgrow Technologies Limited and Dongguan Hui Zhan Electronic Limited were both disposed of on 3 January 2014.

16. Investment in Joint Venture

In April 2007, the company formed a joint venture called Holders Technology (India) Private Limited, based in Mysore, India to service the Indian market. Holders Technology plc owns 60% of the Joint Venture.

	Company	
	2013 £'000	2012 £'000
Cost		
Investment at 30 November	15	15

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17. Inventories

	Group		Company	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Raw materials and consumables	1,470	1,636	-	-
Goods for resale	1,329	1,504	-	-
	2,799	3,140	-	-

18. Trade and other receivables

	Group		Company	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Trade receivables	1,987	2,304	-	-
Less: provision for impairment	(209)	(130)	-	-
Net trade receivables	1,778	2,174	-	-
Amounts due from group undertakings	-	-	194	313
Other receivables	39	113	17	59
Prepayments and accrued income	110	110	14	15
	1,927	2,397	225	387

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

Group	2013	2012
	£'000	£'000
Impairment at 1 December	130	78
Currency translation	-	2
Impairment losses recognised	129	67
Amounts written off as irrecoverable	(25)	(17)
Amounts recovered	(3)	
Impairment losses reversed	(22)	
Balance 30 November	209	130
Ageing of past due unimpaired debt:		
	2013	2012
	£'000	£'000
Past due 0-30 days	266	5
Past due 31-60 days	20	15
Past due 61-90 days	24	21
Past due 91-365 days	6	85
Past due > 365 days	-	4
	316	130

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19. Trade and other payables

	Group		Company	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Trade payables	838	1,140	24	22
Amounts due to group undertakings	-	-	952	738
Other taxation and social security	162	125	-	-
Other payables	34	48	-	-
Accruals	379	243	43	40
	1,413	1,556	1,019	800

20. Financial instruments

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

	Group		Company	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Financial assets				
Cash and cash equivalents	1,290	700	480	6
Trade and other receivables	1,817	2,287	47	374
Loans and receivables	3,107	2,987	527	380
Financial liabilities				
Trade and other payables	1,211	1,424	67	789
Contingent consideration	-	29	-	29
Financial liabilities at amortised cost	1,211	1,453	67	818
Derivatives	40	-	-	-
Liabilities at fair value through profit and loss	40	-	-	-
Total liabilities	1,251	1,453	67	818

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

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

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

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Financial instruments (continued)

	Group			Company		
	Financial assets £'000	Financial liabilities £'000	Net financial assets / (liabilities) £'000	Financial assets £'000	Financial liabilities £'000	Net financial assets / (liabilities) £'000
Sterling	1,112	262	850	242	1,019	(777)
Euro	1,229	506	723	432		432
US dollar	572	408	164	17		17
Indian rupee	40	5	35			
Hong Kong dollar	47	25	22			
Renminbi	107	45	62			
At 30 November 2013	3,107	1,251	1,856	691	1,091	(328)
Sterling	855	469	386	132	751	(619)
Euro	871	545	326	245	30	215
US dollar	649	258	391	1		1
Indian rupee	37	11	26			
Hong Kong dollar	22	1	21			
Renminbi	553	124	429			
At 30 November 2012	2,987	1,408	1,579	378	781	(403)

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

	Group				Company		
	Euro £'000	US dollar £'000	Renminbi £'000	Total £'000	Euro £'000	US dollar £'000	Total £'000
Sterling	723	164	62	949	432	17	449
At 30 November 2013	723	164	62	949	432	17	449
Sterling	326	(196)	429	559	215	1	216
At 30 November 2012	326	(196)	429	559	215	1	216

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Financial instruments (continued)

d) Market risk: objectives, policies and strategies

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

No hedging of interest rates has been undertaken. The net interest receivable for the year was nil compared to nil receivable last year. No speculative transactions are undertaken.

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

e) Market risk: sensitivities

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

(i) Currencies

The group is exposed to currency risk in relation to the value of its financial assets and liabilities that are denominated in currencies other than sterling (see note 20(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 £324,000 lower if sterling strengthened by 10 per cent and £324,000 higher if sterling weakened by 10 per cent.

