

Holders Technology plc

Specialised Materials, LED Components and Lighting Solutions

Half yearly results for the 6 months ended 31 May 2013

Holders Technology plc (AIM: HDT) announces its unaudited half yearly results for the 6 month period ended 31 May 2013.

Highlights

	Half year ended 31 May	
	2013	2012
Revenue	£7.7m	£8.0m
Profit/ (loss) before tax	£0.0m	(£0.1m)
Operating cash flow before tax	(£0.1m)	£0.8m
Earnings per share	0.46p	(1.98p)
Interim dividend per share	1.00p	1.00p
Net assets per share at 31 May	134p	147p

Chairman's statement

I am pleased to be able to report that we achieved an improvement in the result for the first half of the current year as compared to the particularly difficult comparable period in the preceding year with a pre-tax profit of £27,000 (2012: loss £99,000). Both the PCB and LED business segments achieved slightly improved pre-tax results, although total sales were 3.8% lower than 2012.

PCB

Results for the PCB business were mixed. The majority of our PCB sales are to European customers, and, compared to 2012, these showed modest growth and a small margin improvement. UK sales were at lower levels compared to 2012 as a result of reduced demand and price pressure. Both divisions benefitted from continuing cost reductions: overheads as a percentage of sales reduced by 1.8% compared to 2012.

LED

LED results in the period were impacted by the loss of a UK customer. Despite this, the first half outturn was a small improvement in sales and results against the comparable 2012 period. In the UK we have recently strengthened the management team and combined the LED and PCB offices into one location which will improve efficiency. In Europe sales were at a similar level to 2012 with improved results. Overheads as a percentage of sales were 1.2% lower than 2012.

Far East

Far East operations are now predominantly LED focussed rather than PCB. We will continue to seek opportunities to use these in house resources where they can be cost effective.

Outlook

For the PCB businesses we see some opportunity to grow our share of the European market later in the year. The UK market remains difficult and here we have reduced costs with the aim of improving competitiveness and retaining market share.

As previously announced, overall LED results in 2013 are unlikely to see the growth enjoyed in previous years. We are currently working on opportunities to broaden our offering with the aim of resuming growth from 2014 onwards. In addition, the LED businesses are no longer a significant drain on working capital resources.

The Group balance sheet remains strong with a satisfactory cash position and no debt.

Rudolf W. Weinreich
Executive Chairman

Holders Technology plc
 Elstree House
 Elstree Way
 Borehamwood
 Hertfordshire WD6 1SD

26 July 2013

Consolidated income statement

for the half year ended 31 May 2013 (Unaudited)

		Half year ended 31 May 2013	Half year ended 31 May 2012	Full year ended 30 Nov 2012
	Notes	£'000	£'000	£'000
Revenue – continuing operations	3	7,673	7,980	15,605
Cost of sales		(5,841)	(6,045)	(11,763)
Gross profit		1,832	1,935	3,842
Distribution costs		(175)	(199)	(376)
Administrative expenses		(1,628)	(1,835)	(3,550)
Impairment costs		-	-	(287)
Other operating income/(expenses)		-	-	6
Operating profit/ (loss)		29	(99)	(365)
Finance income		-	1	-
Finance costs		(2)	(1)	(15)
Profit/ (loss) before taxation		27	(99)	(379)
Taxation	4	(18)	15	(58)
Profit/ (loss) for the period		9	(84)	(437)
Profit/ (loss) for the period attributable to:				
Owners of the parent		18	(78)	(374)
Non-controlling interests		(9)	(6)	(63)
Profit/ (loss) for the period		9	(84)	(437)
Total and continuing				
Earnings per share	6	0.46p	(1.98p)	(9.49p)
Diluted earnings per share	6	0.44p	(1.90p)	(9.49p)

Consolidated statement of comprehensive income

for the half year ended 31 May 2013 (Unaudited)

	Half year ended 31 May 2013	Half year ended 31 May 2012	Full year ended 30 Nov 2012
	£'000	£'000	£'000
Profit/ (loss) for the period	9	(84)	(437)
Change in actuarial assumptions re pension liability	-	-	(45)
Exchange differences on translation of foreign operations	79	2	(163)
	<u>88</u>	<u>(82)</u>	<u>(645)</u>
Attributable to:			
Owners of the parent	78	(75)	(577)
Non-controlling interests	10	(7)	(68)
	<u>88</u>	<u>(82)</u>	<u>(645)</u>

Consolidated statement of changes in equity

for the half year ended 31 May 2013 (Unaudited)

