

# Holders Technology plc

## Specialised Materials, LED Components and Lighting Solutions

### Half yearly results for the 6 months ended 31 May 2014

Holders Technology plc (AIM: HDT) announces its unaudited half yearly results for the 6 month period ended 31 May 2014.

#### Highlights

	Half year ended 31 May	
	2014	2013 Restated
Revenue	£7.0m	£7.0m
Profit/ (loss) before tax	(£0.2m)	£0.0m
Operating cash flow before tax	(£0.4m)	(£0.1m)
Earnings per share	(3.71p)	0.91p
Interim dividend per share	1.00p	1.00p
Net assets per share at 31 May	121p	134p

#### Chairman's statement

The overall result for the first half was below our expectations, with certain divisions performing better than others.

#### PCB

Our largest PCB division in Germany achieved good progress and increased market share during the first half of the current year with newly won business making a valuable contribution. The UK PCB business however continued to face strong competition which adversely impacted revenue and margins. Our India joint venture remained profitable, although it is a much smaller operation.

Together the PCB divisions achieved modest sales growth. Margins fell by 1.7% which was partly offset by overhead savings. The net result £112,000 profit was slightly reduced compared to 2013.

#### LED

Sales of LED finished lighting products in the UK and Germany made satisfactory progress with improved revenue and profitability. However the larger LED components and solutions divisions achieved lower revenue from an increased cost base. The overall LED result was a loss of £247,000.

The higher costs in the LED solutions businesses arise from the strengthened sales and management team commented on in the Chairman's Statement in the last Annual Report, as well as increased participation at key European exhibitions. The investment in staff was necessary, we believe, to provide the technical credibility to win sustainable solutions business. The lead times to secure this work can be lengthy, however the margins for the work secured have already shown improvement.

#### Summary

We expect that the second half of the year will show a more satisfactory outcome for our LED activities and that further progress will be made to ensuring that we are able to achieve sustained growth in Group turnover. We continue to seek new business opportunities in all markets and grow our market share.

Rudolf W. Weinreich  
 Executive Chairman

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25 July 2014

## Consolidated income statement

for the half year ended 31 May 2014 (Unaudited)

		Half year ended 31 May 2014	Half year ended 31 May 2013 Restated	Full year ended 30 Nov 2013 Restated
	Notes	£'000	£'000	£'000
Revenue – continuing operations	3	6,962	6,942	14,265
Cost of sales		<b>(5,322)</b>	<b>(5,243)</b>	<b>(10,798)</b>
Gross profit		1,640	1,699	3,467
Distribution costs		<b>(206)</b>	(156)	(381)
Administrative expenses		<b>(1,620)</b>	(1,505)	(3,049)
Other operating income/(expenses)		16	-	68
Operating (loss)/ profit		<b>(170)</b>	38	105
Finance income		1	1	4
Finance costs		-	-	(12)
(Loss)/ profit before taxation		<b>(169)</b>	39	97
Taxation	4	23	(9)	(24)
(Loss)/ profit for the period from continuing operations		<b>(146)</b>	30	73
Loss for the period from discontinued operations		-	(21)	(269)
(Loss)/ profit for the period		<b>(146)</b>	9	(196)
Total and continuing				
Basic (loss)/ earnings per share – continuing operations	6	<b>(3.71p)</b>	0.76p	1.85p
Diluted (loss)/ earnings per share – continuing operations	6	<b>(3.71p)</b>	0.74p	1.78p
Basic and diluted (loss) per share – discontinued operations		-	(0.53p)	(6.83p)
		<b>(3.71p)</b>	0.23p	(4.98p)

## Consolidated statement of comprehensive income

for the half year ended 31 May 2014 (Unaudited)

	Half year ended 31 May 2014	Half year ended 31 May 2013 Restated	Full year ended 30 Nov 2013 Restated
	£'000	£'000	£'000
(Loss)/ profit for the period	(146)	9	(196)
Exchange differences on translation of foreign operations	(82)	79	114
	<u>(228)</u>	<u>88</u>	<u>(82)</u>
Attributable to:			
Owners of the parent	<u>(228)</u>	<u>78</u>	<u>(70)</u>
Non-controlling interests	<u>-</u>	<u>10</u>	<u>(12)</u>
Owners of the parent	<u>(228)</u>	<u>88</u>	<u>(82)</u>