Group	2013 As reported £'000	Effect of sterling strengthening by 10%			Effect of sterling weakening by 10%		
		Rate +10% £'000	Profit £'000	Equity £'000	Rate -10% £'000	Profit £'000	Equity £'000
Denominated in sterling	850	-	-	-	-	-	-
Not denominated in sterling	1,006	(91)	8	(324)	112	(8)	324
Net financial assets	1,856	(91)	8	(324)	112	(8)	324

Group	2012 As reported £'000	Effect of sterling strengthening by 10%			Effect of sterling weakening by 10%		
		Rate +10% £'000	Profit £'000	Equity £'000	Rate -10% £'000	Profit £'000	Equity £'000
Denominated in sterling	386	-	-	-	-	-	-
Not denominated in sterling	1,193	(108)	20	(342)	133	(20)	342
Net financial assets	1,579	(108)	20	(342)	133	(20)	342

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Financial instruments (continued)

Company	2013 As reported £'000	Effect of sterling strengthening by 10%			Effect of sterling weakening by 10%		
		Rate +10% £'000	Profit £'000	Equity £'000	Rate -10% £'000	Profit £'000	Equity £'000
Net financial assets/(liabilities)							
Denominated in sterling	(777)	-	-	-	-	-	-
Not denominated in sterling	449	(41)	(41)	-	50	50	-
Net financial assets	(328)	(41)	(41)	-	50	50	-

Company	2012 As reported £'000	Effect of sterling strengthening by 10%			Effect of sterling weakening by 10%		
		Rate +10% £'000	Profit £'000	Equity £'000	Rate -10% £'000	Profit £'000	Equity £'000
Net financial assets/(liabilities)							
Denominated in sterling	(619)	-	-	-	-	-	-
Not denominated in sterling	216	(20)	(20)	-	24	24	-
Net financial assets	(403)	(20)	(20)	-	24	24	-

(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 2013 and 30 November 2012, 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 2013 amounting to £1,251,000 (2012: £1,556,000) are payable within three months.

Financial liabilities and loans have the following repayment profile:

Group	Financial Liabilities		Loans	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
0-3 months	1,251	1,254	-	-
3-12 months	-	12	-	-
Over 12 months	-	187	-	-
	1,251	1,453	-	-

Borrowing facilities

The group has various borrowing facilities available to it. The unutilised portion of the facilities at 30 November 2013 amounted to £250,000 (2012: £1,171,000).

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Financial instruments (continued)

g) Credit risk

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

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

	Group		Company	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
UK	939	1,207	67	129
Rest of Europe	720	569	-	242
Asia	158	511	-	1
At 30 November	1,817	2,287	67	372

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. At 30 November 2013, the group had gearing, being debt divided by debt plus shareholders' funds, of 0.0% (2012: 0.0%).

i) Hedging instruments

The group held forward exchange contracts with a contracted value of £856,000 at 30 November 2013 (2012: £587,000). When appropriate during the year, contracts were taken out to hedge trade payables denominated in foreign currencies. The fair value of these instruments was £(40,000).

21. Retirement benefit liability

Group	Retirement benefit liability £'000
At 1 December 2011	167
Currency translation	(3)
Charged to the income statement	45
Utilised	(10)
At 1 December 2012	199
Currency translation	15
Change in actuarial assumptions	-
Utilised	(9)
At 30 November 2013	205

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.

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22. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using tax rates of 23.67% to 30% (2012: 24.67% to 30%).

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

	2013 £'000	Group 2012 £'000	2013 £'000	Company 2012 £'000
At 1 December – deferred tax assets	9	40	-	-
Income statement credit/(charge)	10	(31)	-	-
Transfer to deferred tax liabilities	-	-	-	-
At 30 November	19	9	-	-

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

Deferred tax assets

Group	Accelerated capital allowances £'000	Other £'000	Total £'000
At 1 December 2011	-	72	72
(Charged)/credited to income statement	-	(33)	(33)
Transfer to deferred tax liabilities	-	2	2
At 30 November 2012	-	41	41
(Charged)/credited to income statement	-	-	-
Transfer to deferred tax liabilities	-	-	-
At 30 November 2013	-	41	41

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 assets have not been recognised for losses in China.