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Translation reserve £'000	Retained earnings £'000	Total attributable to owners of parent £'000	Non- controlling interest £'000	Total equity £'000
Balance at 1 December 2011	416	1,531	1	268	3,725	5,941	76	6,017
Dividends	-	-	-	-	(168)	(168)	-	(168)
Employee share-based payments	-	-	-	-	1	1	-	1
Transactions with owners	-	-	-	-	(167)	(167)	-	(167)
Loss for the year	-	-	-	-	(374)	(374)	(63)	(437)
Effect of change in pension liability assumptions	-	-	-	-	(45)	(45)	-	(45)
Exchange differences on translating foreign operations	-	-	-	(163)	-	(163)	(5)	(168)
Total comprehensive income for the year				(163)	(419)	(582)	(68)	(650)
Balance at 30 November 2012	416	1,531	1	105	3,139	5,192	8	5,200
Dividends	-	-	-	-	(39)	(39)	-	(39)
Employee share-based payments	-	-	-	-	-	-	-	-
Transactions with owners	-	-	-	-	(39)	(39)	-	(39)
Profit for the period	-	-	-	-	18	18	(9)	9
Exchange differences on translating foreign operations	-	-	-	79	-	79	19	98
Total comprehensive income for the period				79	18	97	10	107
Balance at 31 May 2013	416	1,531	1	184	3,118	5,250	18	5,268

Consolidated balance sheet

at 31 May 2013 (Unaudited)

	Half year ended 31 May 2013	Half year ended 31 May 2012	Full year ended 30 Nov 2012
	£'000	£'000	£'000
Assets			
Non-current assets			
Goodwill	321	319	318
Property, plant and equipment	381	502	398
Deferred tax assets	28	73	41
	<u>730</u>	<u>894</u>	<u>757</u>
Current assets			
Inventories	3,025	3,109	3,140
Trade and other receivables	2,627	2,786	2,397
Current tax	45	187	57
Cash and cash equivalents	542	741	700
	<u>6,239</u>	<u>6,823</u>	<u>6,294</u>
Liabilities			
Current liabilities			
Overdrafts	-	(81)	-
Trade and other payables	(1,373)	(1,546)	(1,556)
Borrowings	-	(22)	-
Current tax liabilities	(40)	(35)	(35)
	<u>(1,413)</u>	<u>(1,684)</u>	<u>(1,591)</u>
Net current assets	<u>4,826</u>	<u>5,139</u>	<u>4,703</u>
Non-current liabilities			
Retirement benefit liability	(207)	(169)	(199)
Deferred tax liabilities	(52)	(28)	(29)
Other liabilities	(29)	(29)	(32)
	<u>(288)</u>	<u>(226)</u>	<u>(260)</u>
Net assets	<u>5,268</u>	<u>5,807</u>	<u>5,200</u>
Shareholders' equity			
Share capital	416	416	416
Share premium account	1,531	1,531	1,531
Capital redemption reserve	1	1	1
Retained earnings	3,118	3,519	3,139
Cumulative translation adjustment	184	271	105
Equity attributable to the shareholders of the parent	<u>5,250</u>	<u>5,738</u>	<u>5,192</u>
Non-controlling interest	18	69	8
	<u>5,268</u>	<u>5,807</u>	<u>5,200</u>

Consolidated cash flow statement
for the half year ended 31 May 2013 (Unaudited)

	Half year ended 31 May 2013	Half year ended 31 May 2012	Full year ended 30 Nov 2012
	£'000	£'000	£'000
Cash flows from operating activities			
Operating profit	29	(99)	(365)
Share-based payment charge/(credit)	-	-	1
Depreciation	57	74	151
Impairment costs	-	-	287
Currency translation	47	5	10
(Gain)/loss on sale of property, plant and equipment	-	-	(3)
(Increase)/decrease in inventories	115	725	488
(Increase)/decrease in trade and other receivables	(230)	165	415
(Decrease)/increase in trade and other payables	(156)	(44)	(92)
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Cash generated from/ (used in) operations	(138)	826	892
Corporation tax received/ (paid)	32	(78)	15
	<hr/>	<hr/>	<hr/>
Net cash generated from/ (used in) operations	(106)	748	907
Cash flows from investing activities			
Purchase of property, plant and equipment	(11)	(24)	(74)
Proceeds from sale of property, plant and equipment	-	1	18
Interest received	-	1	1
	<hr/>	<hr/>	<hr/>
Net cash used in investing activities	(11)	(22)	(55)
Cash flows from financing activities			
Interest paid	-	(1)	(15)
Loan repayments	-	(4)	(26)
Finance lease repayments	-	-	-
Equity dividends paid	(39)	(128)	(168)
	<hr/>	<hr/>	<hr/>
Net cash used in financing activities	(39)	(133)	(209)
Net change in cash and cash equivalents			
	<hr/>	<hr/>	<hr/>
Net change in cash and cash equivalents	(156)	593	643
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at start of period	700	67	67
Effect of foreign exchange rates	(2)	-	(10)
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at end of period	542	660	700

