

Regulatory Announcement



Company Holders Technology PLC
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Holders Technology plc

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

Audited results for the year ended 30 November 2008

Holders Technology plc ("Holders Technology" or "the group") announces its audited results for the year ended 30 November 2008.

The printed circuit board (PCB) industry reflected the decline in the world economy during 2008. Holders Technology achieved the following results in a difficult market:

- Revenue declined 7.3% to £17.5m (2007: £18.9m)
- Gross profit of £4.4m (2007: £5.0m)
- Operating profit before exceptional items fell from £1.2m to £0.7m
- £1.3m positive cash flow generated from operations
- Restructuring of Swedish operation
- £0.1m non-cash write down of goodwill and investments
- Net cash of £1.5m at year end (2007: £1.1m)
- Proposed unchanged final dividend of 3.25p

Chairman's statement

I cautioned in previous Chairman's Statements that the year to 30 November 2008 would be unlikely to match the preceding year and this proved to be the case. Our markets weakened further in the second half of the year, particularly in Sweden and Germany. The end users served by our European subsidiaries vary from country to country, so we outline each of these markets as follows:.

The UK PCB market has a marked bias towards the aerospace and industrial electronics industries and these have shown more resilience than consumer related markets to date. Our UK operations produced a good performance for the year.

Our German subsidiary's sales are heavily influenced by production levels in the car industry and severely reduced volumes in that industry during the latter part of the year inevitably had a significant impact on operations. Despite this, trading for the year remained profitable.

The Dutch subsidiary has exposure to the general industrial market and to medical equipment manufacturers. Whilst the latter experienced normal trading in the year there was marked softening in the general industrial market. Despite this weakening, our Dutch subsidiary remained profitable for the year.

Our Swedish subsidiary, serving the Scandinavian market, has for some years felt the impact of the major Scandinavian telecommunication companies switching their sourcing of PCBs to the Far East. This subsidiary was unprofitable in the year to 30 November 2008. We have reshaped our Scandinavian activities to ensure continued sales coverage of this market but at a significantly reduced cost. The cost of these changes is contained in the accounts for the year.

Outside of Europe our geographical coverage extends to China and India. The Chinese PCB market is very consumer product focused and dependent on exports. Recent changes within this market have had adverse implications for our subsidiary and we are examining its present structure. Our Indian joint venture, whilst small, is holding its ground and continuing to make progress in widening its product range.

During the year to November 2008 we maintained a determined focus on minimising overheads; this has enabled us, in part, to offset the adverse impact of volume declines. However despite prudential hedging of currency exposures we were unable totally to offset the impact of exchange movements and margins were adversely affected in the year.

The strength of the euro against the pound increased the net asset values of our European subsidiaries, when translated into sterling. This contributed to the increase in the group's tangible net asset value from 123p per share to 143p per share over the year to 30 November 2008.

Our conservative financial policy has enabled us to maintain a strong, positive cash position, despite the difficult economic times, and I am pleased to confirm that the company will, subject to the approval of shareholders at the Annual General Meeting, pay a final dividend of 3.25p per share (2007: 3.25p per share). The dividend will be paid on 19 May 2009 to shareholders on the register on 24 April 2009 and the shares will go ex-dividend on 22 April 2009.

In summary the year to 30 November 2008 was not an easy one for your company and the current year is likely to be even more difficult. The level of turnover we will achieve this year will, in large part, be driven by factors outside our control. We expect that margins will be under pressure, due to weak demand, and it is of particular concern that we are seeing a tightening of the market for credit insurance in respect of our receivables; this will require even greater vigilance on our part. Should we see any of our activities not contributing, we will review the possibility of restructuring these. As with our Scandinavian operations this year, there may be one off costs associated with any actions we are obliged to take. Above all we will continue to concentrate on cost containment and cash preservation.

The Board wishes shareholders to be fully aware of the challenges your company faces and currently we consider it likely that the first half of the current year may not be profitable. As against this sombre assessment of our position I am glad to be able to report that we have had an encouraging reception for a major new product line we have added to our range and we expect this to have a positive impact on the second half of the current year.

As a company we have experienced cyclical downturns before and are experienced in addressing the challenges these pose. We fully expect to maintain our position in our key markets and to end the year financially strong.