**Consolidated statement of changes in equity**  
for the half year ended 31 May 2014 (Unaudited)

	Share capital	Share premium	Capital redemption reserve	Translation reserve	Retained earnings	Total attributable to owners of parent	Non-controlling interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 December 2012</b>	416	1,531	1	105	3,139	5,192	8	5,200
Dividends	-	-	-	-	(78)	(78)	-	(78)
Employee share-based payments	-	-	-	-	9	9	-	9
Transactions with owners	-	-	-	-	(69)	(69)	-	(69)
Loss for the year	-	-	-	-	(179)	(179)	(17)	(196)
Reclassification adjustment related to terminated foreign operations	-	-	-	(45)	45	-	-	-
Exchange differences on translating foreign operations	-	-	-	109	-	109	5	114
Total comprehensive income for the year	-	-	-	64	(134)	(70)	(12)	(82)
<b>Balance at 30 November 2013</b>	416	1,531	1	169	2,936	5,053	(4)	5,049
Dividends	-	-	-	-	(39)	(39)	-	(39)
Employee share-based payments	-	-	-	-	-	-	-	-
Transactions with owners	-	-	-	-	(39)	(39)	-	(39)
Loss for the period	-	-	-	-	(146)	(146)	-	(146)
Reclassification adjustment related to terminated foreign operations	-	-	-	-	(4)	(4)	4	-
Exchange differences on translating foreign operations	-	-	-	(82)	-	(82)	-	(82)
Total comprehensive income for the period	-	-	-	(82)	(150)	(232)	4	(228)
<b>Balance at 31 May 2014</b>	416	1,531	1	87	2,747	4,782	-	4,782

**Consolidated balance sheet**  
at 31 May 2013 (Unaudited)

	Half year ended 31 May 2014	Half year ended 31 May 2013	Full year ended 30 Nov 2013
	£'000	£'000	£'000
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	320	321	320
Property, plant and equipment	350	381	320
Deferred tax assets	28	28	41
	<u>698</u>	<u>730</u>	<u>681</u>
<b>Current assets</b>			
Inventories	2,580	3,025	2,799
Trade and other receivables	2,057	2,627	1,927
Current tax	30	45	26
Cash and cash equivalents	731	542	1,290
	<u>5,398</u>	<u>6,239</u>	<u>6,042</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	(1,092)	(1,373)	(1,413)
Current tax liabilities	(5)	(40)	(34)
	<u>(1,097)</u>	<u>(1,413)</u>	<u>(1,447)</u>
<b>Net current assets</b>	<u>4,301</u>	<u>4,826</u>	<u>4,595</u>
<b>Non-current liabilities</b>			
Retirement benefit liability	(201)	(207)	(205)
Deferred tax liabilities	(16)	(52)	(22)
Contingent consideration	-	(29)	-
	<u>(217)</u>	<u>(288)</u>	<u>(227)</u>
<b>Net assets</b>	<u>4,782</u>	<u>5,268</u>	<u>5,049</u>
<b>Shareholders' equity</b>			
Share capital	416	416	416
Share premium account	1,531	1,531	1,531
Capital redemption reserve	1	1	1
Retained earnings	2,747	3,118	2,936
Cumulative translation adjustment	87	184	169
<b>Equity attributable to the shareholders of the parent</b>	<u>4,782</u>	<u>5,250</u>	<u>5,053</u>
<b>Non-controlling interest</b>	-	18	(4)
	<u>4,782</u>	<u>5,268</u>	<u>5,049</u>

