

**Company** Holders Technology PLC  
**TIDM** HDT  
**Headline** Final Results  
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## Holdes Technology plc

Providers of specialised materials, equipment and services to the electronics industry

### Audited results for the year ended 30 November 2007

Holdes Technology plc announces its audited results for the year ended 30 November 2007.

2007 was a year of solid progress for the group, with improved profitability and strong cash flow.

- Operating profit grew 20% to £1.2m
- Revenue was steady at £18.9m
- £2.0m cash generated from operations
- Indian Joint Venture established
- Proposed 8.3% increase in final dividend to 3.25p

#### Chairman's statement

The improved trading performance achieved in the first half of the year was matched in the second half of the year leading to a positive out turn for the year to 30 November 2007. Given the successful trading in the year, your board considers it appropriate to recommend a final dividend of 3.25p (2006 3.00p).

Operating profit of £1.2m (2006: £1.0m) combined with tight control of working capital led to £2.0m (2006: £0.6m) of cash being generated from operations, before tax payments. The group has maintained a strong balance sheet, with net cash of £1.1m at the end of the year.

The UK operations traded strongly while our German and Dutch operations broadly held their ground during a period which saw worldwide rises in the price of copper and aluminium foils, product lines of particular importance to our German subsidiary. The continuing marked contraction of the Scandinavian PCB market inevitably impacted adversely on our Swedish subsidiary, but strict control of overheads enabled the company to breakeven at operating profit level and to hold the pre tax loss to an immaterial amount.

Our Indian joint venture, which commenced trading only in April 2007, achieved pre tax breakeven albeit on modest levels of turnover. We believe that the Indian market has excellent potential to grow over the medium term and that our entry into the market at this stage makes us well placed to benefit from the anticipated growth of this market in future years.

The Chinese PCB industry continues to expand and is now the world's premier PCB producer. We will continue our investment programme to address this market opportunity. Taken together, our Chinese activities achieved breakeven at the pre tax level in the year.

We are appraising opportunities further to develop the company's business in areas complementary to our existing core activity of supplying the PCB industry. A number of opportunities have been examined, but as yet we have been unable to identify a suitable proposition available on terms which we consider attractive to shareholders. The continuing strength of our balance sheet coupled with our

strong banking relationships would enable us to complete suitable transactions and it is now clear that the range of possible opportunities both justifies and requires a greater level of management commitment. To this end Victoria Blaisdell, who has served as the Group's IT Director for the past three years, has been appointed to the Company's board as Corporate Development Director in order to enable us to devote more resource to this process.

The move to restructure our operations in order to devolve responsibility to the operating subsidiaries has been successfully completed and on behalf of the board I would like to thank staff for their efforts during the year, sometimes in trying circumstances.

There are clear signs that economic activity in Europe is weakening and we are basing our plans on the assumption that demand in our main markets in 2008 will be lower than in 2007. We will seek rigorously to contain our costs so as to minimise the impact of this expected lower level of activity on our profitability while continuing to invest in our young subsidiaries in the growth economies of India and China and seeking to make selective, earnings enhancing acquisitions.

If approved by shareholders at the AGM, we will pay the dividend on 20 May 2008 to shareholders on the register on 25 April 2008.

R W Weinreich  
Chairman and Chief Executive  
18 February 2008

Consolidated income statement  
for the year ended 30 November 2007

|   | Note | 2007<br>£'000 | 2006<br>£'000 |
|---|------|---------------|---------------|
| <b>Continuing operations</b>                                |      |               |               |
| Revenue   |      | 18,853        | 18,822        |
| Cost of sales   |      | (13,866)      | (13,891)      |
| <b>Gross profit</b>   |      | <u>4,987</u>  | <u>4,931</u>  |
| Distribution costs  |      | (463)         | (446)         |
| Administrative expenses                                     |      | (3,398)       | (3,561)       |
| Deferred consideration arising on sale of former subsidiary |      | -             | 39            |
| Other operating income                                      |      | 76            | 38            |
| <b>Operating profit</b>                                     |      | <u>1,202</u>  | <u>1,001</u>  |
| Finance income  |      | 27            | 9             |
| Finance expenses  |      | (23)          | (26)          |
| Share of loss of associate                                  |      | -             | (25)          |
| <b>Profit before taxation</b>                               |      | <u>1,206</u>  | <u>959</u>    |
| Taxation  | 2    | (454)         | (390)         |
| <b>Profit after taxation</b>                                |      | <u>752</u>    | <u>569</u>    |
| Attributable to:  |      |               |               |
| Equity shareholders of the company                          |      | 744           | 591           |
| Minority interests - equity                                 |      | 8             | (22)          |
| <b>Profit for the financial year</b>                        |      | <u>752</u>    | <u>569</u>    |
| <b>Total and continuing</b>                                 |      |               |               |
| <b>Basic earnings per share</b>                             | 5    | 17.97p        | 14.24p        |
| <b>Diluted earnings per share</b>                           | 5    | 17.78p        | 14.24p        |

