

HARTEST HOLDINGS PLC
("Hartest", or "the Company", or "the Group")

TRADING STATEMENT

November 2008

Hartest Holdings plc, the specialist supplier of instrumentation and medical equipment, today issues a trading statement. At the time of our Annual General Meeting in August 2008, we reported that sales by Group companies were in line with expectations, and that operating overheads were under control, whilst margins were coming under pressure in some areas. Since then, although our general trading performance remains sound, the widely reported deterioration in the global economic climate, coupled with a period of extreme volatility in currency exchange rates, including the significant weakening in the value of the Pound Sterling against the Euro and the US Dollar, has resulted in the Company experiencing lower sales and tighter margins in some areas of the business during late September and October.

In spite of the prevailing economic conditions, at present the Instrumentation businesses within the Group continue to demonstrate resilience and their performance in aggregate remains in line with our original expectations. However, 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.

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 costs of approximately £700,000 within the current financial year; however they will be offset by the generation of future annual cost savings at Hartest Precision in excess of £200,000. The exceptional expenditure will be funded by the Company's own resources, underwritten by the sale in due course of the freehold of one of the vacated properties.

The Group typically experiences a strong bias in trading towards the second half of the financial year and this year should prove no exception. Overall, and in the face of a continuing weak global market economy, we currently anticipate the Company will report either a slight profit or a small loss for the year, after non-recurring charges.

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