**Consolidated cash flow statement**  
for the half year ended 31 May 2014 (Unaudited)

	<b>Half year ended 31 May 2014</b>	<b>Half year ended 31 May 2013</b>	<b>Full year ended 30 Nov 2013</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cash flows from operating activities</b>			
Operating profit	(170)	29	(148)
Share-based payment charge/(credit)	-	-	9
Depreciation	51	57	110
Impairment costs	-	-	213
Currency translation	(80)	47	-
(Gain)/loss on sale of property, plant and equipment	-	-	1
(Increase)/decrease in inventories	219	115	348
(Increase)/decrease in trade and other receivables	(134)	(230)	322
(Decrease)/increase in trade and other payables	(321)	(156)	(87)
	<hr/>	<hr/>	<hr/>
Cash generated from/ (used in) operations	(435)	(138)	768
Corporation tax received/ (paid)	(3)	32	(18)
	<hr/>	<hr/>	<hr/>
Net cash generated from/ (used in) operations	(438)	(106)	750
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	(86)	(11)	(48)
Proceeds from sale of property, plant and equipment	-	-	1
Interest received	1	-	4
	<hr/>	<hr/>	<hr/>
Net cash used in investing activities	(85)	(11)	(43)
<b>Cash flows from financing activities</b>			
Interest paid	-	-	(14)
Settlement of contingent consideration	-	-	(29)
Equity dividends paid	(39)	(39)	(78)
	<hr/>	<hr/>	<hr/>
Net cash used in financing activities	(39)	(39)	(121)
<b>Net change in cash and cash equivalents</b>	<b>(562)</b>	<b>(156)</b>	<b>586</b>
Cash and cash equivalents at start of period	1,290	700	700
Effect of foreign exchange rates	3	(2)	4
	<hr/>	<hr/>	<hr/>
<b>Cash and cash equivalents at end of period</b>	<b>731</b>	<b>542</b>	<b>1,290</b>

## Notes:

### 1. General information

Holdings 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 2013.

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 2014 and 31 May 2013.

The financial statements for the 6 month period to 31 May 2013 have been restated to show the impact of discontinued operations in China. This is detailed in note 10 of the financial statements for the 12 months to 30 November 2013.

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 2013 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 Holdings Technology plc approved this half yearly report on 25 July 2014.

### 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	
	2014	2013	2014	2013	2014	2013	2014	2013
	Restated		Restated		Restated		Restated	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	5,802	5,419	1,160	1,523	-	-	6,962	6,942
Cost of sales	(4,516)	(4,122)	(806)	(1,121)	-	-	(5,322)	(5,243)
Gross profit	1,286	1,297	354	402	-	-	1,640	1,699
Distribution costs	(166)	(136)	(40)	(21)	-	-	(206)	(157)
Administration expenses	(1,008)	(1,031)	(561)	(432)	(35)	(41)	(1,604)	(1,504)
Segment operating profit	112	130	(247)	(51)	(35)	(41)	(170)	38

## Notes (continued):

4. The tax provision for the six months ended 31 May 2014 is calculated based on the tax rates applicable in the country in which each company operates. Taxation includes a tax credit of £5,000 (2013: tax credit of £5,000) 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 20 May 2014 in respect of the year ended 30 November 2013.

An interim dividend payment of 1.0p per share (2013: 1.0p per share) will be payable on 7 October 2014 to shareholders on the register at 12 September 2014. The shares will go ex-dividend on 10 September 2014. The interim dividend had not been approved by the board at 31 May 2014 and accordingly, has not been included as a liability as at that date.

6. The basic earnings per share for continuing operations are based on the loss for the period of £146,000 (2013: restated profit £33,000) and on ordinary shares 3,939,551 (2013: 3,939,551), the weighted average number of shares in issue during the period. Diluted earnings per share for continuing operations are based on 3,939,551 ordinary shares (2013: 4,064,777), being the weighted average number of ordinary shares after an adjustment of nil shares (2013: 125,226) in relation to share options.

The basic and diluted loss per share for discontinued operations was nil in the period. For the comparative 2013 period the basic and diluted loss per share was based on a loss of £21,000 and weighted average number of shares in issue of 3,939,551 ordinary shares.

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](http://www.holderstechnology.com).

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