Deferred tax liabilities

Group	Accelerated capital allowances £'000
At 1 December 2011	28
Transfer from income statement	2
Transfer from deferred tax assets	2
At 30 November 2012	32
Transfer from income statement	(10)
Transfer from deferred tax assets	-
At 30 November 2013	22

The company had no deferred tax assets.

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Deferred tax (continued)

Deferred tax liabilities

Company	Accelerated capital allowances £'000
At 1 December 2011	6
Credited to income statement	(1)
At 30 November 2012	5
Charged to income statement	(2)
At 30 November 2013	3

23. Share Capital

	2013 £'000	2012 £'000
Authorised		
6,000,000 ordinary shares of 10p each (2012: 6,000,000)	600	600
	Number of shares	Number of shares
Allotted and fully paid ordinary shares of 10p each		
At 30 November 2012 and 30 November 2013	4,159,551	4,159,551

220,000 (2012: 220,000) 10p ordinary shares with an aggregate nominal value of £22,000 (2012: £22,000) are held in treasury and are available for issue upon the exercise of options under the company's employee share option scheme.

24. Employees and staff costs

	Group		Company	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Wages and salaries	2,112	2,005	340	419
Social security costs	290	285	26	43
Other pension costs	48	44	29	33
Share based payments	9	1	9	-
	2,459	2,335	404	495

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Employees and staff costs (continued)

Average monthly number of permanent employees, including executive directors:

Group	2013 Number	2012 Number
Administration and sales	51	54
Service and fabrication	44	46
	95	100
Part-time	3	4
	98	104

Directors' remuneration

Directors' remuneration for the year was as follows:

Company	Basic salary fees, bonuses and expenses	Benefits in kind	Total emoluments	
	£'000	£'000	2013 £'000	2012 £'000
R W Weinreich (Chairman)	15	3	18	88
V M Blaisdell	87	-	87	110
D A Mahony	23	-	23	24
P Geraghty	86	1	87	96
	211	4	215	318

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	2013 £'000	2012 £'000
V M Blaisdell	21	11
P K I Geraghty	9	9
	30	20

Directors' shareholdings

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

	Ordinary shares	
	2013	2012
R W Weinreich	1,851,202	1,851,202
D A Mahony	26,300	26,300
V M Blaisdell	32,102	32,102

The shareholdings are all beneficial and have not changed between 30 November 2013 and 19 February 2014.

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Employees and staff costs (continued)

Directors' interests in share options

	At start of year or on date of appointment	No. of options granted / (exercised) during year	At end of year	Exercise price	Date from which exercisable	Expiry date
V M Blaisdell	15,000	-	15,000	116.5p	14/03/11	13/03/14
V M Blaisdell	12,500	-	12,500	68.5p	28/07/12	27/07/15
V M Blaisdell	12,500	-	12,500	93.5p	28/05/13	27/05/16
V M Blaisdell	25,000	-	25,000	123.18p	21/07/14	21/07/17
V M Blaisdell	46,598	-	46,598	10.0p	26/03/15	26/03/16
P K Geraghty	38,444	-	38,444	10.0p	26/03/15	26/03/16
V M Blaisdell	-	47,000	47,000	10.0p	02/05/16	02/05/17
P K Geraghty	-	37,500	37,500	10.0p	02/05/16	02/05/17

The share price at 30 November 2013 was 62.00p (2012: 70.75p) whilst during the year the high and low prices were 72.00p and 59.00p.

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

For options granted during the year, no option may be exercised unless the share price exceeds 70.0p after 3 years. The number of exercisable options is proportionate to the share price after 3 years. For all the 2013 options to be exercisable the share price must reach 127.0p

Key management compensation

Group	2013 £'000	2012 £'000
Short-term employee benefits	512	679
Post-employment benefits	30	23
Termination benefits	-	20
Share-based payments	9	1
	551	723

Key management includes Directors and senior executives.

