

## Unaudited Interim Results for the Six months ended 30 September 2009

Hartest Holdings plc, the supplier of specialist instrumentation and medical equipment, announces its Interim Results for the six months ended 30 September 2009 (the 'period').

### Highlights:

- **Group revenue £9.42 million (2008; £10.06 million)**
- **Operating profit before non-recurring costs £263,000 (2008; £62,000)**
- **Non-recurring costs of £223,000 primarily relate to planned business relocation expenses**
- **Profit before tax £5,000 (2008; Loss before tax £290,000)**
- **Proposal to restore dividend at 0.67 pence per share**
- **Discussions continue regarding possible offer by Delta Controls Limited**

**Geoff Spink, Executive Chairman, commented:** "Profitability in the first half of the year has proved to be better than expected and this trend has continued across Group operations in recent weeks. The Group typically experiences a strong bias in trading towards the second half of the financial year, and with our sound financial base and encouraging future prospects, we are looking forward to continued improvements in our performance."

### Chairman's Statement

I am pleased to present the interim report of Hartest Holdings plc for the six months to 30 September 2009.

#### Results

The Group's consolidated revenue for the period was slightly reduced at £9.42 million (2008; £10.06 million) principally because of the continuing effects of the global economic recession on some areas of the business.

However, in aggregate we managed to maintain or improve margins and we are able to report a substantial improvement in operating profit for the period at £263,000 (2008; £62,000) aided by reductions in overheads in a number of areas.

#### Trading

In the period, we experienced encouraging demand for the specialist products and services supplied by Group companies, despite the significant changes in global economic trading conditions that developed in the Autumn of 2008. Sales generally have held up very well in most sectors, although reductions in sales did occur in certain areas of the business, notably the automotive paint testing equipment market served by the Sheen Instruments division of Hartest Precision Instruments Limited.

During the second half of the last financial year, we took a number of initiatives both to strengthen gross margins and also to reduce operating costs and overheads across the Group, as fully reported in the Annual Report at the time. These measures represented a timely reaction to difficult trading conditions and as a result, we are now seeing significant improvements in profitability.

We previously reported our intention to relocate the Hartest Precision Instruments business in early 2009, from two separate sites at Kingston and Croydon respectively into a new dedicated facility at Redhill, whilst concurrently moving the Agar Scientific operation to a new facility close to its existing location at Stansted.

Both relocations were completed smoothly, contributing to improved margins and operating efficiency, and we incurred planned non-recurring costs of £190,000 on these moves during the half year.

The planned expenditure on our relocations during the period increased borrowings, resulting in net debt of £0.6 million (2008; £0.15 million) at the half year, and representing gearing of 7.5% (2008; 1.7%). However, this increased level of borrowing was well within our expectations.

Discussions are in hand regarding the sale of the New Addington property, and the Board is optimistic of a transaction in due course.

### **Possible Offer**

As shareholders will be aware, the Group has been in an Offer Period since 1 July 2009 and, after 26 August 2009 when the initial potential offerors withdrew their interest, the Group has only been in discussions with Delta Controls Limited ("Delta"). On 8 October 2009, Delta announced that they were considering an offer for the Company at a price of 50 pence per share payable in cash, and on 27 November they announced that the price for their possible offer had increased to an indicative level of 61 pence per share payable in cash. At the time of writing there can be no certainty that an offer from Delta will be forthcoming and in order to ensure that the Company is not subject to unnecessary speculation and uncertainty, the directors of Hartest have requested that the Takeover Panel set a deadline for Delta to either make their offer or withdraw, and this has now been fixed at 1.00 pm on 31 December 2009. Discussions continue in good faith with Delta, and we look forward to updating shareholders on the possible offer in the near future.

### **Dividend**

The Group suspended dividend payments in December 2008 in order to ensure that sufficient funds were available to finance the forthcoming subsidiary company relocations, and also generally to conserve funds at a time of economic uncertainty. The Group is now on a more sound financial footing with the relocations successfully completed, and as anticipated at the Annual General Meeting in September 2009, trading prospects have continued to improve. In view of this, we are pleased to report that the Board has resolved to resume payment of dividends. An interim dividend of 0.67 pence per share will be paid to shareholders on 11 March 2010, based upon members recorded on the Company share register at 29 January 2010, and the Board anticipates increasing future dividend payments at a level reflecting profitability.

