Preliminary Results for the year ended 31 March 2008

Hartest Holdings plc, the specialist supplier of instrumentation and medical equipment, announces its Preliminary Results for the year ended 31 March 2008.

Highlights:

- Group revenue £21.7 million (2007: £21.7 million)
- Group operating profit before interest and tax almost doubled at £1.03 million (2007: £0.55 million)
- Cash increased by £1.04 million, eliminating net debt
- Earnings per Share increased significantly to 9 pence per share from 2 pence per share
- Final dividend – proposed at one pence per share (2007: one pence per share)

BUSINESS REVIEW
CHAIRMAN'S STATEMENT

Following my appointment as Chairman on 1 January 2008, I am very pleased to write to shareholders to present the results for 2008.

Results

Group revenue for the period was £21.72 million, the same as the previous year's total of £21.72 million. Revenue at the half year stage was £9.8 million, but we commented at that time that our revenues are traditionally second half biased, particularly in the Medical division. We can now report a strong second half with total revenues of £11.9 million.

Overall, gross margins across the Group showed a favourable increase, to 34.4% from 32.5%. Overheads in the operating divisions were kept under close control and showed only a marginal increase against the previous year.

Group operating profit before interest and tax amounted to £1.03 million, an increase of 89% compared to the previous year. Cash improved over the period by £1.04 million, eliminating our net debt (2007: 11% of equity).

Share Consolidation

Shareholders will be aware that at the Group's Annual General Meeting ('AGM'), on 8 August 2007, a resolution was passed to consolidate every one hundred Ordinary Shares of 0.1 pence nominal value into one Ordinary Share of 10 pence nominal value.

Dividend

The Board is proposing a final dividend for 2008 of one pence per share (2007: one pence per share), in order to supplement the interim dividend of 0.67 pence which was declared at the half-year stage (paid in March 2008) (2007: 0.67 pence per share). If approved by shareholders at our forthcoming AGM, the dividend will be paid on 22 September 2008 to shareholders on the register on 22 August 2008. This will give dividends for the year of 1.67 pence per share (2007: 1.67 pence per share).

Directorate Changes

The last twelve months have seen a number of Board changes. I joined the Board in October 2007 and was pleased to accept the appointment of Chairman from the commencement of the current calendar year following the retirement of David Leeming. At the end of March 2008, John Whitfield also retired as a director. David and John both gave significant contributions to the Board during their respective periods of office and we thank them for their input, and wish them well in their retirements.

Employees

I would like to extend my personal thanks to all of our employees, upon whose dedication and hard work the Group relies. We are grateful for the commitment they provide to our operations on a daily basis.

Prospects

The Group is now soundly and broadly based with a solid balance sheet, wide markets and product range, and interesting developments in hand. Our management teams are performing well and we anticipate continuing organic development and progress in the months to come.

Peter Ward
Chairman
17 June 2008

BUSINESS REVIEW
CHIEF EXECUTIVE'S REVIEW

Overview

The year saw encouraging progress, with improvements in sales, gross margins and operating profits in the Instrumentation Division, offset by some reductions in sales and profits in the Medical Services Division, for the reasons explained below.

We operate in technically specialist markets worldwide, which offer significant growth potential, but the Group still needs to seek new product introductions, both of its own manufacture and of distributed lines, on a continuous basis, in order to create further sales growth. We continue to dedicate significant energies in this direction.

Instrumentation Division

The Instrumentation Division manufactures, sells and distributes a range of specialist instruments and supplies for use in testing, measurement, performance improvement, and research around the world. Our brands cover surface coatings (Sheen Instruments), rubber testing (Wallace Instruments), temperature measurement (ASL), ophthalmic testing (Tinsley Ophthalmic and Henson), underwater cable fault location, and electrical impulse testing (Tinsley), power management systems for specialist vehicles (Carnation Designs), and equipment and consumables for use with electron microscopes (Agar Scientific).

The four operations of Sheen, Wallace, ASL and Tinsley now operate jointly within one company, **Hartest Precision Instruments Limited** ('Hartest Precision'), from two locations in South London, Kingston and Croydon, and we have completed a number of initiatives to unify the branding previously adopted by the four separate businesses.

