

Holders Technology
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**Holders Technology plc
 Half yearly report 2009**

Half yearly report

for the half year ended 31 May 2009 (Unaudited)

Chairman's statement

The first half of the current year proved to be extremely difficult for your company. Our UK subsidiary which serves a PCB market with a bias towards aerospace and industrial electronics, very creditably, achieved some modest growth in turnover in the period but this was not the case elsewhere in Europe. The German PCB market is particularly dependent on the automotive and capital goods sectors, both of which have seen a severe contraction in output. The European PCB market has contracted dramatically and inevitably our operations in these markets have suffered marked reductions in turnover.

The combination of severely reduced sales volumes and adverse movements in exchange rates resulted in reduced margins which we were unable fully to offset by further reducing our overhead costs during the period. The severe downturn in the European PCB market has slowed the take up of the new products we are seeking to introduce but we have seen some encouraging signs that we will be able to secure market positions for these new lines when markets settle.

It remains our policy whenever possible to insure our trade receivables but this is becoming increasingly difficult to do as insurance cover has been withdrawn for some of the larger PCB manufacturers. We have sought to manage our exposure but we have made provision for a bad debt of £135,000 in respect of a European customer.

Against this background we have finalised plans further to rationalise our European activities by integrating our Dutch operations into our German facility. This will enable us significantly to reduce our fixed costs and with some modest recovery in sales volumes we expect these activities to achieve profitability. Inevitably the costs of making these necessary changes are significant and have adversely impacted the results for the half year.

We have reviewed our Chinese activities and have agreed measures to reduce certain costs within the two entities involved. We will continue to monitor the overall activity closely.

Shareholders should note that our balance sheet and cash position remains strong and we intend that this will continue to be the case. As a board we have, we believe, done all we can to protect the company during a very challenging time and all board members have agreed to salary reductions as a sign of commitment to restoring the financial results to more acceptable levels.

It remains very difficult to predict the extent and timing of recovery in the various markets which we address; our feeling is that while we are not seeing further weakening we have yet clearly to see signs of recovery. I have tried to set out the steps we are taking to deal with the position; we believe that these will be of significant benefit to the second half of the current financial year. Against this background and given our strong cash position we have decided to maintain the interim dividend but we will carefully consider the results for the second half of the current year and the prospects for the next financial year when making our recommendation regarding the final dividend for the current year.

The half yearly report was approved by the board on 20 July 2009 and signed on its behalf by:

Rudolf W. Weinreich
Chairman and Chief Executive

Holders Technology plc
Devonshire House
Manor Way
Borehamwood
Hertfordshire WD6 1QQ

20 July 2009

Consolidated income statement

for the half year ended 31 May 2009 (Unaudited)

		Half year ended 31 May 2009	Half year ended 31 May 2008	Full year ended 30 Nov 2008
	Notes	£'000	£'000	£'000
Revenue	1	6,537	8,783	17,481
Cost of sales		(5,138)	(6,572)	(13,057)
Gross profit		1,399	2,211	4,424
Distribution costs		(109)	(155)	(427)
Administrative expenses		(1,744)	(1,636)	(3,285)
Fundamental restructuring		(176)	-	(64)
Impairment of goodwill		-	-	(100)
Impairment of investment in associates		-	-	(51)
Other operating income		(4)	-	11
Operating profit		(634)	420	508
Finance income		39	18	43
Finance expense		(13)	(13)	(38)
Share of loss of associate		-	(3)	-
Profit before taxation		(608)	422	513
Taxation	2	104	(118)	(243)
Profit after taxation		(504)	304	270
Attributable to:				
Equity shareholders of the company		(483)	317	322
Minority interest		(21)	(13)	(52)
		(504)	304	270
(Loss)/Earnings per share	5	(11.61)p	8.10p	8.21p
Diluted (loss)/earnings per share	5	(11.61)p	8.10p	8.21p

Consolidated statement of recognised income and expense

for the half year ended 31 May 2009 (Unaudited)

	Half year ended 31 May 2009	Half year ended 31 May 2008	Full year ended 30 Nov 2008
	£'000	£'000	£'000
Exchange differences on translation of foreign operations	167	349	568
(Loss)/Profit for the period	(504)	304	270
	(337)	653	838
Attributable to:			
Equity shareholders of the company	(301)	650	805
Minority interest	(36)	3	33
	(337)	653	838

Consolidated balance sheet

at 31 May 2009 (Unaudited)

	Notes	Half year ended 31 May 2009 £'000	Half year ended 31 May 2008 £'000	Full year ended 30 Nov 2008 £'000
Assets				
Non-current assets				
Goodwill		204	403	201
Property, plant and equipment		614	693	651
Investments in associates		-	26	-
Deferred tax		29	-	31
		<u>847</u>	<u>1,122</u>	<u>883</u>
Current assets				
Inventories		2,829	3,150	2,808
Trade and other receivables		2,105	2,870	2,700
Current tax		232	-	99
Cash and cash equivalents		1,179	1,039	1,774
		<u>6,345</u>	<u>7,059</u>	<u>7,381</u>
Liabilities				
Current liabilities				
Trade and other payables		(1,148)	(1,552)	(1,663)
Borrowings		(157)	(216)	(237)
Current tax		(2)	(109)	(33)
		<u>(1,307)</u>	<u>(1,877)</u>	<u>(1,933)</u>
Net current assets		<u>5,038</u>	<u>5,182</u>	<u>5,448</u>
Non-current liabilities				
Retirement benefit liability		(165)	(149)	(165)
Deferred consideration		-	(104)	-
		<u>(165)</u>	<u>(253)</u>	<u>(165)</u>
Net assets		<u>5,720</u>	<u>6,051</u>	<u>6,166</u>
Shareholders' equity				
Share capital	3	416	416	416
Share premium account	3	1,531	1,531	1,531
Capital redemption reserve	3	1	1	1
Retained earnings	3	2,963	3,633	3,568
Cumulative translation adjustment	3	702	370	520
Equity attributable to the equity shareholders of the company		<u>5,613</u>	<u>5,951</u>	<u>6,036</u>
Minority interests in equity	3	107	100	130
		<u>5,720</u>	<u>6,051</u>	<u>6,166</u>

