

Hartest Holdings Plc
(‘Hartest’ or ‘the Group’)

Unaudited Interim Results for the Six months ended 30 September 2008

Hartest Holdings plc, the supplier of specialist instrumentation and medical equipment, announces its Interim Results for the six months ended 30 September 2008 (the ‘period’).

Highlights:

- **Group revenue up 2.5% at £10.06 million (2007; £9.82 million)**
- **Operating profit before non-recurring costs £62,000 (2007; £175,000)**
- **Non-recurring costs of £301,000 primarily represent redundancy payments and related inventory write-downs, together with preliminary costs of planned business relocations**
- **Loss before tax £290,000 (2007; Profit before tax £85,000)**
- **Maintained nil net debt position**

Peter Ward, Chairman, commented:

“In recent months we have strengthened our subsidiary management teams which will improve our ability to develop or maintain the value of our businesses during these extremely challenging times.

The Group typically experiences a strong bias in trading towards the second half of the financial year and 2008 should prove no exception. It is expected, however, that the necessary non-recurring expenditure on the forthcoming relocations is likely to offset the operating results of the Group’s trading operations.”

Chairman’s Statement

I am pleased to present the interim report of Hartest Holdings plc for the six months to 30 September 2008.

Results

The Group’s consolidated revenue for the period was £10.06 million (2007: £9.82 million) with growth in line with expectations. The Instrumentation Division experienced reasonable revenue growth; this was partly offset by a shortfall in the Medical Division, but this division typically experiences a strong bias in trading towards the final quarter.

As stated at the time of our Annual General Meeting in August, operating overheads have been kept under close control although gross margins have come under pressure in some areas. Furthermore, while our general trading performance remains sound, in the last few weeks the widely reported deterioration in the global economic climate, coupled with a period of extreme volatility in currency exchange rates, has resulted in the Group experiencing lower sales and tighter margins in some areas of the business. To lower our cost base in line with revenue and profit expectations, we have also incurred a number of non-recurring expenses, which are predominantly restructuring costs in specific areas.

Trading

Encouragingly, the organic growth seen last year in the Instrumentation Division has continued this year. A strong performance by Carnation, with its ‘genisys’ vehicle power management systems, and by the overseas operations of Hartest Precision Instruments, has compensated for a slight fallback at Agar, where we have incurred higher costs to strengthen the management structure. As we progress into the second half of the year, we will be implementing pre-planned and necessary relocations; Agar Scientific will relocate at the termination of its current property lease, and the Hartest Precision Instruments business will move from two separate locations onto a single site. The move by Agar had always been expected towards the end of

the current financial year, but in the case of Hartest Precision, the early identification of suitable premises has accelerated our plans, enabling an earlier delivery of improved operational efficiencies and cost savings. The relocations will incur special and non-recurring expenses which will be offset by the generation of future annual cost savings. The special expenditure will be funded from the Group's own resources, underwritten by the sale in due course of the freehold of one of the vacated properties.

In the Medical Services division, the loss of the Candela laser franchise last year and competitive and currency-based pressure on margins have led to reduced profitability and, as a result, some restructuring has been undertaken at a cost of £155,000 in redundancy payments and inventory write-downs. A new managing director has been appointed at the Medical Services division which will strengthen the division's ability to manage the tough trading conditions that we foresee.

We remain operationally debt-free although we have seen a minor reduction in our net financial assets.

Board Changes

I am pleased to announce the appointment today of Jan Holmström as a non-executive director. Jan brings a wealth of experience in both executive and non-executive roles across a broad range of companies in the UK and overseas, and we are looking forward to working with him.

Dividend

In view of the requirements to fund the necessary business relocations, the Group has decided that it can best serve the interests of Hartest and its shareholders by pursuing a prudent policy of suspending dividend payments. As a result the Board will not declare a dividend at this time, but will review the situation again at the full year (2007; interim dividend 0.67 pence per share).

Prospects

The Group typically experiences a strong bias in trading towards the second half of the financial year and this year should prove no exception. It is expected, however, that the necessary non-recurring expenditure on the forthcoming relocations is likely to offset the operating results of the Group's trading operations.

Peter Ward

Chairman
10 December 2008

Interim Consolidated Income Statement (unaudited)

For the half year ended 30 September 2008

	Notes	6 months ended 30 Sept 2008	6 months ended 30 Sept 2007	Year ended 31 March 2008
		£'000	£'000	£'000
Revenue		10,058	9,815	21,724
Cost of sales		(6,828)	(6,551)	(14,248)
Gross profit (excluding non-recurring costs)		3,230	3,264	7,476
Net operating expenses excluding non-recurring costs		(3,168)	(3,089)	(6,443)
Non-recurring costs	2	(301)	-	-
Operating (loss) / profit		(239)	175	1,033
Interest income		3	2	29
Interest expense		(54)	(92)	(178)
(Loss)/profit before taxation		(290)	85	884
Taxation	3	(77)	(30)	(113)
(Loss)/profit for the period attributable to the holders of the company		(367)	55	771
Earnings per share - pence				
Basic (loss)/earnings per share	5	(4.27)	0.64	8.96
Diluted (loss)/earnings per share	5	(3.79)	0.57	7.99

Interim Consolidated Balance Sheet (Unaudited)