### **Prospects**

Profitability in the first half of the year has proved to be better than expected and this trend has continued across Group operations in recent weeks. The Group typically experiences a strong bias in trading towards the second half of the financial year, and with our sound financial base and encouraging future prospects, we are looking forward to continued improvements in our performance.

### **Geoff Spink**

Executive Chairman  
10 December 2009

**Hartest Holdings plc**  
**Interim Consolidated Income Statement (Unaudited)**  
For the Six months ended 30 September 2009

	Note	6 months ended 30 Sept 2009	6 months ended 30 Sept 2008	Year ended 31 March 2009
		£'000	£'000	£'000
<b>Revenue</b>		<b>9,420</b>	10,058	20,671
Cost of sales		<b>(6,109)</b>	(6,828)	(13,635)
<b>Gross Profit (excluding non-recurring costs)</b>		<b>3,311</b>	3,230	7,036
<b>Operating Expenses</b>				
Overheads		<b>(3,048)</b>	(3,168)	(6,702)
<b>Operating Profit before non-recurring costs</b>		<b>263</b>	62	334
Non-recurring costs	2	<b>(223)</b>	(301)	(1,117)
<b>Total Operating Expenses</b>		<b>(3,271)</b>	(3,469)	(7,818)
<b>Operating Profit / (Loss) after non-recurring costs</b>		<b>40</b>	(239)	(783)
Financing cost		<b>(35)</b>	(51)	(82)
<b>Profit / (Loss) before taxation</b>		<b>5</b>	(290)	(865)
Taxation	3	-	(77)	103
<b>Profit / (Loss) for the year</b>		<b>5</b>	(367)	(762)
<b>Attributable to Equity shareholders of Hartest Holdings plc</b>		<b>5</b>	(367)	(762)
<b>Earnings per share (pence)</b>				
- Basic	5	<b>0.06</b>	(4.27)	(8.85)
- Fully diluted		<b>0.05</b>	(4.27)	(8.85)
<b>Dividends</b> declared and paid in year (£'000)		<b>-</b>	(86)	(86)

**Interim Group Statement of Consolidated Income (Unaudited)**  
Six months ended 30 September 2009

	30 Sept 2009 £'000	30 Sept 2008 £'000	31 March 2009 £'000
<b>Profit / (Loss) for the period</b>	<b>5</b>	(367)	(762)
Exchange rate movement on net assets	(58)	-	34
Write back of revaluation reserve	-	-	(81)
<b>Total comprehensive expense for the period, attributable to the equity shareholders of Hartest Holdings plc</b>	<b>(53)</b>	(367)	(809)

**Interim Consolidated Balance Sheet (Unaudited)**

As at 30 September 2009

	30 Sept 2009	30 Sept 2008	31 March 2009
<b>Fixed Assets</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Goodwill and intangible assets	4,022	4,092	4,061
Property plant and equipment	1,122	1,579	833
Deferred income tax asset	144	9	141
	<b>5,288</b>	<b>5,680</b>	<b>5,035</b>
<b>Current assets</b>			
Assets classified as held for resale	750	-	750
Inventories	3,005	3,154	3,042
Trade and other receivables	3,520	3,154	4,489
Cash and cash equivalents	178	291	410
	<b>7,453</b>	<b>6,599</b>	<b>8,691</b>
<b>Total assets</b>	<b>12,741</b>	<b>12,279</b>	<b>13,726</b>
<b>Capital and reserves</b>			
Share capital	2,097	2,097	2,097
Share premium	2,928	2,928	2,928
Retained earnings	2,861	3,251	2,856
Other reserve	142	242	195
<b>Total equity attributable to the company's equity holders</b>	<b>8,028</b>	<b>8,518</b>	<b>8,076</b>
<b>Liabilities</b>			
<b>Non current liabilities</b>			
Borrowings	285	361	323
Deferred income tax liabilities	10	4	20
Provisions	217	36	239
	<b>512</b>	<b>401</b>	<b>582</b>
<b>Current liabilities</b>			
Trade and other payables	3,687	3,022	4,861
Current income tax liabilities	25	262	131
Borrowings short term	489	76	76
	<b>4,201</b>	<b>3,360</b>	<b>5,068</b>
<b>Total liabilities</b>	<b>4,713</b>	<b>3,761</b>	<b>5,650</b>
<b>Total equity and liabilities</b>	<b>12,741</b>	<b>12,279</b>	<b>13,726</b>

