Holders Technology plc

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

Audited results for the year ended 30 November 2009

Holders Technology plc ("Holders Technology" or "the group") announces its audited results for the year ended 30 November 2009.

The European printed circuit board (PCB) industry suffered a sharp decline in late 2008 and the first half of 2009. Thereafter, conditions stabilised. Holders Technology recorded the following results:

- Revenue declined 26% to £13.0m (2008: £17.5m)
- Gross profit of £3.2m (2008: £4.4m)
- Operating loss of £0.2m before exceptional items (2008: £0.7m profit)
- The Dutch business successfully merged with German operations
- £0.8m positive cash flow generated from operations
- Net cash of £2.1m at year end (2008: £1.5m)
- Second interim dividend of 3.25p to be paid on 31 March 2010 in place of final dividend

Chairman's statement

The first half of the year to 30th November 2009 was a period which saw a dramatic downturn in a number of our markets and a pre tax loss of £0.6m was recorded.

I am glad to be able to report that the second half of the year saw a recovery in profitability with the pre tax loss for the year as a whole reduced to £0.4m. The loss of £0.4m was in large part attributable to the £0.2m of costs incurred in restructuring our operations.

Revenue for the year at £13.0m showed a marked reduction from the £17.5m recorded in the preceding year; the recovery in profitability in the second half of the year was largely due to the cost reduction measures undertaken. The reduced revenue and the rigorous control of working capital coupled with the benefits accruing from the cost reduction programme led to the year end net cash position improving to £2.1m. In light of the improved trading in the second half of the year and the strong cash position the board felt justified in declaring a second interim dividend for the year in lieu of a final dividend.

It is still early to comment on the current year but to date we have seen some recovery particularly as compared to the exceptionally difficult comparable months of the preceding year. The current year will enjoy the full benefit of the restructuring savings and we hope to see gains from the measures we have taken both to extend our specialist product ranges and more competitively to source certain of our commodity product offerings.

In short we expect to achieve some recovery in the current year but I would caution against any expectations that the PCB markets we serve will continue to be anything other than challenging. The continuing difficulties in securing insurance in respect of debtors may have some impact on sales as we are unwilling unduly to extend credit to customers.

On behalf of the board and, I am sure, all shareholders I would like to thank all our staff for the sacrifices they have made and continue to make. Their willingness to accept the measures we have been obliged to introduce has ensured that as a group we have been able to maintain the service levels necessary to retain customers in difficult market conditions.

In previous statements I have commented on our wish to consider acquisitions. Over the past two years we have considered a number of opportunities but they have failed to match the criteria we set ourselves. In order to reduce risk we sought only to consider areas where we could understand both the technology and the markets served. While we sought areas where we could see significant growth we were concerned to ensure that we had the ability to add value to any acquisition made.

In late December we completed the acquisition of JK Components Ltd (JK) a distributor of Light Emitting Diodes (LED) components. JK while small has a range of products sourced from established Far Eastern suppliers and has established a market position in the UK. We believe we are well placed further to extend both the range of products offered and the markets served.

The markets for LEDs are growing very quickly and while there are a significant number of companies competing in these markets we expect to be able to build further on the base JK has created. We anticipate that evidence of this progress will be forthcoming in the current year but our key objective this year is to invest and build a platform for sustained growth both within the UK and throughout the geographical markets we currently address in future years.

The current year will present challenges but the measures we have already taken will, we believe, lead to a year of improved overall trading in our established PCB market. I anticipate that the acquisition and development of JK will enable us to provide evidence of an attractive widening of the Group's activities.

