# Holders Technology plc

## Specialised Materials, LED components and Lighting Solutions

## Audited results for the year ended 30 November 2012

Holders Technology plc ("Holders Technology" or "the Group") announces its audited results for the year ended 30 November 2012. Holders Technology supplies special laminates and materials for printed circuit boards, and operates as a LED solutions provider to the lighting and industrial markets.

The overall results for 2012 were mixed: the PCB divisions faced challenging market conditions throughout 2012, especially during the first half of the year. PCB operations in China were significantly restructured, resulting in a non-cash impairment cost. The LED divisions overall performed well and made a positive contribution.

Holders Technology recorded the following results:

- Revenue 21% lower at £15.6m
- PCB revenue 30% lower; LED revenue 27% higher
- Margins 1.6% higher at 24.6%
- Overheads reduced by £355,000
- Impairment costs for China PCB operations £287,000
- Group Loss before impairment costs £78,000
- Group Loss after impairment costs £365,000
- Cash balances £700,000. No debt.
- Proposed final dividend 1.0 pence per share

**Chairman's statement**

In the Chairman's Statement accompanying the Report and Accounts for the year to 30th November 2011 I said, "We see the forthcoming year as one of both significant challenge and great opportunity". Those words proved to be well chosen in that our PCB operations faced severe challenges particularly in the first half of the year, while our LED activities achieved significant sales growth and, for the first time, made a positive contribution to the overall Group result.

Our PCB activities continue to maintain their position in the markets they serve but inevitably they have been adversely affected by the continuing economic problems impacting both the UK and Europe generally. In total our PCB sales in the year declined by 30% but margin was maintained. Given the severe difficulties we experienced in the first half of the year it is pleasing to be able to report that some recovery was seen in the second half of the year. Further reductions in overheads combined with continuing successful efforts to redeploy PCB staff to our LED operations ameliorated the full potential impact of this marked fall in sales.

By contrast the general LED market is expanding, as a result of technical performance improvements and market acceptance of their economic benefits. These factors taken together give us grounds for expecting that this market will see continuing substantial growth. In the year to 30th November 2012 our LED sales grew by 27% and margins increased by 11%; our LED activities now contribute 26% of total Group margin.

Our Chinese and Indian ventures were entered into largely to service certain of our PCB customers who, at the time, required support in these markets. The venture in China also facilitated the sourcing of lower cost Far Eastern products for the Group to distribute in Europe.

While the Group has seen past benefits from both of these areas of activity, changing market conditions have required us to critically appraise our Chinese operations. The ability to utilise our Chinese and Indian low cost assembly operations to enable our European LED activities to offer customised lighting solutions is of benefit and will be retained. However, our Chinese PCB activities no longer offer the same prospects and we have therefore restructured our Chinese operations. The details of the non cash impairment cost of this restructuring amounting to £287,000 in total, are set out in the Financial Review which follows this Statement.

As a Group our general strategy remains unchanged; we seek to maintain our position in the PCB markets we serve while further expanding our LED activities. As part of this policy during the last year we entered the market for energy efficient lighting and encouraging progress has been made particularly in the retail area.

Implementing change is difficult and disruptive and the cooperation of our staff in assisting the process within the Group has been vital in achieving the progress we have made; on behalf of the Board and shareholders I would like to thank them for their continuing commitment.

As a Board we have carefully considered the outcome for the year to 30th November 2012, the prospects for the future and the company's strong cash position. In light of these factors we consider it both justifiable and prudent to recommend a final dividend of 1.0p per share.

Inevitably having a 30th November year end will always result in a slow start to our Financial Year but I can report that the opening months of the current year have seen trading at better levels than resulted from the very difficult conditions we experienced in the opening months of the preceding year. The cost reductions already implemented across the Group, which have included salary sacrifices by the plc board, will further benefit the financial results for the first half of the current year.

We believe our PCB activities can maintain their relative position and be of continuing major benefit to the Group. The growing opportunities we see in our LED markets coupled with the commitment of our staff and the strength of our balance sheet leaves us well placed to make further progress in this area. Overall we expect a stronger performance by the Group in the current year.

**R W Weinreich**
*Executive Chairman*
14 March 2013

# Consolidated income statement

for the year ended 30 November 2012

| | Note | 2012<br>£'000 | 2011<br>£'000 |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue | | **15,605** | 19,636 |
| Cost of sales | | **(11,763)** | (15,127) |
| **Gross profit** | | **3,842** | 4,509 |
| Distribution costs | | **(376)** | (404) |
| Administrative expenses | | **(3,550)** | (3,828) |
| Impairment costs | 2 | **(287)** | - |
| Other operating income | | **6** | 98 |
| **Operating (loss)/ profit** | | **(365)** | 375 |
| Finance income | | **1** | - |
| Finance expenses | | **(15)** | (12) |
| **(Loss)/ profit before taxation** | | **(379)** | 363 |
| Tax expense | 3 | **(58)** | (123) |
| **(Loss)/ profit for the year** | | **(437)** | 240 |
| **(Loss)/ profit for the year attributable to:** | | | |
| Owners of the parent | | **(374)** | 264 |
| Non-controlling interest | | **(63)** | (24) |
| **(Loss)/ profit for the financial year** | | **(437)** | 240 |
| **Total and continuing** | | | |
| **Basic (loss)/ earnings per share** | 5 | **(9.49p)** | 6.70p |
| **Diluted (loss)/ earnings per share** | 5 | **(9.49p)** | 6.63p |