Demand levels for Sheen, Wallace and ASL brands are strong. The Henson ophthalmic vision field analysers and macular pigment measurement devices are benefiting from a major investment in that marketplace. Our Indian business produced strong results, and business levels in India continue to be buoyant. Overall, the various initiatives at Hartest Precision led to a significant improvement in performance by the company.

Following the launch by **Carnation Designs Limited** ('Carnation') in April 2007 of 'genisys', the Company's new generation of programmable intelligent vehicle management systems for both end users and converters of specialist vehicles, the management team have carefully overseen the transition to genisys from products using the former technology. During the year, sales remained at a similar level to the previous year, but operating profits increased and the Company has many exciting customer prospects as it enters the next financial year. These opportunities are spread across existing markets, and also new areas of potential activity, both in the UK and overseas.

Agar Scientific Limited (‘Agar’) has achieved yet another year of solid business progress, with worthwhile increases in both sales and underlying operating profits. Further investment is being applied to management, business information systems and marketing communications, which will assist in the widening of the Company’s appeal within its marketplace.

Medical Services Division

The Medical Services Division trades under the names of Qados and Cross Technologies. It acts as a distributor in the business areas of specialist medical, healthcare and aesthetic treatment equipment, in both the public and private sectors throughout the United Kingdom and Ireland. We strive to offer the latest technology and to achieve this we act as distributor rather than manufacturer; in the nature of such a wide portfolio business, we are constantly adjusting our product offerings, and both gain and lose suppliers.

As a part of this process, we learned during mid-2007 that one of our larger franchises, for the supply of lasers for aesthetic treatment and hair removal within the UK and Ireland, was being withdrawn by the supplier, Candela Corporation of the US, as a result of their decision to open their own operation within the UK. This has led to a reduction in revenues during the current and future years, and to some restructuring within the Division. The Division has a number of initiatives to develop new business lines in substitution, but there has inevitably been a reduction of income during the transitional period.

The Division traditionally experiences a seasonal business, with much stronger sales in the second half, and the current year was no exception. A number of initiatives had generated increased margins in the Division during the year, but in the final event, the high levels of activity towards the end of the year delivered significantly lower margins, due to strong levels of competition in some market sectors and foreign exchange losses, particularly on the strengthening value of the Euro, in others.

During the year, we also took steps to reorganise the management structure of the Medical Services Division, with increased focus upon management information systems and the appointment of a managing director, Allan Hunter, who took up office at the end of March 2008.

Group Development

Over recent years, we have stabilised the various businesses in the Group, and each one now contributes profit and cash flow to our operations. As we move forward, we place increasing emphasis on the continuing development and growth of our activities.

Geoff Spink
Chief Executive
17 June 2008

BUSINESS REVIEW
FINANCE REVIEW

International Financial Reporting Standards ('IFRS')

We have produced these financial statements on the basis of the recognition and measurement requirements of adopted IFRS and have provided comparative information under adopted IFRS for the information at 31 March 2007.

These statements incorporate the transition statement explaining the impact of adopted IFRS, which is an increase in pre-tax profits in all reported periods primarily resulting from changing from annual amortisation to annual impairment testing of intangible assets, namely goodwill.

Operating Profit

Group operating profit was £1.03 million (2007: £0.55 million), an increase of 89%.

Trading

Overall, gross margins across the Group showed a favourable increase, to 34.4% from 32.5%. Overheads in the operating divisions were kept under close control and showed only a marginal increase against the previous year.

Within the Instrumentation Division, revenue increased by 6% to £14.1 million, and operating profits increased by 76% to £1.24 million, whereas in the Medical Services Division, revenue fell by 9% to £7.6 million, and operating profits were reduced by 48% to £0.35 million. The reasons behind this reduction are explained in the Chief Executive's Review, above.

Group profit before taxation amounted to £0.88 million, an increase of 133% compared to the previous year.

The board reviews Group performance against budget on a monthly basis. The key performance indicators regularly monitored by the board include revenue, gross margin and overhead expenditure trends at each Group company. Working capital utilisation is also closely monitored by regular review of stock holding periods and debtor / creditor days. Business prospects are assessed by reviewing rolling 3 month forecasts and order book levels supported by order intake trends.