R W Weinreich
Chairman and Chief Executive

9 February 2010

Consolidated income statement
for the year ended 30 November 2009

	Note	Before exceptional items 2009 £'000	Exceptional items 2009 £'000	Total 2009 £'000	Total 2008 £'000
Continuing operations					
Revenue		12,966	-	12,966	17,481
Cost of sales		(9,770)	-	(9,770)	(13,057)
Gross profit		3,196	-	3,196	4,424
Distribution costs		(301)	-	(301)	(427)
Administrative expenses		(3,044)	-	(3,044)	(3,285)
Fundamental restructuring		-	(176)	(176)	(64)
Impairment of goodwill		-	-	-	(100)
Impairment of investment in associates		-	-	-	(51)
Other operating expenses		(90)	-	(90)	11
Operating (loss)/profit		(239)	(176)	(415)	508
Finance income		20	-	20	43
Finance expenses		(13)	-	(13)	(38)
(Loss)/profit before taxation		(232)	(176)	(408)	513
Taxation	3	9	-	9	(243)
(Loss)/profit after taxation		(223)	(176)	(399)	270
Attributable to:					
Equity shareholders of the company				(375)	322
Minority interests - equity				(24)	(52)
(Loss)/profit for the financial year				(399)	270
Total and continuing					
Basic (loss)/earnings per share				(9.52p)	8.21p
Diluted (loss)/earnings per share				(9.52p)	8.21p

Consolidated balance sheet
at 30 November 2009

	Note	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Assets					
Non-current assets					
Goodwill		207	201	-	-
Property, plant and equipment		655	651	3	3
Investments in subsidiaries		-	-	2,669	2,352
Investment in joint venture		-	-	15	15
Investments in associates		-	-	-	-
Deferred tax assets		29	31	2	-
		891	883	2,689	2,370
Current assets					
Inventories		1,866	2,808	-	-
Trade and other receivables		2,301	2,700	557	472
Current tax assets		69	99	-	16
Cash and cash equivalents		2,095	1,774	127	297
		6,331	7,381	684	785
Liabilities					
Current liabilities					
Trade and other payables		(1,107)	(1,663)	(454)	(377)
Borrowings		-	(237)	-	-
Current tax liabilities		(33)	(33)	(32)	-
		(1,142)	(1,933)	(486)	(377)
Net current assets		5,189	5,448	198	408
Non-current liabilities					
Retirement benefit liability		(176)	(165)	-	-
Deferred tax liabilities		(8)	-	-	-
		(184)	(165)	-	-
		5,896	6,166	2,887	2,778
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	2,972	3,568	939	830
Cumulative translation adjustment reserve	4	831	520	-	-
Equity attributable to the shareholders of the parent		5,751	6,036	2,887	2,778
Minority interests in equity	4	145	130	-	-
		5,896	6,166	2,887	2,778

Consolidated cash flow statement

for the year ended 30 November 2009

	Note	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Cash flows from operating activities					
Operating profit		**(415)**	508	**(215)**	(120)
Share-based payment (credit)/charge		**(10)**	12	**(10)**	12
Depreciation		**180**	184	**2**	1
Impairment of goodwill		**-**	100	**-**	-
Impairment of investment in subsidiary		**-**	-	**177**	-
Impairment of investment in associates		**-**	51	**-**	-
Currency translation		**182**	293	**-**	-
Loss on sale of property, plant and equipment		**13**	2	**-**	-
Decrease/(increase) in inventories		**942**	(140)	**-**	-
Decrease/(increase) in trade and other receivables		**410**	(86)	**(85)**	(266)
(Decrease)/increase in trade and other payables		**(517)**	349	**77**	(277)
Cash generated from/(used in) operations		**785**	1,273	**(54)**	(650)
Corporation tax received/(paid)		**51**	(566)	**47**	(46)
Net cash generated from/(used in) operations		**836**	707	**(7)**	(696)
Cash flows from investing activities					
Increase in investment in associate		**-**	(23)	**-**	-
Increase in investment in subsidiaries		**-**	-	**(494)**	-
Investment in joint venture		**-**	-	**-**	-
Purchase of property, plant and equipment		**(168)**	(132)	**(2)**	(2)
Proceeds from sale of property, plant and equipment		**-**	24	**-**	-
Income from investments		**-**	-	**541**	499
Interest received		**20**	43	**3**	24
Net cash generated/(used) in investing activities		**(148)**	(88)	**48**	521
Cash flows from financing activities					
Proceeds from exercise of employee share options		**-**	13	**-**	13
Interest paid		**(13)**	(38)	**-**	-
Equity dividends paid		**(211)**	(210)	**(211)**	(210)
Net cash used in financing activities		**(224)**	(235)	**(211)**	(197)
Net change in cash and cash equivalents		**464**	384	**(170)**	(372)
Cash and cash equivalents at start of period		**1,537**	1,101	**297**	669
Effect of foreign exchange rates		**94**	52	**-**	-
Cash and cash equivalents at end of period		**2,095**	1,537	**127**	297

