

## **CHAIRMAN'S STATEMENT**

### **Results**

Turnover for the six month period to 31 May 2005 was £7,190,000 as compared with £7,845,000 for the similar period in the preceding year. Pre-tax profit fell to £182,000 (2004: £421,000). Earnings per share amounted to 2.56p (2004: 6.23p) and net assets totalled £4,692,000 (2004: £4,384,000).

### **Dividend**

A net interim dividend of 2.0p per share (2004: 2.0p) will be paid on 20 September to shareholders on the Register of Members at the close of business on 26 August 2005. The shares will go ex-dividend on 24 August 2005.

### **Activities**

In the chairman's statement within the Report and Accounts for the year to 30 November 2004, issued in March this year, I cautioned that we were experiencing trading at levels below those of the preceding year and saw no signs of the position easing. This was borne out by trading in the balance of the first half year. That said, I am pleased to be able to report that all save one of our subsidiaries operated at budgeted levels, generally maintained gross margins and tightly controlled overheads. The exception to this favourable position was Screen Circuit. Having made a loss of £155,000 in the period, it will be restructured in the second half of the year with a view to eliminating any continuing losses.

It remains the Group's policy to seek, wherever possible, to hedge its foreign exchange exposure and to insure its debtors. In some instances it is not possible to do this and in the first half we suffered a net exchange loss of £27,000, primarily due to a weak euro, and £53,000 of bad debts were incurred in the UK. The rationalisation of Screen Circuit, when completed, is expected to reduce overall stock levels and this will lead to a further strengthening of our balance sheet.

In China, Topgrow Technologies (our 60% owned subsidiary) is currently engaged in creating a Wholly Owned Foreign Enterprise which will lease production facilities of a size which will enable it to address the opportunities in this market. Topgrow, despite quality problems with certain suppliers' products and the cost and resources required by the expansion programme, achieved a break even position in the six month period.

The group generated an operating cash inflow of £144,000 in the period, but due to tax payments and the final dividend, paid in May 2005, there was a net decrease in cash of £252,000. Net debt at 31 May amounted to £110,000 compared with net funds of £144,000 at the end of last year.

### **Outlook**

The elimination of Screen Circuit's losses will positively impact the second half of the current year. Given maintenance in the second half of the trading levels achieved by the other companies within the group in the first half, we continue to expect that the year as a whole will be in line with our initial expectations.

The interim financial statements were approved by the Board on 19 July 2005 and signed on its behalf by:

Rudolf W. Weinreich  
*Chairman and Chief Executive*

Holdings Technology plc  
Northway House  
1379 High Road  
Whetstone  
London N20 9LP

19 July 2005

**GROUP PROFIT AND LOSS ACCOUNT**  
for the half-year ended 31 May 2005

	Notes	<b>Unaudited half-year ended 31 May 2005</b>	Unaudited half-year ended 31 May 2004	Audited full-year ended 30 Nov 2004
		<b>£'000</b>	£'000	£'000
Turnover				
Continuing operations	1	<b>7,190</b>	7,845	15,658
Operating profit				
Continuing operations		<b>202</b>	427	720
Share of associates operating (loss)/profit		-	(1)	4
<b>Total operating profit</b>		<b>202</b>	426	724
Profit on disposal of subsidiary – discontinued operation	2	<b>12</b>	12	24
Profit on ordinary activities before interest and tax		<b>214</b>	438	748
Net interest payable and similar charges		<b>(32)</b>	(17)	(16)
<b>Profit before taxation</b>		<b>182</b>	421	732
Taxation	3	<b>(72)</b>	(163)	(274)
<b>Profit after taxation</b>		<b>110</b>	258	458
Minority interests – equity		<b>(4)</b>	-	(2)
<b>Profit for the period</b>		<b>106</b>	258	456
Dividends	4	<b>(83)</b>	(83)	(197)
<b>Transfer to reserves</b>		<b>23</b>	175	259
<b>Earnings per share</b>	5	<b>2.56p</b>	6.23p	11.00p
<b>Diluted earnings per share</b>	5	<b>2.52p</b>	6.13p	10.83p
<b>STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES</b>				
Profit for the financial year		<b>106</b>	258	456
In respect of associated undertaking prior to acquisition		-	-	23
Currency translation differences		<b>(41)</b>	(81)	11
<b>Total recognised gains and losses</b>		<b>65</b>	177	490

Notes:

1. The interim results are prepared on the basis of accounting policies set out in the financial statements for the year ended 30 November 2004.
2. The profit on disposal of subsidiary represents deferred consideration from the sale of Justfone Limited in 2003, which is recognised when received.
3. The tax charge for the six months ended 31 May 2005 is calculated based on the tax rates applicable in the country in which each company operates. The effective rate of tax is 39.6% (2004: 38.7%). Taxation includes a charge of £42,000 (2004: £142,000) relating to overseas operations.
4. The dividend payment of 2.0p per share is payable on the total issued share capital of 4,144,551 10p ordinary shares.
5. The earnings per ordinary share (basic and diluted) for the six months ended 31 May 2005 have been calculated using Financial Reporting Standard 14. The calculation of basic earnings per share, for the six months, is based on the profit attributable to equity shareholders of £106,000 (2004: £258,000) and on 4,144,551 ordinary shares (2004: 4,144,551) being the weighted average number of shares in issue during the period. Diluted earnings per share is based on 4,209,551 ordinary shares (2004: 4,209,551), being the weighted average number of ordinary shares after an adjustment of 65,000 shares (2004: 65,000) in relation to share options.
6. The results for the half year to 31 May 2005 are unaudited. The results for the year ended 30 November 2004 are taken from the full accounts filed with the Registrar of Companies, which contained an unqualified audit report and did not contain statements under s237 (2) or (3).
7. A copy of this interim report is being sent to shareholders and is available for inspection at the Company's registered office, Northway House, 1379 High Road, Whetstone, London N20 9LP.