Liquidity

During the year, we were pleased to be able to dispose of the former group premises at Haverhill in Suffolk, previously categorised in the Financial Report as a Freehold Investment Property. The net cash released from this sale, after settlement of related fees and costs, and the loan secured upon the property, amounted to some £0.40 million.

Cash inflow during the period, including the net Haverhill proceeds referred to above, amounted to £1.04 million, resulting in a small positive cash balance of £0.09 million at the year end, and eliminating the net borrowing position that had existed at the start of the year (2007: £0.947 million; representing 11% of equity).

<u>Reconciliation of Net Cash Flow to Movement in Net Debt</u>

	2008	2007
	£'000	£'000
Increase in cash in the year	**555**	533
Cash inflow from debt and finance leases	**482**	29
Change in net debt resulting from cash flows	**1,037**	562
Net (debt) at the beginning of the year	**(947)**	(1,509)
Net cash / (debt) at end of the year	**90**	(947)

Taxation and Earnings per Share

Net provisions for taxation across the Group amounted to £0.113 million (2007: £0.214 million), benefiting from R & D tax credits relating to the current and prior years.

The resulting figure of Earnings per Share of 8.96, therefore also benefits from the R & D tax credits (2007: 1.92 pence per share).

Robert Porter

Finance Director

17 June 2008

Hartest Holdings plc

Group Consolidated Income Statement

Year ended 31 March 2008

	Note	**2008 £'000**	2007 £'000
Revenue		**21,724**	21,720
Cost of sales		**(14,248)**	(14,658)
Gross profit		**7,476**	7,062
Operating expenses		**(6,443)**	(6,515)
Operating profit		**1,033**	547
Finance income		**29**	5
Finance costs		**(178)**	(173)
Net financing cost		**(149)**	(168)
Profit before income tax		**884**	379
Income tax expenses		**(113)**	(214)
Profit for the year		**771**	165
Attributable to:			
Equity shareholders of Hartest Holdings Plc		**771**	165
Earnings per share – pence			
– basic		**8.96**	1.92
– diluted		**7.99**	1.71
Dividends declared and paid in the year (£'000)		**144**	143

All of the results above arose from continuing operations.

Consolidated Statement of Changes in Equity

Year ended 31 March 2008

	Note	Share Capital £'000	Share Premium £'000	Retained earnings £'000	**Total £'000**
Balance at 1 April 2006		2,090	2,902	3,200	**8,192**
Profit for the period		-	-	165	**165**
Shares issued		7	26	-	**33**
Employee share-based compensation		-	-	52	**52**
Dividend		-	-	(143)	**(143)**
At 31 March 2007		2,097	2,928	3,274	**8,299**
Profit for the period		-	-	771	**771**
Employee share-based compensation		-	-	35	**35**
Dividend		-	-	(144)	**(144)**
At 31 March 2008		**2,097**	**2,928**	**3,936**	**8,961**

Hartest Holdings plc

Group Consolidated Balance Sheet

As at 31 March 2008

	Note	**2008 £'000**	2007 £'000
Assets			
Non-current assets			
Goodwill and intangible assets		**4,083**	4,023
Investments		**-**	-
Property, plant and equipment		**1,652**	2,283
Deferred income tax asset		**9**	20
		5,744	6,326
Current assets			
Inventories		**3,855**	3,414
Trade and other receivables		**4,570**	4,865
Cash and cash equivalents		**565**	287
		8,990	8,566
Total assets		**14,734**	14,892
Equity			
Share capital		**2,097**	2,097
Share premium		**2,928**	2,928
Retained earnings		**3,936**	3,274
Total equity attributable to the company's equity holders		**8,961**	8,299
Liabilities			
Non-current liabilities			
Borrowings		**399**	824
Deferred income tax liabilities		**36**	47
		435	871
Current liabilities			
Trade and other payables		**5,032**	5,111
Current income tax liabilities		**230**	202
Borrowings		**76**	409
		5,338	5,722
Total liabilities		**5,773**	6,593
Total equity and liabilities		**14,734**	14,892