**Interim Group Cash Flow Statement (Unaudited)**

Six months ended 30 September 2009

	<b>30 Sept 2009 £'000</b>	<b>30 Sept 2008 £'000</b>	<b>31 March 2009 £'000</b>
<b>Operating profit / (loss)</b>	5	(367)	(762)
Adjustment for			
Finance costs	35	51	82
Tax	-	77	(103)
Depreciation	103	96	384
Amortisation of intangible assets	40	37	75
Share-based payment costs	5	10	10
Profit on sale of assets	-	-	(8)
Decrease in inventory	37	701	813
Decrease in trade and other receivables	888	1,480	141
(Decrease) in trade and other payables	(1,176)	(2,010)	(167)
(Decrease) / increase in provisions	(22)	-	239
<b>Net cash (outflow) / inflow from operating activities</b>	<b>(85)</b>	<b>75</b>	<b>704</b>
Interest paid	(35)	(51)	(98)
Income tax paid	(37)	(105)	(204)
<b>Net cash generated from operating activities</b>	<b>(157)</b>	<b>(81)</b>	<b>402</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment ('PPE')	(412)	(23)	(411)
Proceeds from sale of PPE	13	-	21
Purchase of intangible assets	(1)	(46)	(53)
Interest received	-	-	12
<b>Net cash (employed) / generated in investing activities</b>	<b>(400)</b>	<b>(69)</b>	<b>(431)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings	(38)	(38)	(76)
Equity dividend paid	-	(86)	(86)
<b>Net cash employed in financing activities</b>	<b>(38)</b>	<b>(124)</b>	<b>(162)</b>
<b>Effect of exchange rate fluctuations on foreign balances</b>	<b>(50)</b>	<b>-</b>	<b>36</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(645)</b>	<b>(274)</b>	<b>(155)</b>
Cash, cash equivalents and bank overdrafts at the beginning of the period	410	565	565
<b>Cash, cash equivalents and bank overdrafts at the end of the period</b>	<b>(235)</b>	<b>291</b>	<b>410</b>

## Consolidated Interim Statement of Change in Shareholder Equity (Unaudited)

	Share Capital £'000	Share Premium £'000	Other dist reserve £'000	Revaluation reserve £'000	Foreign exch reserve £'000	Retained earnings £'000	Total £'000
<b>Balance at 1 April 2008</b>	<b>2,097</b>	<b>2,928</b>	<b>151</b>	<b>81</b>	<b>-</b>	<b>3,704</b>	<b>8,961</b>
Total comprehensive expense	-	-	-	-	-	(367)	(367)
Employee share-based compensation	-	-	10	-	-	-	10
Dividend	-	-	-	-	-	(86)	(86)
<b>Balance at 30 September 2008</b>	<b>2,097</b>	<b>2,928</b>	<b>161</b>	<b>81</b>	<b>-</b>	<b>3,251</b>	<b>8,518</b>
Total comprehensive expense	-	-	-	(81)	34	(395)	(442)
<b>Balance at 31 March 2009</b>	<b>2,097</b>	<b>2,928</b>	<b>161</b>	<b>-</b>	<b>34</b>	<b>2,856</b>	<b>8,076</b>
Total comprehensive expense	-	-	-	-	(58)	5	(53)
Employee share-based compensation	-	-	5	-	-	-	5
<b>Balance at 30 September 2009</b>	<b>2,097</b>	<b>2,928</b>	<b>166</b>	<b>-</b>	<b>(24)</b>	<b>2,861</b>	<b>8,028</b>

### Notes:

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

The interim financial statements for the six months to 30 September 2009 have 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 2009 with the exception of the adoption of IAS 1, "Presentation of Financial Statements" (Revised) and IFRS 8, "Operating Segments". The policies 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 2009 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 statements are unaudited and were approved by the Board of Directors on 9 December 2009.

2. The non-recurring operating expenses in the six months to 30 September 2009 of £223,000 represent primarily expenses in connection with planned relocations, and special costs in respect of the Offer Period.
3. No material taxation charge has been assumed for the six months to 30 September 2009.
4. An interim dividend of 0.67 pence per share has been proposed by the Board in respect of the six months to 30 September 2009 (2008: nil). The proposed dividend is not shown as a liability in the balance sheet.
5. 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](http://www.hartest-holdings.com).

Enquiries – please contact:

Geoff Spink  
Executive Chairman

Hartest Holdings Plc

01252 749 530

William Vandyk  
Director

Astaire Securities

020 7448 4400

Vikki Krause  
Kirsty Corcoran

Hansard Group

07515 922 906  
020 7245 1100