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. Exceptional items

Exceptional items consist of the following:

	2008 **£'000**	2008 £'000
Fundamental restructuring	**(176)**	(64)
Impairment of goodwill	**-**	(100)
Impairment of investment in associate	**-**	(51)
	(176)	(215)

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

3. Taxation

	2009 **£'000**	2008 £'000
Analysis of the charge in the period		
Current tax		
- Current period	**18**	228
- Adjustments in respect of prior periods	**(38)**	(3)
	(20)	225
Deferred tax (note 24)	**11**	18
Total tax	**(9)**	243

Tax reconciliation

The tax for the period is higher (2008: higher) than the standard rate of corporation tax in the UK, effectively 28% (2008: 28.67%) for the company's financial year. The differences are explained below:

	2009 **£'000**	2008 £'000
(Loss)/profit before taxation	**(408)**	513
Profit before taxation multiplied by rate of corporation tax in the UK of 28% (2008: 28.67%)	**(113)**	147
Effects of:		
Differences between capital allowances and depreciation	**(9)**	(3)
Amounts not deductible for taxation purposes	**(24)**	79
Adjustments in respect of prior years	**9**	2
Taxation losses	**99**	34
Other timing differences	**29**	(8)
Different overseas tax rates	**-**	(8)
Taxation	**(9)**	243

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 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
(Loss)/profit for the period	-	-	-	-	(375)	(375)	(24)	(399)
Dividends	-	-	-	-	(211)	(211)	-	(211)
Minority interest investment	-	-	-	-	-	-	62	62
Currency translation differences	-	-	-	311	-	311	(23)	288
Share-based payment charge	-	-	-	-	(10)	(10)	-	(10)
Balance at 30 November 2009	416	1,531	1	831	2,972	5,751	145	5,896

5. The directors have declared a second interim dividend of 3.25p per share payable on 31 March 2010 to shareholders on the register at close of business on 5 March 2010. This is in place of the final dividend, which for 2008 was 3.25p and paid on 19 May 2009. The total dividend for the year, including the first interim dividend of 2.1p (2008: 2.1p) per share paid on 6 October 2009, amounts to £211,000 (2008: £211,000), which is equivalent to 5.35p (2008: 5.35p) per share.

6. The basic loss per share are based on the loss for the financial year attributable to the equity shareholders of £375,000 (2008: profit £322,000) and on ordinary shares 3,939,551 (2008: 3,922,611), the weighted average number of shares in issue during the year, excluding treasury shares. Diluted earnings per share are based on 3,939,551 ordinary shares (2008: 3,922,611), being the weighted average number of ordinary shares after an adjustment of nil shares (2008: nil) in relation to share options.

7. This preliminary statement, which has been approved by the Board on 9 February 2010, is not the Company's statutory accounts. The statutory accounts for each of the two years to 30 November 2008 and 30 November 2009 received audit reports, which were unqualified and did not contain statements under section 237 (2) or (3) of the Companies Act 1985, and section 498(2) and section 498(3) of the Companies Act 2006 respectively. The 2008 accounts have been filed with the Registrar of Companies but the 2009 accounts are not yet filed.

ENDS

For further information, contact:

Mr Rudi Weinreich, Chairman and Chief Executive, Holders Technology plc,
on 020 8731 4336

Mr Jim Shawyer, Group Finance Director, Holders Technology plc,
On 020 8731 4336

Mr Shane Gallwey, Director, Corporate Finance, Astaire Securities Plc,
on 020 7448 4400.

Website www.holderstechnology.com