# Consolidated statement of comprehensive income

for the year ended 30 November 2012

| | **2012**<br>**£'000** | 2011<br>£'000 |
|---|---|---|
| (Loss)/ profit for the year | (437) | 240 |
| Reclassification adjustment related to terminated foreign operations | - | 412 |
| Change in actuarial assumption re pension liability | (45) | - |
| Exchange differences on translating foreign operations | (163) | 60 |
| **Total comprehensive income and expense for the year** | (645) | 712 |
| **Total comprehensive income and expense for the year attributable to:** | | |
| Owners of the parent | (577) | 788 |
| Non-controlling interests | (68) | (76) |
| | (645) | 712 |

# Statements of changes in equity

| Group | Share capital | Share premium | Capital redemption reserve | Translation reserve | Retained earnings | Total attributable to owners of parent | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'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 year | - | - | - | - | 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 | - | - | - | - | (168) | (168) | - | (168) |
| Employee share-based payment options | - | - | - | - | 1 | 1 | - | 1 |
| Transactions with owners | - | - | - | - | (167) | (167) | - | (167) |
| Profit/(loss) for the year | - | - | - | - | (374) | (374) | (63) | (437) |
| Effect of change in actuarial assumption re pension liability | - | - | - | - | (45) | (45) | - | (45) |
| Exchange differences on translating foreign operations | - | - | - | (163) | - | (163) | (5) | (168) |
| Total comprehensive income for the year | - | - | - | (163) | (586) | (749) | (68) | (817) |
| **Balance at 30 November 2012** | 416 | 1,531 | 1 | 268 | 3,139 | 5,192 | 8 | 5,200 |

| Company | Share capital | Share premium | Capital redemption reserve | Retained earnings | Total equity |
|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| **Balance at 1 December 2010** | 416 | 1,531 | 1 | 539 | 2,487 |
| Profit and total comprehensive income for the year | - | - | - | 404 | 404 |
| Dividends | - | - | - | (211) | (211) |
| Share-based payment charge | - | - | - | (4) | (4) |
| **Balance at 30 November 2011** | 416 | 1,531 | 1 | 728 | 2,676 |
| Profit and total comprehensive income for the year | - | - | - | (166) | (166) |
| Dividends | - | - | - | (168) | (168) |
| Share-based payment charge | - | - | - | 1 | 1 |
| **Balance at 30 November 2012** | **416** | **1,531** | 1 | **395** | **2,343** |

# Balance sheets

at 30 November 2012

Company number: 1730535

| | Group | | Company | |
|---|---|---|---|---|
| | **2012** | 2011 | **2012** | 2011 |
| | **£'000** | £'000 | **£'000** | £'000 |
| **Assets** | | | | |
| **Non-current assets** | | | | |
| Goodwill | **318** | 318 | **-** | - |
| Property, plant and equipment | **398** | 556 | **21** | 29 |
| Investments in subsidiaries | **-** | - | **2,780** | 2,780 |
| Investment in joint venture | **-** | - | **15** | 15 |
| Investments in associates | **-** | - | **-** | - |
| Deferred tax assets | **41** | 72 | **-** | - |
| | **757** | 946 | **2,816** | 2,824 |
| **Current assets** | | | | |
| Inventories | **3,140** | 3,834 | **-** | - |
| Trade and other receivables | **2,397** | 2,951 | **387** | 676 |
| Current tax assets | **57** | 95 | **-** | - |
| Cash and cash equivalents | **700** | 67 | **6** | 15 |
| | **6,294** | 6,947 | **393** | 691 |
| **Liabilities** | | | | |
| **Current liabilities** | | | | |
| Trade and other payables | **(1,556)** | (1,591) | **(800)** | (766) |
| Borrowings | **-** | (26) | **-** | (6) |
| Current tax liabilities | **(35)** | (35) | **(32)** | (33) |
| | **(1,591)** | (1,652) | **(832)** | (805) |
| **Net current assets** | **4,703** | 5,295 | **(439)** | (114) |
| **Non-current liabilities** | | | | |
| Borrowings | **-** | - | **-** | - |
| Retirement benefit liability | **(199)** | (167) | **-** | - |
| Contingent consideration | **(29)** | (29) | **(29)** | (29) |
| Deferred tax liabilities | **(32)** | (28) | **(5)** | (5) |
| | **(260)** | (224) | **(34)** | (34) |
| | **5,200** | 6,017 | **2,343** | 2,676 |
| **Shareholders' equity** | | | | |
| 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 | **3,139** | 3,725 | **395** | 728 |
| Cumulative translation adjustment reserve | **105** | 268 | **-** | - |
| **Equity attributable to the shareholders of the parent** | **5,192** | 5,941 | **2,343** | 5,941 |
| Non-controlling interest | **8** | 76 | **-** | - |
| | **5,200** | 6,017 | **2,343** | 2,676 |