Total share options in issue

	2013 No	2012 No
Options in issue 1 December 2012	264,703	310,000
Issued during year	84,500	179,703
Lapsed	-	(120,000)
Forfeited	-	(80,000)
Leavers	-	(25,000)
Total options in issue 30 November 2013	349,203	264,703

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25. Financial commitments

Capital commitments

There were no capital expenditure commitments at 30 November 2013 (2012: nil).

Operating lease commitments

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

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

	2013 £'000	2012 £'000
Land and buildings		
- No later than one year	228	249
- Later than one year and no later than five years	586	509
- Later than 5 years	280	-
Motor vehicles, plant and machinery		
- No later than one year	19	31
- Later than one year and no later than five years	4	33
Other equipment		
- No later than one year	-	-
- Later than one year and no later than five years	-	-

26. Share based payments

The Company operates a share option scheme under which options are exercisable at a price equal to the average quotation of a share as derived from the AIM appendix of the Daily Official List of the London Stock Exchange for the five dealing days immediately preceding the date of grant, subject to relevant performance criteria, as described in note 24, being satisfied. The normal minimum vesting period is three years.

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

Subscription Price	Dates when exercisable	2013	2012
116.5p	14 March 2012 to 13 March 2014	15,000	15,000
68.5p	28 July 2012 to 27 July 2015	32,500	32,500
93.5p	28 May 2013 to 27 May 2016	12,500	12,500
123.18p	21 July 2014 to 21 July 2017	25,000	25,000
117.15p	26 Mar 2015 to 26 Mar 2016	179,703	179,703
70.0p	2 May 2016 to 2 May 2017	84,500	-

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Share based payments (continued)

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

Grant date	2 May 2013	21 July 2012	26 March 2012
Share price at date of grant	70.00	123.18	106.5
Exercise price	77.00	135.50	117.15
No. of employees	2	1	8
Shares under option	84,500	25,000	179,703
Vesting period (years)	3	3	3
Expected volatility	22%	22%	22%
Option life (years)	3	3	1
Expected life (years)	3.5	3.5	3.5
Risk free rates	1.03%	1.03%	0.76%
Expected dividends	4.8%	4.8%	4.0%
Possibility of ceasing employment before vesting	25.0%	25.0%	11.0%
Expectations of meeting performance criteria	75%	75%	75%
Fair value of option	13p	13p	13p

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

The group recognised a total cost of £9,000 (2012: £1,000) related to equity-settled share-based payment transactions during the year.

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27. Related party transactions

Group

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

Dividends were paid to directors as follows:	2013 £'000	2012 £'000
R W Weinreich	37	79
D A Mahony	1	1
V M Blaisdell	1	1
	39	81

Company

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

	2013 £'000	2012 £'000
Consultancy fees charged to subsidiaries and joint venture	441	568
Interest on short term loans	13	14

28. Contingent Consideration

On 21 December 2009, the company acquired 100% of the share capital of J K Components Limited (since renamed Holders Components Limited).

The consideration for the acquisition was £1 plus contingent consideration representing 50%, 30% and 15% respectively of the net profits for each of the three years following the date of acquisition, payable 30 days after the signing of the accounts for each respective year.

The contingent consideration was estimated at £29,000 at 2012 year end. The actual amount was £24,209 which was settled during 2013.

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Notice of annual general meeting

Notice is hereby given that the Annual General Meeting of Holders Technology plc (the "Company") will be held at Elstree House, Elstree Way, Borehamwood, Hertfordshire WD6 1SD on 30 April 2014 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 2013.
2. To declare a final dividend in respect of the year ended 30 November 2013.
3. To re-elect V M Blaisdell as a director.
4. To re-appoint Grant Thornton UK LLP as auditors and to authorise the directors to fix their remuneration.

