

# Holdings Technology plc

## Specialised PCB Materials, LED Components and Lighting Solutions

### Audited results for the year ended 30 November 2015

Holdings Technology plc (“Holdings Technology” or “the Group”) announces its audited results for the year ended 30 November 2015. Holdings Technology supplies specialty laminates and materials for printed circuit board manufacture (“PCB”), and operates as an LED solutions provider to the lighting and industrial markets.

LED results showed good improvement during 2015 and this, despite disappointing PCB results, led to material improvement in the group operating result. Group revenue was reduced compared to 2014 due principally to sterling strengthening and the loss of a large PCB distributorship at the end of 2014. Gross margins improved and cash balances remained satisfactory.

The directors propose to pay a final dividend of 0.25p per share.

Highlights included:	<u>Statutory basis</u>	<u>Like-for-like basis*</u>
• Results compared to 2014:		
Group revenue	17% lower	11% lower
PCB revenue	25% lower	19% lower
LED revenue	18% higher	24% higher
Group margins	1.3% higher	
• Operating loss before impairment and restructuring costs	£126,000	
• Cash balances £0.44 million. No debt.		

\*Like-for-like basis assumes constant sterling exchange rate.

## Chairman's statement

As noted in the Interim Report, 2015 revenues were materially reduced by sterling's strengthening against the Euro, and reduced UK PCB sales as a result of a discontinued distribution contract. Overall group revenues decreased from £13.5m to £11.2m; however excluding the two above factors, 2015 group revenues showed a decline of 1.4% compared to 2014.

Results for the year to 30 November 2015 were mixed; LED divisions made good progress whilst German PCB results were disappointing. The Group operating result before impairment and restructuring costs was a loss of £126,000 (2014: operating loss £290,000). The operating result after impairment and restructuring costs was a loss of £151,000 (2014: operating loss £357,000).

The PCB market in 2015 continued to be demanding and the PCB divisions together recorded a small loss. The German operation, comprising 75% of Group PCB sales, suffered lower revenue as a result of sharply reduced customer demand. In addition, sales to a major customer were suspended due to a fire at one of their factories but since the year-end sales to this customer have recommenced.

UK PCB operations were able partly to mitigate the impact of the discontinued distribution contract with increased sales of replacement products and cost reductions. The results achieved by our small Indian venture remained modest and this investment was sold in December 2015. Total PCB revenues were £8.3m (2014: £11.0m); with margins at 22.3% (2014: 23.1%).

The LED divisions overall showed significant progress with an overall result for this division close to breakeven. The Holders Components divisions in the UK and Germany, aided by a number of new suppliers added during the year, achieved strong revenue growth and improvements both to margins and profitability. The smaller NRGstar and Opteon Germany also showed improved revenues and operating results. In total LED revenues amounted to £2.9m (2014: £2.5m); with a combined operating loss of £26,000 (2014: loss of £355,000).

In October we announced an unforeseen taxation liability in respect of EU Cross Border Group Relief ("CBGR") claims relating to our former Swedish and Dutch subsidiaries. The board considers the maximum potential liability to be up to £192,000 and has made a provision of this amount as at 30 November 2015, although the Board believes a lower amount may be payable at the final settlement. Since the announcement no further discussions have taken place with HMRC.

Once again I would like to thank all our staff for their hard work and support throughout a demanding financial year. Given the board's continuing belief in the Group's future we consider it appropriate to recommend a final dividend for the past year of 0.25p per share.

Shareholders can be assured that we will continue to evaluate all possible routes to returning the Group to satisfactory profitability. In the current year, given market conditions, it will be difficult for our PCB activities to make a positive contribution. The outlook for our LED operations is significantly more encouraging and we anticipate continued progress from this area of activity.

**R W Weinreich**

*Executive Chairman*

11 February 2016

## Group income statement for the year ended 30 November 2015

	Note	2015 £'000	2014 £'000
Revenue		11,195	13,478
Cost of sales		(8,396)	(10,224)
<b>Gross profit</b>		<b>2,799</b>	<b>3,254</b>
Distribution costs		(364)	(414)
Administrative expenses		(2,652)	(3,167)
Restructuring costs		-	(67)
Impairment costs		(25)	-
Other operating income		91	37
<b>Operating loss</b>		<b>(151)</b>	<b>(357)</b>
Finance income		1	2
Finance expenses		(16)	(7)
<b>Loss before taxation</b>		<b>(166)</b>	<b>(362)</b>
Tax expense	2	(195)	(11)
<b>Loss for the financial year</b>		<b>(361)</b>	<b>(373)</b>
<b>Basic loss per share</b>	4	<b>(9.16p)</b>	(9.47p)
<b>Diluted loss per share</b>	4	<b>(9.16p)</b>	(9.47p)
<b>Total loss per share</b>	4	<b>(9.16p)</b>	(9.47p)