Consolidated balance sheet  
at 30 November 2007

|   | Note | 2007<br>£'000  | 2006<br>£'000  |
|---|------|----------------|----------------|
| <b>Assets</b>   |      |                |                |
| <b>Non-current assets</b>                             |      |                |                |
| Goodwill  |      | 397            | 413            |
| Property, plant and equipment                         |      | 622            | 506            |
| Investments in associates                             |      | 28             | 119            |
|   |      | <u>1,047</u>   | <u>1,038</u>   |
| <b>Current assets</b>                                 |      |                |                |
| Inventories   |      | 2,645          | 3,153          |
| Trade and other receivables                           |      | 2,588          | 2,774          |
| Current tax   |      | -              | 35             |
| Deferred tax  |      | 49             | 35             |
| Cash and cash equivalents                             |      | 1,275          | 822            |
|   |      | <u>6,557</u>   | <u>6,819</u>   |
| <b>Liabilities</b>                                    |      |                |                |
| <b>Current liabilities</b>                            |      |                |                |
| Trade and other payables                              |      | (1,399)        | (1,678)        |
| Borrowings  |      | (174)          | (406)          |
| Current tax   |      | (275)          | (260)          |
|   |      | <u>(1,848)</u> | <u>(2,344)</u> |
| <b>Net current assets</b>                             |      | <u>4,709</u>   | <u>4,475</u>   |
| <b>Non-current liabilities</b>                        |      |                |                |
| Borrowings  |      | -              | (4)            |
| Retirement benefit liability                          |      | (139)          | (94)           |
| Deferred consideration                                |      | (104)          | (104)          |
|   |      | <u>(243)</u>   | <u>(202)</u>   |
|   |      | <u>5,513</u>   | <u>5,311</u>   |
| <b>Shareholders' equity</b>                           |      |                |                |
| Share capital   | 3    | 416            | 416            |
| Share premium account                                 | 3    | 1,531          | 1,531          |
| Capital redemption reserve                            | 3    | 1              | 1              |
| Retained earnings                                     | 3    | 3,431          | 3,285          |
| Cumulative translation adjustment                     | 3    | 37             | (84)           |
|   |      | <u>5,416</u>   | <u>5,149</u>   |
| <b>Equity attributable to the equity shareholders</b> |      | <u>5,416</u>   | <u>5,149</u>   |
| <b>Minority interests in equity</b>                   | 3    | <u>97</u>      | <u>162</u>     |
|   |      | <u>5,513</u>   | <u>5,311</u>   |

Consolidated cash flow statement  
for the year ended 30 November 2007

|   | 2007<br>£'000 | 2006<br>£'000 |
|---|---------------|---------------|
| <b>Cash flows from operating activities</b>         |               |               |
| Operating profit                                    | 1,202         | 1,001         |
| Share-based payment charge                          | 12            | 8             |
| Depreciation  | 288           | 208           |
| Reduction in impairment re associate                | -             | (35)          |
| Currency translation                                | 102           | (79)          |
| Loss on sale of property, plant and equipment       | 1             | 1             |
| (Increase)/decrease in inventories                  | 508           | (529)         |
| (Increase)/decrease in trade and other receivables  | 231           | (29)          |
| (Increase)/decrease in trade and other payables     | (362)         | 76            |
|   | <hr/>         | <hr/>         |
| Cash generated from operations                      | 1,982         | 622           |
| Corporation tax paid                                | (418)         | (96)          |
|   | <hr/>         | <hr/>         |
| Net cash generated from operations                  | 1,564         | 526           |
| <b>Cash flows from investing activities</b>         |               |               |
| Proceeds from disposal of investment in associate   | 119           | -             |
| Increase in investment in existing subsidiary       | -             | (54)          |
| Purchase of property, plant and equipment           | (403)         | (244)         |
| Proceeds from sale of property, plant and equipment | 15            | 29            |
| Income from investments                             | -             | -             |
| Interest received                                   | 27            | 9             |
|   | <hr/>         | <hr/>         |
| Net cash generated/(used) in investing activities   | (242)         | (260)         |
| <b>Cash flows from financing activities</b>         |               |               |
| Proceeds from issue of shares                       | -             | 8             |
| Purchase of treasury shares                         | (398)         | -             |
| Interest paid                                       | (23)          | (26)          |
| Equity dividends paid                               | (212)         | (197)         |
| Finance lease principal payments                    | (6)           | (16)          |
|   | <hr/>         | <hr/>         |
| Net cash used in financing activities               | (639)         | (231)         |
| <b>Net change in cash and cash equivalents</b>      | <hr/>         | <hr/>         |
| Cash and cash equivalents at start of period        | 418           | 383           |
| <b>Cash and cash equivalents at end of period</b>   | <hr/>         | <hr/>         |
|   | 1,101         | 418           |