R W Weinreich
Chairman and Chief Executive

10 February 2009

Consolidated income statement

for the year ended 30 November 2008

	Note	Before exceptional items 2008 £'000	Exceptional items 2008 £'000	Total 2008 £'000	Total 2007 £'000
Continuing operations					
Revenue		17,481	-	17,481	18,853
Cost of sales		(13,057)	-	(13,057)	(13,866)
		<u>4,424</u>	<u>-</u>	<u>4,424</u>	<u>4,987</u>
Gross profit					
Distribution costs		(427)	-	(427)	(463)
Administrative expenses		(3,285)	-	(3,285)	(3,398)
Fundamental restructuring	2	-	(64)	(64)	-
Impairment of goodwill	2	-	(100)	(100)	-
Impairment of investment in associates	2	-	(51)	(51)	-
Other operating income		11	-	11	76
		<u>723</u>	<u>(215)</u>	<u>508</u>	<u>1,202</u>
Operating profit					
Finance income		43	-	43	27
Finance expenses		(38)	-	(38)	(23)
		<u>728</u>	<u>(215)</u>	<u>513</u>	<u>1,206</u>
Profit before taxation					
Taxation	3	(261)	18	(243)	(454)
		<u>467</u>	<u>(197)</u>	<u>270</u>	<u>752</u>
Profit after taxation					
Attributable to:					
Equity shareholders of the company				322	744
Minority interests - equity				(52)	8
				<u>270</u>	<u>752</u>
Profit for the financial year					
Total and continuing					
Basic earnings per share	6			8.21p	17.97p
Diluted earnings per share	6			8.21p	17.78p

Consolidated balance sheet

at 30 November 2008

	Note	Group		Company	
		2008 £'000	2007 £'000	2008 £'000	2007 £'000
Assets					
Non-current assets					
Goodwill		201	397	-	-
Property, plant and equipment		651	622	3	2
Investments in subsidiaries		-	-	2,352	2,580
Investment in joint venture		-	-	15	15
Investments in associates		-	28	-	-
Deferred tax		31	49	-	4
		<u>883</u>	<u>1,096</u>	<u>2,370</u>	<u>2,601</u>
Current assets					
Inventories		2,808	2,645	-	-
Trade and other receivables		2,700	2,588	472	345
Current tax		99	-	16	-
Cash and cash equivalents		1,774	1,275	297	669
		<u>7,381</u>	<u>6,508</u>	<u>785</u>	<u>1,014</u>
Liabilities					
Current liabilities					
Trade and other payables		(1,663)	(1,399)	(377)	(654)
Borrowings		(237)	(174)	-	-
Current tax		(33)	(275)	-	(22)
		<u>(1,933)</u>	<u>(1,848)</u>	<u>(377)</u>	<u>(676)</u>
Net current assets					
		<u>5,448</u>	<u>4,660</u>	<u>408</u>	<u>338</u>
Non-current liabilities					
Retirement benefit liability		(165)	(139)	-	-
Deferred consideration		-	(104)	-	(104)
		<u>(165)</u>	<u>(243)</u>	<u>-</u>	<u>(104)</u>
		<u>6,166</u>	<u>5,513</u>	<u>2,778</u>	<u>2,835</u>
Shareholders' equity					
Share capital	4	416	416	416	416
Share premium account	4	1,531	1,531	1,531	1,531
Capital redemption reserve	4	1	1	1	1
Retained earnings	4	3,568	3,431	830	887
Cumulative translation adjustment reserve	4	520	37	-	-
		<u>6,036</u>	<u>5,416</u>	<u>2,778</u>	<u>2,835</u>
Equity attributable to the equity shareholders					
Minority interests in equity	4	130	97	-	-
		<u>6,166</u>	<u>5,513</u>	<u>2,778</u>	<u>2,835</u>

Consolidated cash flow statement

for the year ended 30 November 2008

	Note	2008 £'000	Group 2007 £'000	2008 £'000	Company 2007 £'000
Cash flows from operating activities					
Operating profit		508	1,202	(120)	(78)
Share-based payment charge		12	12	12	12
Depreciation		184	288	1	-
Impairment of goodwill		100	-	-	-
Impairment of investment in associate		51	-	-	-
Currency translation		293	102	-	-
Loss on sale of property, plant and equipment		2	1	-	-
(Increase)/decrease in inventories		(140)	508	-	-
(Increase)/decrease in trade and other receivables		(86)	231	(266)	485
(Increase)/decrease in trade and other payables		349	(362)	(277)	259
		<u>1,273</u>	<u>1,982</u>	<u>(650)</u>	<u>678</u>
Cash generated from operations					
Corporation tax paid		(566)	(418)	(46)	(35)
		<u>707</u>	<u>1,564</u>	<u>(696)</u>	<u>643</u>
Cash flows from investing activities					
Proceeds from disposal of investment in associate		-	119	-	-
Increase in investment in associate		(23)	-	-	-
Investment in new subsidiary		-	-	-	(18)
Investment in joint venture		-	-	-	(15)
Purchase of property, plant and equipment		(132)	(403)	(2)	-
Proceeds from sale of property, plant and equipment		24	15	-	-
Income from investments		-	-	499	600
Interest received		43	27	24	25
		<u>(88)</u>	<u>(242)</u>	<u>521</u>	<u>592</u>
Net cash generated/(used) in investing activities					
Cash flows from financing activities					
Proceeds from exercise of employee share options		13	-	13	-
Purchase of treasury shares		-	(398)	-	(398)
Interest paid		(38)	(23)	-	(4)
Equity dividends paid		(210)	(212)	(210)	(212)
Finance lease principal payments		-	(6)	-	-
		<u>(235)</u>	<u>(639)</u>	<u>(197)</u>	<u>(614)</u>
Net cash used in financing activities					
Net change in cash and cash equivalents		384	683	(372)	621
Cash and cash equivalents at start of period		1,101	418	669	48
Effect of foreign exchange rates		52	-	-	-
		<u>1,537</u>	<u>1,101</u>	<u>297</u>	<u>669</u>
Cash and cash equivalents at end of period					