As at 30 September 2008

	Notes	30 Sept 2008	30 Sept 2007	31 March 2008
Assets		£'000	£'000	£'000
Non-current assets				
Intangible - goodwill		3,890	3,890	3,890
- other		202	200	193
Property, plant and equipment		1,579	2,302	1,652
Deferred income tax asset		9	-	9
		<u>5,680</u>	<u>6,392</u>	<u>5,744</u>
Current assets				
Inventories		3,154	3,692	3,855
Trade and other receivables		2,937	3,477	4,570
Cash and cash equivalents		444	268	565
		<u>6,535</u>	<u>7,437</u>	<u>8,990</u>
Total assets		<u>12,215</u>	<u>13,829</u>	<u>14,734</u>
Equity				
Share capital		2,097	2,097	2,097
Share premium		2,928	2,928	2,928
Retained earnings		3,493	3,259	3,936
		<u>8,518</u>	<u>8,284</u>	<u>8,961</u>
Total equity attributable to the Company's equity holders		<u>8,518</u>	<u>8,284</u>	<u>8,961</u>
Liabilities				
Non-current liabilities				
Borrowings		361	758	399
Deferred income tax liabilities		36	28	36
Current liabilities				
Trade and other payables		3,026	4,488	5,032
Current Income tax liabilities		198	195	230
Borrowings		76	76	76
Total liabilities		<u>3,697</u>	<u>5,545</u>	<u>5,773</u>
Total equity and liabilities		<u>12,215</u>	<u>13,829</u>	<u>14,734</u>

Interim Group Cash Flow Statement (Unaudited)

Six months ended 30 September 2008

	Notes	30 Sept 2008 £'000	30 Sept 2007 £'000	31 March 2008 £'000
(Loss) / Profit before tax		(367)	55	771
Amortisation / depreciation		133	157	306
Finance cost		51	90	149
Tax		77	30	113
Share based payments		10	17	35
Profit on sale of fixed assets		-	-	(58)
Decrease / (increase) in inventories		701	(279)	(441)
Decrease in trade and other receivables		1,633	1,388	294
Decrease in current liabilities		(2,010)	(1,202)	(75)
Net cash generated from operating activities before interest and tax		228	256	1,094
Interest paid		(54)	(92)	(181)
Interest received		3	2	29
Income tax paid		(105)	(37)	(85)
Net cash generated from operating activities		72	129	857
Cash flows from investing activities				
Purchase of property, plant and equipment		(23)	(147)	(322)
Proceeds from sale of investment property		-	-	763
Proceeds from disposal of property, plant and equipment		-	-	3
Purchase of intangible assets		(46)	(96)	(121)
Net cash used in investing activities		(69)	(243)	323
Cash flows from financing activities				
Equity dividends paid		(86)	(86)	(144)
Repayment of borrowings		(38)	(66)	(481)
Net cash used in financing activities		(124)	(152)	(625)
Net (decrease) / increase in cash and cash equivalents		(121)	(266)	555
Cash and cash equivalents at beginning of period		565	10	10
Cash and cash equivalents at end of period*		444	(256)	565

* Cash and cash equivalents at 30 September 2007 comprise cash balances of £268,000 and bank overdraft balances of £524,000.

Consolidated Interim Statement of Change in Shareholder Equity (Unaudited)

	Share Capital £'000	Share Premium £'000	Retained earnings £'000	Total £'000
Balance at 1 April 2007	2,097	2,928	3,274	8,299
Profit for the period	-	-	55	55
Employee share-based compensation	-	-	17	17
Dividend	-	-	(86)	(86)
Balance at 30 September 2007	2,097	2,928	3,259	8,284
Profit for the period	-	-	716	716
Employee share-based compensation	-	-	18	18
Dividend	-	-	(58)	(58)
Balance at 31 March 2008	2,097	2,928	3,936	8,961
(Loss) / profit for the period	-	-	(367)	(367)
Employee share-based compensation	-	-	10	10
Dividend	-	-	(86)	(86)
Balance at 30 September 2008	2,097	2,928	3,493	8,518

Notes:

1. Basis of preparation, accounting policies, and approval of interim statement

The interim financial statements for the six months to 30 September 2008 has been prepared in accordance with adopted IFRS however the Group has not applied IAS 34 'Interim Financial Reporting', which is not mandatory for AIM listed UK Groups, in the preparation of these interim financial statements.

The accounting policies adopted in the preparation of the interim financial statements are the same as those set out in the Group's Annual Report and Accounts 2008. The policies set have been consistently applied to all the years and periods presented.

The financial information herein does not amount to full statutory accounts within the meaning of Section 240 of the Companies Act 1985. The financial information in respect of the year ended 31 March 2008 has been extracted from the statutory accounts which have been filed with the Registrar of Companies. The auditors' report on those accounts was unqualified and did not include a statement under Section 237 of the Companies Act 1985.

The interim financial statement is unaudited and was approved by the Board of Directors on 9 December 2008.

2. The non-recurring operating expenses in the six months to 30 September 2008 of £301,000 represent costs during the period in respect of redundancy payments and inventory write-downs during business restructuring, Group business development costs, and expenses in connection with planned relocations.
3. The taxation charge for the six months to 30 September 2008 represents a provision for overseas tax liability.
4. A dividend has not been declared at this time (2007: 0.67 pence per share). A final dividend of 1 penny per share amounting to £86,000 was paid relating to the year ended 31 March 2008 following approval at the Annual General Meeting held on 12 August 2008.
5. Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average of ordinary shares in issue during the year. For diluted earnings, the weighted average of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

Copies of the statement will be available for a period of one month to members of the public free of charge, from the Company's registered office, or can be downloaded from the website - www.hartest-holdings.com.

Enquiries – please contact:

Geoff Spink Chief Executive Officer	Hartest Holdings Plc	01252 749 530
Robert Porter Group Finance Director	Hartest Holdings Plc	01252 749 530
Vikki Krause Financial Public Relations	Hansard Group	020 7245 1100
William Vandyk Nominated Adviser and Broker	Blue Oar Securities	020 7448 4400