**GROUP BALANCE SHEET AT 31 MAY 2005**

	<b>Unaudited half-year ended 31 May 2005</b>	Unaudited half-year ended 31 May 2004	Audited full-year ended 30 Nov 2004
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<b>Fixed assets</b>			
Intangible assets	404	197	424
Tangible assets	596	632	640
Investment in associated undertaking	121	202	97
	<u>1,121</u>	<u>1,031</u>	<u>1,161</u>
<b>Current assets</b>			
Stocks	2,737	2,272	2,607
Debtors	3,276	3,862	2,804
Cash at bank and in hand	377	428	480
	<u>6,390</u>	<u>6,562</u>	<u>5,891</u>
<b>Creditors</b>			
Amounts falling due within one year	<u>(2,714)</u>	<u>(3,159)</u>	<u>(2,217)</u>
<b>Net current assets</b>	<u>3,676</u>	<u>3,403</u>	<u>3,674</u>
<b>Total assets less current liabilities</b>	<u>4,797</u>	<u>4,434</u>	<u>4,835</u>
<b>Creditors: amounts falling due after one year</b>	(1)	(39)	(25)
<b>Provision for liabilities and charges</b>	(104)	(11)	(104)
	<u>4,692</u>	<u>4,384</u>	<u>4,706</u>
<b>Capital and reserves</b>			
Called up share capital	414	414	414
Share premium account	1,525	1,525	1,525
Capital redemption reserve	1	1	1
Profit and loss account	2,625	2,444	2,643
<b>Equity shareholders' funds</b>	<u>4,565</u>	<u>4,384</u>	<u>4,583</u>
<b>Minority interests - equity</b>	127	-	123
	<u>4,692</u>	<u>4,384</u>	<u>4,706</u>

**GROUP CASH FLOW**  
for the half-year ended 31 May 2005

	<b>Unaudited half-year ended 31 May 2005</b>	Unaudited half-year ended 31 May 2004	Audited full-year ended 30 Nov 2004
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<b>Net cash inflow from operating activities</b> <sup>1</sup>	<b>144</b>	524	837
<b>Returns on investment and servicing of finance</b>			
Interest received	2	7	15
Interest paid	(5)	(20)	(25)
Finance lease interest	(2)	(4)	(6)
<b>Net cash flow from returns on investment and servicing of finance</b>	<b>(5)</b>	(17)	(16)
<b>Taxation</b>	<b>(193)</b>	(57)	(220)
<b>Capital expenditure</b>			
Payments to acquire tangible fixed assets	(61)	(115)	(253)
Receipts from sales of tangible fixed assets	14	-	554
	<b>(47)</b>	(115)	301
<b>Acquisitions and disposals</b>			
Purchase of subsidiary undertaking	-	-	(76)
Net cash acquired with subsidiary undertaking	-	-	8
Investment in associated undertaking	(24)	-	(24)
Sale of subsidiary undertaking	12	12	24
	<b>(12)</b>	12	(68)
<b>Equity dividends paid</b>	<b>(114)</b>	(104)	(187)
<b>Cash flow before financing</b>	<b>(227)</b>	243	647
<b>Financing</b>			
Capital element of finance leases	(25)	(12)	(32)
(Repayment)/draw-down of bank loan	-	-	(598)
Repayment of bank loan	-	(465)	-
	<b>(25)</b>	(477)	(630)
(Decrease)/increase in cash <sup>2</sup>	<b>(252)</b>	(234)	17

<b>1. Reconciliation of operating profit to net cash inflow from operating activities</b>			
	<b>Unaudited half-year ended 31 May 2005</b>	<b>Unaudited half-year ended 31 May 2004</b>	<b>Audited full-year ended 30 Nov 2004</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Operating profit	202	427	720
Depreciation	86	90	240
Amortisation of goodwill	17	12	21
Impairment of goodwill	-	-	47
Currency translation	(28)	(57)	10
Loss on sale of tangible fixed assets	(5)	(42)	(45)
Change in stocks	(130)	(113)	(350)
Change in debtors	(478)	(475)	377
Change in creditors	480	682	(183)
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Net cash inflow from operating activities	144	524	837
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**2. Reconciliation of net cash flow to movement in net (debt) / funds**

(Decrease)/increase in cash	(252)	(234)	17
Cash flow from change in debt and lease finance	25	477	630
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	(227)	243	647
Exchange losses on currency balances	(27)	-	-
	<hr/>	<hr/>	<hr/>
	(254)	243	647
Opening net (debt) / funds	144	(503)	(503)
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Closing net (debt) / funds	(110)	(260)	144
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**Website:** <http://www.holders.co.uk>