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 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. Exceptional items

Exceptional items consist of the following:

	2008	2007
	£'000	£'000
Fundamental restructuring	(64)	-
Impairment of goodwill	(100)	-
Impairment of investment in associate	(51)	-
	<u>(215)</u>	<u>-</u>

The fundamental restructuring charge consists of redundancy and lease termination costs at the group's Swedish operation.

The goodwill impairment charge represents 100% of the goodwill related to Topgrow Technologies Limited (Topgrow), which made a loss of £58,000 in 2008 and is not forecast to return to profit in the next two years.

Topgrow's associated companies, Waysky Technology Limited and China Hill Technology Limited had a very difficult year and no audited accounts are available. Accordingly, the group's investment in associates has been written off.

3. Taxation

	2008	2007
	£'000	£'000
Analysis of the charge in the period		
Current tax		
- Current period	228	381
- Adjustments in respect of prior periods	(3)	87
	<u>225</u>	<u>468</u>
Deferred tax	18	(14)
Total tax	<u>243</u>	<u>454</u>

Tax reconciliation

The tax for the period is higher (2007: higher) than the standard rate of corporation tax in the UK, effectively 28.67% (2007: 30%) for the company's financial year. The differences are explained below:

	2008	2007
	£'000	£'000
Profit before taxation	513	1,206
Profit before taxation multiplied by rate of corporation tax in the UK of 28.67% (2007: 30%)	147	362
Effects of:		
Differences between capital allowances and depreciation	(3)	(10)
Amounts not deductible for taxation purposes	79	-
Adjustments in respect of prior years	2	87
Taxation losses	34	15
Other timing differences	(8)	-
Different overseas tax rates	(8)	-
Taxation	<u>243</u>	<u>454</u>

4. Statement of changes in shareholders' equity

Group	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Cumulative translation adjustment £'000	Retained earnings £'000	Shareholders' equity £'000	Minority interest £'000	Total equity £'000
Balance at 1 December 2006	416	1,531	1	(84)	3,285	5,149	162	5,311
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	-	-	-	-	12	12	-	12
Transfer in respect of associates	-	-	-	-	-	-	(65)	(65)
Balance at 30 November 2007	416	1,531	1	37	3,431	5,416	97	5,513
Profit/(loss) for the period	-	-	-	-	322	322	(52)	270
Dividends	-	-	-	-	(210)	(210)	-	(210)
Issue of treasury shares	-	-	-	-	13	13	-	13
Currency translation differences	-	-	-	483	-	483	85	568
Share-based payment credit	-	-	-	-	12	12	-	12
Balance at 30 November 2008	416	1,531	1	520	3,568	6,036	130	6,166

5. The directors have recommended a final dividend of 3.25p (2007: 3.25p) per share payable on 19 May 2009 to shareholders on the register at close of business on 24 April 2009. The total dividend for the year, including the interim dividend of 2.1p (2007: 2.1p) per share paid on 23 September 2008, amounts to £211,000 (2007: £215,000), which is equivalent to 5.35p (2006: 5.35p) per share.

6. The basic earnings per share are based on the profit for the financial year attributable to the equity shareholders of £322,000 (2007: £744,000) and on ordinary shares 3,922,611 (2007: 4,140,085), the weighted average number of shares in issue during the year, excluding treasury shares. Diluted earnings per share are based on 3,922,611 ordinary shares (2007: 4,183,680), being the weighted average number of ordinary shares after an adjustment of nil shares (2007: 43,595) in relation to share options.

7. This preliminary statement, which has been approved by the Board on 10 February 2009, is not the Company's statutory accounts. The statutory accounts for each of the two years to 30 November 2007 and 30 November 2008 received audit reports, which were unqualified and did not contain statements under section 237 (2) or (3) of the Companies Act 1985. The 2007 accounts have been filed with the Registrar of Companies but the 2008 accounts are not yet filed.

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