Special business

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

5. That, in substitution for any equivalent authorities and powers granted to the directors prior to the passing of this resolution, the directors be and they are generally and unconditionally authorised pursuant to Section 551 of the Act to exercise all powers of the Company to allot shares in the Company, and grant rights to subscribe for or to convert any security into shares of the Company (such shares, and rights to subscribe for or to convert any security into shares of the Company being "relevant securities") up to an aggregate nominal amount of £138,651.70, provided that, unless previously revoked, varied or extended, this authority shall expire on the conclusion of the Annual General Meeting of the Company to be held in 2015, except that the Company may at any time before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such an offer or agreement as if this authority had not expired.

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

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

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Special business (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 2015 except that the Company may before the expiry of this power make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such an offer or agreement as if this power had not expired.
- 7. That the Company be and it is hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 693(4) of the Act) of Ordinary Shares of 10p each in the capital of the Company (“Ordinary Shares”) provided that:
 - (a) the maximum number of Ordinary Shares hereby authorised to be purchased is 393,955 (representing 10 per cent of the issued share capital of the Company, excluding treasury shares);
 - (b) the minimum price which may be paid for each Ordinary Share is 10p (nominal value);
 - (c) the maximum price which may be paid for each ordinary share is an amount equal to 105 per cent of the average of the middle market quotations for an ordinary share as derived from The London Stock Exchange for the five business days immediately preceding the day on which the Ordinary Shares are purchased;
 - (d) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2015, 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
19 February 2014

Registered Office:
Elstree House
Elstree Way
Borehamwood
Hertfordshire
WD6 1SD

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Notes

1. A member who is entitled to attend, speak and vote may appoint a proxy to attend, speak and vote instead of him.
2. A proxy need not also be a member of the Company but must attend the meeting in order to represent his appointor. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares (so a member must have more than one share to be able to appoint more than one proxy). A form of proxy is enclosed. The notes to the form of proxy include instructions on how to appoint the Chairman of the meeting or another person as proxy. To be effective, forms of proxy must be duly completed and returned so as to reach Neville Registrars, New Issue Department, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA not less than 48 hours before the time appointed for the meeting, or adjourned meeting, as the case may be.
3. Only those shareholders registered in the register of members of the Company as at 6 p.m. on Wednesday 28 April 2014 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 Wednesday 28 April 2014 shall be disregarded in determining the rights of any person to attend and vote at the meeting.
4. As at 18 February 2014 (being the latest practicable date prior to the publication of this notice of annual general meeting) the Company's issued share capital consists of 4,159,551 ordinary shares carrying one vote each. There are currently 220,000 ordinary shares held in treasury which currently do not carry the right to vote. Therefore the total voting rights in the Company as at 18 February 2014 are 3,939,551.
5. To appoint a proxy or to amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the issuer's agent (ID 7RA11) by 11.30 a.m. on Tuesday 29 April 2014. 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 directors.

Five year summary

	2013	2012	2011	2010	2009
	£'000	Restated £'000	£'000	£'000	£'000
Group revenue - continuing	14,265	13,631	19,636	16,314	12,966
Group revenue – discontinued	990	1,974			
Gross profit	3,467	3,584	4,509	4,198	3,196
Distribution costs	(381)	(376)	(404)	(390)	(301)
Administrative expenses	(3,049)	(3,275)	(3,828)	(3,273)	(3,044)
Exceptional items	-	-	-	(83)	(176)
Other operating income/(expense)	68	11	98	39	(90)
Group operating profit	105	(56)	375	491	(415)
Finance income	4	1	-	-	20
Finance expenses	(12)	(13)	(12)	(1)	(13)
Profit before taxation	97	(68)	363	490	(408)
Taxation	(24)	(43)	(123)	(59)	9
Profit after tax	73	(111)	240	431	(399)
Earnings per share – continuing business					
Earnings per share – basic	1.85p	(2.82p)	6.70p	12.87p	(9.52p)
Earnings per share - diluted	1.78p	(2.82p)	6.63p	12.87p	(9.52p)
Dividends per share in respect of each year	2.0p	2.0p	5.35p	5.35p	5.35p
Equity attributable to shareholders of the parent	5,053	5,192	5,941	5,841	5,751