## Group statement of comprehensive income for the year ended 30 November 2015

	2015 £'000	2014 £'000
Loss for the year	(361)	(373)
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Exchange differences on translating foreign operations	(246)	(112)
<b>Total comprehensive income and expense for the year</b>	<b>(607)</b>	<b>(485)</b>

## Statements of changes in equity for the year ended 30 November 2015

Group	Share capital	Share premium	Capital redemption reserve	Translation reserve	Retained earnings	Non-controlling interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 30 November 2013</b>	416	1,531	1	169	2,936	(4)	5,049
Dividends	-	-	-	-	(79)	-	(79)
Employee share-based payment options	-	-	-	-	9	-	9
Transactions with owners	-	-	-	-	(70)	-	(70)
(Loss) for the year	-	-	-	-	(373)	-	(373)
Reclassification adjustment related to terminated foreign operations	-	-	-	(23)	19	4	-
Exchange differences on translating foreign operations	-	-	-	(112)	-	-	(112)
Total comprehensive income for the year	-	-	-	(135)	(354)	4	(485)
<b>Balance at 30 November 2014</b>	416	1,531	1	34	2,512	-	4,494
Dividends	-	-	-	-	(20)	-	(20)
Employee share-based payment options	-	-	-	-	3	-	3
Transactions with owners	-	-	-	-	(17)	-	(17)
(Loss) for the year	-	-	-	-	(361)	-	(361)
Exchange differences on translating foreign operations	-	-	-	(246)	-	-	(246)
Total comprehensive income for the year	-	-	-	(246)	(361)	-	(607)
<b>Balance at 30 November 2015</b>	<b>416</b>	<b>1,531</b>	<b>1</b>	<b>(212)</b>	<b>2,134</b>	<b>-</b>	<b>3,870</b>

Company	Share capital	Share premium	Capital redemption reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 December 2013</b>	<b>416</b>	<b>1,531</b>	<b>1</b>	<b>42</b>	<b>1,990</b>
Profit/ (loss) and total comprehensive income for the year	-	-	-	79	79
Dividends	-	-	-	(79)	(79)
Share-based payment charge	-	-	-	9	9
<b>Balance at 30 November 2014</b>	<b>416</b>	<b>1,531</b>	<b>1</b>	<b>51</b>	<b>1,999</b>
Profit/ (loss) and total comprehensive income for the year	-	-	-	138	138
Dividends	-	-	-	(20)	(20)
Share-based payment charge	-	-	-	3	3
<b>Balance at 30 November 2015</b>	<b>416</b>	<b>1,531</b>	<b>1</b>	<b>172</b>	<b>2,120</b>

## Balance sheets at 30 November 2015

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
<b>Assets</b>				
<b>Non-current assets</b>				
Goodwill	316	318	-	-
Property, plant and equipment	327	274	4	8
Investments in subsidiaries	-	-	2,291	2,291
Investment in joint venture	-	-	15	15
Deferred tax assets	16	35	-	-
	<b>659</b>	<b>627</b>	<b>2,310</b>	<b>2,314</b>
<b>Current assets</b>				
Inventories	2,533	2,742	-	-
Trade and other receivables	1,556	1,945	433	250
Current tax assets	59	72	-	-
Cash and cash equivalents	443	634	25	45
	<b>4,591</b>	<b>5,393</b>	<b>458</b>	<b>295</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables	(975)	(1,257)	(627)	(562)
Current tax liabilities	(213)	(48)	(21)	(47)
	<b>(1,188)</b>	<b>(1,305)</b>	<b>(648)</b>	<b>(609)</b>
<b>Net current assets</b>	<b>3,403</b>	<b>4,088</b>	<b>(190)</b>	<b>(314)</b>
<b>Non-current liabilities</b>				
Retirement benefit liability	(181)	(201)	-	-
Deferred tax liabilities	(11)	(20)	-	(1)
	<b>(192)</b>	<b>(221)</b>	<b>-</b>	<b>(1)</b>
	<b>3,870</b>	<b>4,494</b>	<b>2,120</b>	<b>1,999</b>
<b>Shareholders' equity</b>				
Share capital	416	416	416	416
Share premium account	1,531	1,531	1,531	1,531
Capital redemption reserve	1	1	1	1
Retained earnings	2,134	2,512	172	51
Cumulative translation adjustment reserve	(212)	34	-	-
	<b>3,870</b>	<b>4,494</b>	<b>2,120</b>	<b>1,999</b>

