

Holders Technology
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Holders Technology plc
Half yearly report 2012

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Half yearly report

for the half year ended 31 May 2012 (Unaudited)

Highlights

	Half year ended 31 May	
	2012	2011
Revenue	£8.0m	£10.1m
(Loss)/ Profit before tax	(£0.1m)	£0.3m
Operating cash flow before tax	£0.8m	(£0.7m)
Earnings per share	(1.98p)	5.58p
Interim dividend per share	1.00p	2.10p
Net assets per share at 31 May	147p	155p

Chairman's statement

The results for the six months to 31st May 2012 were below our expectations for the period.

PCB operations

The first half was very adversely impacted by the continuing economic uncertainties on the European PCB market, particularly in the opening months of the period. The latter months saw some recovery and overall our PCB activities recorded a broadly breakeven position.

LED operations

The goal we set for our LED activities in the period was to continue building this area of our business and progress towards this was made. Whilst preserving profitability in UK operations we are seeking to further widen both the customer base of the UK business and the range of solutions it is able to offer. Progress continues to be made in regard to both of these objectives.

The task for our LED division in Europe is both to widen the customer base and to extend the range of solutions whilst moving towards breakeven. Progress towards this latter objective continues to be made with improvements in the qualified order prospects pipeline providing particular encouragement for potential future growth.

As a Group we remain committed to rigorous control of both costs and working capital and we continue to achieve our objectives in this regard. We do this to ensure we remain able to invest in the LED segment of our business. Financial flexibility also enables us periodically to purchase certain commodity products in larger lots thus assisting our efforts to maintain acceptable margins.

It has been, and continues to be, our policy to ensure that dividends paid reflect the success of the company. Given the loss in the first half we believe it is appropriate to declare an interim dividend of 1p per share (2011: 2.10p).

I started this statement by saying that the results for this half year were below our initial expectations. We have thoroughly reviewed the prospects for the second half of the year, and while we do expect an improvement in trading which will offset the shortfall in the first half, it appears probable that the outturn for the full year will be below market expectation.

We are operating in difficult conditions but as a board we continue to believe that we are making progress in strengthening the Group so as to be able to benefit when more settled times return.

Rudolf W. Weinreich
Executive Chairman

Holders Technology plc
Elstree House
Elstree Way
Borehamwood
Hertfordshire WD6 1SD

18 July 2012

Consolidated income statement

for the half year ended 31 May 2012 (Unaudited)

		Half year ended 31 May 2012	Half year ended 31 May 2011	Full year ended 30 Nov 2011
	Notes	£'000	£'000	£'000
Revenue – continuing operations	3	7,980	10,153	19,636
Cost of sales		(6,045)	(7,722)	(15,127)
Gross profit		1,935	2,431	4,509
Distribution costs		(199)	(227)	(404)
Administrative expenses		(1,835)	(1,920)	(3,828)
Other operating income/(expenses)		-	15	98
Operating profit		(99)	299	375
Finance income		1	6	-
Finance costs		(1)	(1)	(12)
Profit before taxation		(99)	304	363
Taxation	4	15	(90)	(123)
(Loss)/ profit for the period		(84)	214	240
(Loss)/ profit for the period attributable to:				
Owners of the parent		(78)	220	264
Non-controlling interests		(6)	(6)	(24)
(Loss)/ profit for the period		(84)	214	240
Total and continuing				
Earnings per share	6	(1.98p)	5.58p	6.70p
Diluted earnings per share	6	(1.90p)	5.54p	6.63p

Consolidated statement of comprehensive income

for the half year ended 31 May 2012 (Unaudited)

	Half year ended 31 May 2012	Half year ended 31 May 2011	Full year ended 30 Nov 2011
	£'000	£'000	£'000
(Loss)/ profit for the period	(84)	214	240
Reclassification adjustment related to terminated foreign operations			412
Exchange differences on translation of foreign operations	2	86	60
	(82)	300	712
Attributable to:			
Owners of the parent	(75)	317	788
Non-controlling interests	(7)	(17)	(76)
	(82)	300	712

Consolidated statement of changes in equity

for the half year ended 31 May 2012 (Unaudited)

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Translation reserve £'000	Retained earnings £'000	Total attributable to owners of parent £'000	Non- controlling interest £'000	Total equity £'000
Balance at 1 December 2010	416	1,531	1	629	3,264	5,841	91	5,932
Dividends	-	-	-	-	(211)	(211)	-	(211)
Employee share-based payment options	-	-	-	-	(4)	(4)	-	(4)
Transactions with owners	-	-	-	-	(215)	(215)	-	(215)
Profit/(loss) for the period	-	-	-	-	264	264	(24)	240
Reclassification adjustment related to terminated foreign operations	-	-	-	(412)	412	-	-	-
Exchange differences on translating foreign operations	-	-	-	51	-	51	9	60
Total comprehensive income for the year				(361)	676	315	(15)	300
Balance at 30 November 2011	416	1,531	1	268	3,725	5,941	76	6,017
Dividends	-	-	-	-	(128)	(128)	-	(128)
Employee share-based payment options	-	-	-	-	-	-	-	-
Transactions with owners	-	-	-	-	(128)	(128)	-	(128)
Loss for the period	-	-	-	-	(78)	(78)	(6)	(84)
Exchange differences on translating foreign operations	-	-	-	3	-	3	(1)	2
Total comprehensive income for the period				3	(78)	(75)	(7)	(82)
Balance at 31 May 2012	416	1,531	1	271	3519	5,738	69	5,807

Consolidated balance sheet

at 31 May 2012 (Unaudited)