## Notes

### 1. Basis of preparation

The group 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 1985 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

|   | 2007<br>£'000 | 2006<br>£'000 |
|---|---------------|---------------|
| <b>Analysis of the charge in the period</b> |               |               |
| Current tax                                 |               |               |
| - Current period                            | 381           | 367           |
| - Adjustments in respect of prior periods   | 87            | 46            |
|   | <hr/>         | <hr/>         |
|   | 468           | 413           |
| Deferred tax                                | (14)          | (23)          |
|   | <hr/>         | <hr/>         |
| Total tax                                   | 454           | 390           |
|   | <hr/>         | <hr/>         |

#### Tax reconciliation

The tax for the period is higher (2006: higher) than the standard rate of corporation tax in the UK (30%). The differences are explained below:

|   | 2007<br>£'000 | 2006<br>£'000 |
|---|---------------|---------------|
| Profit before taxation  | 1,206         | 959           |
|   | <hr/>         | <hr/>         |
| Profit before taxation multiplied by rate of corporation tax in the UK of 30% (2006: 30%) | 362           | 288           |
| Effects of:   |               |               |
| Differences between capital allowances and depreciation                                   | (10)          | (12)          |
| Amounts not deductible for taxation purposes  | -             | 70            |
| Adjustments in respect of prior years   | 87            | 46            |
| Taxation losses   | 15            | 13            |
| Different overseas tax rates  | -             | (15)          |
|   | <hr/>         | <hr/>         |
| Taxation  | 454           | 390           |
|   | <hr/>         | <hr/>         |

### 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  |
| <b>Balance at 1 December 2005</b> | 414     | 1,525   | 1          | -           | 2,883    | 4,823         | 247      | 5,070  |
| Profit/(loss) for the period      | -       | -       | -          | -           | 591      | 591           | (22)     | 569    |
| Dividends                         | -       | -       | -          | -           | (197)    | (197)         | -        | (197)  |
| Currency translation differences  | -       | -       | -          | (84)        | -        | (84)          | (31)     | (115)  |
| Shares issued during the period   | 2       | 6       | -          | -           | -        | 8             | -        | 8      |

|  |            |              |          |             |              |              |            |              |
|--|------------|--------------|----------|-------------|--------------|--------------|------------|--------------|
| Share-based payment credit                                   | -          | -            | -        | -           | 8            | 8            | -          | 8            |
| Minority interest acquired                                   | -          | -            | -        | -           | -            | -            | (49)       | (49)         |
| Investments by minority interest                             | -          | -            | -        | -           | -            | -            | 17         | 17           |
| <b>Balance at 30 November 2006</b>                           | <b>416</b> | <b>1,531</b> | <b>1</b> | <b>(84)</b> | <b>3,285</b> | <b>5,149</b> | <b>162</b> | <b>5,311</b> |
| Profit/(loss) for the period                                 | -          | -            | -        | -           | 744          | 744          | 8          | 752          |
| Dividends  | -          | -            | -        | -           | (212)        | (212)        | -          | (212)        |
| Purchase of treasury shares                                  | -          | -            | -        | -           | (398)        | (398)        | -          | (398)        |
| Currency translation differences                             | -          | -            | -        | 121         | -            | 121          | (8)        | 113          |
| Share-based payment credit Transfer in respect of associates | -          | -            | -        | -           | 12           | 12           | -          | 12           |
|  | -          | -            | -        | -           | -            | -            | (49)       | (49)         |
| <b>Balance at 30 November 2007</b>                           | <b>416</b> | <b>1,531</b> | <b>1</b> | <b>37</b>   | <b>3,431</b> | <b>5,416</b> | <b>113</b> | <b>5,529</b> |

- The directors have recommended a final dividend of 3.25p (2006: 3.00p) per share payable on 20 May 2008 to shareholders on the register at close of business on 25 April 2008. The total dividend for the year, including the interim dividend of 2.1p (2006: 2.0p) per share paid on 18 September 2007, amounts to £215,000 (2006: £208,000), which is equivalent to 5.35p (2006: 5.00p) per share.
- The basic earnings per share are based on the profit for the financial year of £744,000 (2006: £591,000) and on ordinary shares 4,140,085 (2006: 4,149,236), the weighted average number of shares in issue during the year. Diluted earnings per share are based on 4,183,680 ordinary shares (2006: 4,149,236), being the weighted average number of ordinary shares after an adjustment of 43,595 shares (2006: nil) in relation to share options.
- This preliminary statement which has been approved by the Board on 18 February 2008 is not the Company's statutory accounts. The statutory accounts for each of the two years to 30 November 2006 and 30 November 2007 received audit reports, which were unqualified and did not contain statements under section 237 (2) or (3) of the Companies Act 1985. The 2006 accounts have been filed with the Registrar of Companies but the 2007 accounts are not yet filed.

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