## Statements of cash flows for the year ended 30 November 2015

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
<b>Cash flows from operating activities</b>				
Operating (loss)/ profit	(151)	(357)	(92)	76
Share-based payment credit	3	9	3	9
Depreciation	86	108	8	8
Impairment costs	-	(32)	-	17
(Increase)/decrease in inventories	(102)	5	-	-
(Increase)/decrease in trade and other receivables	295	(36)	17	(25)
Increase/(decrease) in trade and other payables	(86)	(188)	65	(457)
Cash generated from/ (used in) operations	45	(491)	1	(372)
Corporation tax (paid)/received	(7)	(39)	(1)	-
Net cash generated from/ (used in) operations	38	(530)	-	(372)
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(161)	(74)	(4)	-
Proceeds from sale of property, plant and equipment	3	3	-	-
Proceeds from sale of subsidiary	-	32	-	-
Dividends received from group undertakings	-	-	-	13
Interest received	1	2	4	3
Net cash (used in)/generated from investing activities	(157)	(37)	-	16
<b>Cash flows from financing activities</b>				
Interest paid	(16)	(7)	-	-
Loan repayments	-	-	-	-
Settlement of contingent consideration	-	-	-	-
Equity dividends paid	(20)	(79)	(20)	(79)
Net cash used in financing activities	(36)	(86)	(20)	(79)
<b>Net change in cash and cash equivalents</b>	<b>(155)</b>	<b>(653)</b>	<b>(20)</b>	<b>(435)</b>
Cash and cash equivalents at start of period	634	1,290	45	480
Effect of foreign exchange rates	(36)	(3)	-	-
<b>Cash and cash equivalents at end of period</b>	<b>443</b>	<b>634</b>	<b>25</b>	<b>45</b>

## Notes

### 1. Basis of preparation

The group and parent company financial statements have been prepared in accordance with EU endorsed International Financial Reporting Standards (IFRS), International Financial Reporting Interpretations Committee (IFRIC) interpretations and with those parts of the Companies Act applicable to companies reporting under IFRS. All accounting standards and interpretations issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee effective at the time of preparing these financial statements have been applied.

### 2. Taxation

	2015 £'000	2014 £'000
<b>Analysis of the charge in the period</b>		
Current tax		
- Current period	6	(1)
- Adjustments in respect of prior periods	179	14
	<b>185</b>	<b>13</b>
Deferred tax	10	(2)
Total tax	<b>195</b>	<b>11</b>

#### Tax reconciliation

The tax for the period is higher (2014: higher) than the standard rate of corporation tax in the UK, effectively 20.0% (2014: 20.0%) for the company's financial year. The differences are explained below:

	2015 £'000	2014 £'000
Loss before taxation	<b>(166)</b>	<b>(362)</b>
Loss before taxation multiplied by the rate of corporation tax in the UK of 20.0 % (2014: 20.0%)	<b>(33)</b>	<b>(77)</b>
Effects of:		
Differences between capital allowances and depreciation	4	(3)
Different overseas tax rates	-	2
Adjustments in respect of prior years	176	16
Taxation losses	35	-
Other temporary differences	13	73
Taxation	<b>195</b>	<b>11</b>

- The directors have proposed a final dividend of 0.25p per share payable on 24 May 2016 to shareholders on the register at close of business on 6 May 2016. The total dividend for the year, including the interim dividend of 0.25p (2014: 1.0p) per share paid on 5 October 2015, amounts to £20,000 (2014: £49,000), which is equivalent to 0.50p (2014: 1.25p) per share.
- The basic earnings per share are based on the loss for the financial year of £361,000 (2014: loss of £373,000) and on ordinary shares 3,939,551 (2014: 3,939,551), the weighted average number of shares in issue during the year, excluding treasury shares. There was no earnings dilution calculated in 2014 and 2015 as a loss was recorded by the group.

5. This preliminary statement, which has been approved by the Board on 11 February 2016, is not the Company's statutory accounts. The statutory accounts for each of the two years to 30 November 2014 and 30 November 2015 received audit reports, which were unqualified and did not contain statements under section 498(2) and section 498(3) of the Companies Act 2006. The 2014 accounts have been filed with the Registrar of Companies but the 2015 accounts are not yet filed.

For further information, contact:

Rudi Weinreich, Executive Chairman, Holders Technology plc,

Tel. 01896 758781

Paul Geraghty, Group Finance Director, Holders Technology plc,

Tel. 01896 758781

William Vandyk, Director, Corporate Finance, Northland Capital Partners Ltd,

Tel. 020 7382 1100

Website [www.holdersgroup.com](http://www.holdersgroup.com)

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