Consolidated cash flow statement
for the half year ended 31 May 2009 (Unaudited)

	Half year ended 31 May 2009	Half year ended 31 May 2008	Full year ended 30 Nov 2008
	£'000	£'000	£'000
Cash flows from operating activities			
Operating profit	(634)	420	508
Share-based payment charge	6	12	12
Depreciation	92	92	184
Impairment of goodwill	-	-	100
Impairment of investment in associates	-	-	51
Currency translation	165	301	293
(Gain)/loss on sale of property, plant and equipment	4	-	2
(Increase)/Decrease in inventories	(21)	(505)	(140)
Decrease/(Increase) in trade and other receivables	595	(218)	(86)
(Decrease)/Increase in trade and other payables	(517)	163	349
	<hr/>	<hr/>	<hr/>
Cash (used in)/generated from operations	(310)	265	1,273
Corporation tax paid	(58)	(299)	(566)
	<hr/>	<hr/>	<hr/>
Net cash generated (used in)/from operations	(368)	(34)	707
Cash flows from investing activities			
Increase in investment in associate	-	-	(23)
Purchase of property, plant and equipment	(52)	(123)	(132)
Proceeds from sale of property, plant and equipment	7	1	24
Interest received	20	18	43
	<hr/>	<hr/>	<hr/>
Net cash generated used in investing activities	(25)	(104)	(88)
Cash flows from financing activities			
Proceeds from exercise of employee share options	-	-	13
Interest paid	(13)	(13)	(38)
Equity dividends paid	(128)	(127)	(210)
Finance lease principal repayments	-	-	-
	<hr/>	<hr/>	<hr/>
Net cash used in financing activities	(141)	(140)	(235)
Net change in cash and cash equivalents			
	<hr/>	<hr/>	<hr/>
	(534)	(278)	384
Cash and cash equivalents at start of period	1,537	1,101	1,101
Effect of foreign exchange rates	19	-	52
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at end of period	1,022	823	1,537

Notes:

1. Basis of preparation

The 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 2008.

The 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 2009 and 31 May 2008.

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 2008 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 s237(2) of s237(3) of the Companies Act 1985.

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 20 July 2009.

2. The tax credit/(charge) for the six months ended 31 May 2009 is calculated based on the tax rates applicable in the country in which each company operates. Taxation includes a credit/(charge) of £120,000 (2008: £(54,000)) relating to overseas operations.
3. Statement of changes in shareholders' equity

Group	Share	Share	Capital	Cumulative	Retained	Shareholders'	Minority	Total
	capital	premium	redemption	translation	earnings	Equity	interest	equity
	£'000	£'000	reserve	adjustment	£'000	£'000	£'000	£'000
Balance at 1 December 2008	416	1,531	1	520	3,568	6,036	130	6,166
Profit/(loss) for the period	-	-	-	-	(483)	(483)	(21)	(504)
Dividends	-	-	-	-	(128)	(128)	-	(128)
Currency translation differences	-	-	-	182	-	182	(15)	167
Investment by minority interest	-	-	-	-	-	-	13	13
Share-based payment credit	-	-	-	-	6	6	-	6
Balance at 31 May 2009	416	1,531	1	702	2,963	5,613	107	5,720

4. A final dividend of 3.25p per share on the total issued share capital, excluding treasury shares, of 3,939,551 10p ordinary shares was paid on 19 May 2009 in respect of the year ended 30 November 2008.

An interim dividend payment of 2.1p per share (2008: 2.1p per share) will be payable on 6 October 2009 to shareholders on the register at 11 September 2009. The shares will go ex-dividend on 9 September 2009. The interim dividend was not approved by the board at 31 May 2009 and accordingly, has not been included as a liability as at that date.

5. The basic earnings per share are based on the loss for the period of £483,000 (2008: profit £317,000) and on ordinary shares 3,939,551 (2008: 3,915,551), the weighted average number of shares in issue during the year. Diluted earnings per share are based on 3,939,551 ordinary shares (2008: 3,914,551), being the weighted average number of ordinary shares after an adjustment of nil shares (2008: nil) in relation to share options.
6. A copy of this half yearly report is being sent to shareholders and is available for inspection at the company's registered office, Devonshire House, Manor Way, Borehamwood, Herts WD6 1QQ and via its website www.holderstechnology.com.

Holder's Technology

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Devonshire House, Manor Way, Borehamwood, Hertfordshire WD6 1QQ
Website: <http://www.holderstechnology.com>