Notes:

1. General information

Holders Technology plc is incorporated in the United Kingdom under the Companies Act 2006. The principal activity of the group is to provide specialised materials, components and solutions to the electronics and lighting industries.

2. Basis of preparation

The condensed consolidated half year financial statements have been prepared in accordance with the AIM Rules for Companies and prepared on a basis consistent with International Financial Reporting Standards ("IFRS") as adopted by the EU and the accounting policies set out in the group's financial statements for the year ended 30 November 2012.

The condensed consolidated half year financial statements are unaudited and include all adjustments which management considers necessary for a fair presentation of the group's financial position, operating results and cash flows for the 6 month periods ended 31 May 2013 and 31 May 2012.

The half year financial statements do not constitute statutory accounts as defined by Section 434 of the Companies Act 2006. A copy of the group's financial statements for the year ended 30 November 2012 prepared in accordance with IFRS as adopted by the EU has been filed with the Registrar of Companies. The auditors' report on those financial statements was not qualified and did not contain statements under s498(2) of s498(3) of the Companies Act 2006.

As permitted, the group has chosen not to adopt IAS 34 'Interim Financial Statements' in preparing these half year financial statements and therefore the half year financial information is not in full compliance with IFRS.

The preparation of half year financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

These half year financial statements have been prepared under the historical cost convention.

The board of Holders Technology plc approved this half yearly report on 26 July 2013.

3. Segmental information

Management currently identifies two operating segments:

- PCB, which distributes materials, equipment and supplies to the PCB industry.
- LED, which distributes LED-related components and lighting solutions to the lighting industry.

Analysis by operating segment
for the half year ended 31 May

	PCB		LED		Other		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	5,551	5,931	2,122	2,049	-	-	7,673	7,980
Cost of sales	(4,234)	(4,454)	(1,607)	(1,591)	-	-	(5,841)	(6,045)
Gross profit	1,317	1,477	515	458	-	-	1,832	1,935
Distribution costs	(145)	(172)	(30)	(27)	-	-	(175)	(199)
Administration expenses	(1,093)	(1,302)	(494)	(503)	(41)	(30)	(1,628)	(1,835)
Other operating income/(expenses)	-	-	-	-	-	-	-	-
Segment operating profit	79	3	(9)	(72)	(41)	(30)	29	(99)

Notes (continued):

4. The tax provision for the six months ended 31 May 2013 is calculated based on the tax rates applicable in the country in which each company operates. Taxation includes a tax credit of £5,000 (2012: tax credit of £39,000) relating to overseas operations.
5. A final dividend of 1.00p per share on the total issued share capital of 3,939,551 10p ordinary shares, excluding treasury shares, was paid on 21 May 2013 in respect of the year ended 30 November 2012.

An interim dividend payment of 1.0p per share (2012: 1.0p per share) will be payable on 3 October 2013 to shareholders on the register at 6 September 2013. The shares will go ex-dividend on 4 September 2013. The interim dividend had not been approved by the board at 31 May 2012 and accordingly, has not been included as a liability as at that date.

6. The basic earnings per share are based on the profit for the period of £18,000 (2012: loss £78,000) and on ordinary shares 3,939,551 (2012: 3,939,551), the weighted average number of shares in issue during the year. Diluted earnings per share are based on 4,064,777 ordinary shares (2012: 4,094,745), being the weighted average number of ordinary shares after an adjustment of 125,226 shares (2012: 155,194) in relation to share options.
7. A copy of this half yearly report is being sent to shareholders and is available for inspection at the company's registered office, Elstree House, Elstree Way, Borehamwood, Herts WD6 1SD and via its website www.holderstechnology.com.

For further information, contact:

Holders Technology Plc

Rudi Weinreich, Executive Chairman
Victoria Blaisdell, Group Managing Director
Paul Geraghty, Group Finance Director

020 8236 1490

Northland Capital Partners Limited - Nomad & Broker

William Vandyk, Director, Corporate Finance

020 7796 8822

Website www.holderstechnology.com

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