Hartest Holdings plc

Group Consolidated Cash Flow Statement

Year ended 31 March 2008

	2008	2007
	£'000	£'000
Profit for the year	**771**	165
Adjustments for:		
Finance costs	**149**	174
Tax	**113**	214
Depreciation	**246**	185
Amortisation	**60**	-
Share-based payment cost	**35**	52
(Profit)/loss on sale of fixed assets	**(58)**	7
Increase in stock	**(441)**	(26)
(Decrease)/increase in trade and other receivables	**294**	(413)
(Decrease)/increase in trade and other payables	**(75)**	872
Net cash generated from operating activities	**1,094**	1,230
Interest paid	**(181)**	(178)
Income tax paid	**(85)**	(40)
Net cash generated from operating activities	**828**	1,012
Cash flows from investing activities		
Purchases of property, plant and equipment (PPE)	**(322)**	(268)
Proceeds from sale of Investment property	**763**	-
Proceeds from sale of PPE	**3**	-
Purchases of intangible assets	**(121)**	(75)
Interest received	**29**	6
Net cash generated/(used) in investing activities	**352**	(337)
Cash flows from financing activities		
Proceeds from issue of share capital	**-**	32
Proceeds from borrowings	**-**	130
Repayments of borrowings	**(481)**	(119)
Payments of finance lease liabilities	**-**	(42)
Equity dividends paid	**(144)**	(143)
Net cash used in financing activities	**(625)**	(142)
Net increase in cash and cash equivalents and bank overdrafts	**555**	533
Cash, cash equivalents and bank overdrafts at beginning of year	**10**	523
Cash, cash equivalents and bank overdrafts at end of year*	**565**	10

1. Basis of Preparation

The financial information presented in this Preliminary Announcement is extracted from, and is consistent with, the Group's audited financial statements for the year ended 31st March 2008. The information presented does not constitute statutory accounts of the Group or of the Company within the meaning of section 240 of the Companies Act 1985. The financial statements for the year ended 31st March 2008 will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The auditors' report on those financial statements is unqualified and does not contain any statement under section 237 of the Companies Act 1985.

The group's audited financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

2. Segmental Information

At 31 March 2008 the Group is organised into two main primary business segments:

- Instrumentation – The Instrumentation Division manufactures, sells and distributes a range of specialist instruments and supplies for use in testing, measurement, performance improvement and research around the world.

- Medical Services – The Medical Services Division acts as a distributor of equipment in the business areas of medical, healthcare and aesthetic treatment.

The segment results for the year ended 31 March 2008 are as follows:

	Instrumentation £'000	Medical Services £'000	Central costs £'000	Group £'000
Revenue				
Total revenue	**14,082**	**7,642**	**-**	**21,724**
Operating profit/segment result	1,244	349	(560)	1,033
Finance cost – net	(103)	(26)	(20)	(149)
Profit before income tax	1,141	323	(580)	884
Segmented operating assets	8,493	4,425	752	13,670
Total operating assets	8,493	4,425	752	13,670
Segmented operating liabilities	(3,603)	(2,711)	(276)	(6,590)
Total operating liabilities	(3,603)	(2,711)	(276)	(6,590)
Capital additions	373	80	-	453
Depreciation and amortisation	252	54	-	306

Geographical Segments for the year ended 31 March 2008

	United Kingdom £'000	Europe £'000	Rest of World £'000	Total £'000
Revenue	**12,595**	**3,650**	**5,479**	**21,724**

2. Segmental Information continued

Comparatives for Figures for the year ended 31 March 2007

	Instrumentation £'000	Medical Services £'000	Central costs £'000	Group £'000
Revenue				
Total revenue	13,283	8,437	-	21,720
Operating profit/segment result	708	673	(834)	547
Finance cost – net	(123)	(23)	(22)	(168)
Profit before income tax	585	650	(856)	379
Segmented operating assets	7,658	4,716	803	13,177
Total operating assets	7,658	4,716	803	13,177
Segmented operating liabilities	(3,401)	(2,812)	(622)	(6,835)
Total operating liabilities	(3,401)	(2,812)	(622)	(6,835)
Capital additions	219	80	130	429
Depreciation and amortisation	130	56	-	186

Geographical Segments for the year ended 31 March 2007

	United Kingdom £'000	Europe £'000	Rest of World £'000	Total £'000
Revenue	**13,332**	**3,452**	**4,936**	**21,720**

ENDS

For Further Information:

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