	Half year ended 31 May 2012	Half year ended 31 May 2011	Full year ended 30 Nov 2011
	£'000	£'000	£'000
Assets			
Non-current assets			
Goodwill	319	319	318
Property, plant and equipment	502	534	556
Deferred tax assets	73	73	72
	<u>894</u>	<u>926</u>	<u>946</u>
Current assets			
Inventories	3,109	4,229	3,834
Trade and other receivables	2,786	3,475	2,951
Current tax	187	19	95
Cash and cash equivalents	741	336	67
	<u>6,823</u>	<u>8,059</u>	<u>6,947</u>
Liabilities			
Current liabilities			
Overdrafts	(81)	(323)	-
Trade and other payables	(1,546)	(2,152)	(1,591)
Borrowings	(22)	(36)	(26)
Current tax liabilities	(35)	(121)	(35)
	<u>(1,684)</u>	<u>(2,632)</u>	<u>(1,652)</u>
Net current assets	<u>5,139</u>	<u>5,427</u>	<u>5,295</u>
Non-current liabilities			
Borrowings	-	-	-
Retirement benefit liability	(169)	(195)	(167)
Deferred tax liabilities	(28)	(3)	(28)
Other liabilities	(29)	(45)	(29)
	<u>(226)</u>	<u>(243)</u>	<u>(224)</u>
Net assets	<u>5,807</u>	<u>6,110</u>	<u>6,017</u>
Shareholders' equity			
Share capital	416	416	416
Share premium account	1,531	1,531	1,531
Capital redemption reserve	1	1	1
Retained earnings	3,519	3,362	3,725
Cumulative translation adjustment	271	726	268
Equity attributable to the shareholders of the parent	<u>5,738</u>	<u>6,036</u>	<u>5,941</u>
Non-controlling interest	<u>69</u>	<u>74</u>	<u>76</u>
	<u>5,807</u>	<u>6,110</u>	<u>6,017</u>

Consolidated cash flow statement
for the half year ended 31 May 2012 (Unaudited)

	Half year ended 31 May 2012	Half year ended 31 May 2011	Full year ended 30 Nov 2011
	£'000	£'000	£'000
Cash flows from operating activities			
Operating profit	(99)	299	375
Share-based payment charge/(credit)	-	6	(4)
Depreciation	74	71	144
Impairment of fixed assets	-	-	20
Currency translation	5	91	40
(Gain)/loss on sale of property, plant and equipment	-	(15)	(16)
(Increase)/decrease in inventories	725	(403)	(8)
(Increase)/decrease in trade and other receivables	165	(754)	(257)
(Decrease)/increase in trade and other payables	(44)	(38)	(582)
Movement in contingent consideration	-	-	(16)
	826	(743)	(304)
Cash generated from/ (used in) operations	(78)	14	(155)
	748	(729)	(459)
Net cash generated from/ (used in) operations			
Cash flows from investing activities			
Purchase of property, plant and equipment	(24)	(23)	(137)
Proceeds from sale of property, plant and equipment	1	20	24
Interest received	1	-	-
	(22)	(3)	(113)
Net cash used in investing activities			
Cash flows from financing activities			
Interest paid	(1)	(1)	(12)
Loan repayments	(4)	(19)	(27)
Finance lease repayments	-	(1)	(3)
Equity dividends paid	(128)	(128)	(211)
	(133)	(149)	(253)
Net cash used in financing activities			
Net change in cash and cash equivalents	593	(881)	(825)
Cash and cash equivalents at start of period	67	888	888
Effect of foreign exchange rates	-	6	4
Cash and cash equivalents at end of period	660	13	67

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 2011.

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 2012 and 31 May 2011.

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 2011 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 18 July 2012.

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	
	2012	2011	2012	2011	2012	2011	2012	2011
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	5,931	8,742	2,049	1,411	-	-	7,980	10,153
Cost of sales	(4,454)	(6,503)	(1,591)	(1,219)	-	-	(6,045)	(7,722)
Gross profit	1,477	2,239	458	192	-	-	1,935	2,431
Distribution costs	(172)	(204)	(27)	(23)	-	-	(199)	(227)
Administration expenses	(1,302)	(1,486)	(503)	(451)	(30)	17	(1,835)	(1,920)
Other operating income/(expenses)	-	15	-	-	-	-	-	15
Segment operating profit	3	564	(72)	(282)	(30)	17	(99)	299

Notes (continued):

4. The tax provision for the six months ended 31 May 2012 is calculated based on the tax rates applicable in the country in which each company operates. Taxation includes a tax credit of £39,000 (2011: tax charge of £16,000) relating to overseas operations.
5. A final dividend of 3.25p per share on the total issued share capital of 3,939,551 10p ordinary shares, excluding treasury shares, was paid on 22 May 2012 in respect of the year ended 30 November 2011.

An interim dividend payment of 1.0p per share (2011: 2.1p per share) will be payable on 2 October 2012 to shareholders on the register at 7 September 2012. The shares will go ex-dividend on 5 September 2012. The interim dividend had not been approved by the board at 31 May 2012 and accordingly, has not been included as a liability as at that date.

6. The basic earnings per share are based on the loss for the period of £78,000 (2011: profit £220,000) and on ordinary shares 3,939,551 (2011: 3,939,551), the weighted average number of shares in issue during the year. Diluted earnings per share are based on 4,094,745 ordinary shares (2011: 3,972,169), being the weighted average number of ordinary shares after an adjustment of 155,194 shares (2011: 32,618) in relation to share options.
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.

Holdere Technology

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