The financial statements were approved by the Board on 14 March 2013 and signed on its behalf by:

**R W Weinreich**
Director

# Cash flow statements

for the year ended 30 November 2012

| | Group | | Company | |
|---|---|---|---|---|
| | **2012** | 2011 | **2012** | 2011 |
| | **£'000** | £'000 | **£'000** | £'000 |
| **Cash flows from operating activities** | | | | |
| Operating (loss)/ profit | **(365)** | 375 | **(175)** | (158) |
| Share-based payment credit | **1** | (4) | **1** | (4) |
| Depreciation | **151** | 144 | **9** | 3 |
| Impairment costs | **287** | 20 | **-** | - |
| Currency translation | **10** | 40 | **-** | - |
| (Gain)/ Loss on sale of property, plant and equipment | **(3)** | (16) | **-** | - |
| (Increase)/decrease in inventories | **488** | (8) | **-** | - |
| (Increase)/decrease in trade and other receivables | **415** | (257) | **289** | (253) |
| Increase/(decrease) in trade and other payables | **(92)** | (582) | **34** | (796) |
| Investment in subsidiary fair value adjustment | **-** | - | **-** | 16 |
| Cash (used in)/generated from operations | **892** | (288) | **158** | (1,192) |
| Corporation tax (paid)/received | **15** | (155) | **(1)** | (156) |
| Net cash (used in)/generated from operations | **907** | (443) | **157** | (1,348) |
| **Cash flows from investing activities** | | | | |
| Proceeds from disposal of subsidiary | **-** | - | **-** | 1,157 |
| Purchase of property, plant and equipment | **(74)** | (137) | **(1)** | (29) |
| Proceeds from sale of property, plant and equipment | **18** | 24 | **-** | - |
| Income from investments | **-** | - | **-** | 77 |
| Interest received | **1** | - | **14** | 6 |
| Net cash (used in)/generated from investing activities | **(55)** | (113) | **13** | 1,211 |
| **Cash flows from financing activities** | | | | |
| Interest paid | **(15)** | (12) | **(5)** | (2) |
| Loan repayments | **(26)** | (27) | **-** | - |
| Movement in contingent consideration | **-** | (16) | **-** | (16) |
| Finance lease principal repayments | **-** | (3) | **-** | - |
| Equity dividends paid | **(168)** | (211) | **(168)** | (211) |
| Net cash used in financing activities | **(209)** | (253) | **(173)** | (213) |
| **Net change in cash and cash equivalents** | **643** | (825) | **(3)** | (54) |
| Cash and cash equivalents at start of period | **67** | 888 | **9** | 63 |
| Effect of foreign exchange rates | **(10)** | 4 | **-** | - |
| **Cash and cash equivalents at end of period** | **700** | 67 | **6** | 9 |

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. Impairment costs

Impairment costs consist of the following:

| | **2012** | 2011 |
|---|---|---|
| | **£'000** | £'000 |
| Impairment of China PCB assets | **(168)** | - |
| Impairment of China PCB inventories | **(119)** | - |
| | **(287)** | - |

The impairment charges relate to the directors' assessment of the fair value of PCB assets and PCB inventories held by Holders Technology China operations.

3. Taxation

| | **2012** | 2011 |
|---|---|---|
| | **£'000** | £'000 |
| Analysis of the charge in the period | | |
| Current tax | | |
| - Current period | **30** | 91 |
| - Adjustments in respect of prior periods | **(7)** | 5 |
| | **23** | 96 |
| Deferred tax | **35** | 27 |
| Total tax | **58** | 123 |

Tax reconciliation

The tax for the period is higher (2011: higher) than the standard rate of corporation tax in the UK, effectively 24.67% (2011: 26.67%) for the company's financial year. The differences are explained below:

| | 2012 | 2011 |
|---|---|---|
| | **£'000** | £'000 |
| Profit/(loss) before taxation | **(379)** | 363 |
| Profit/(loss) before taxation multiplied by rate of corporation tax in the UK of 24.67 % (2011: 26.67%) | **(98)** | 92 |
| Effects of: | | |
| Differences between capital allowances and depreciation | **(2)** | 6 |
| Amounts not deductible for taxation purposes | **44** | 46 |
| Non taxable income | **-** | (42) |
| Adjustments in respect of prior years | **-** | 5 |
| Taxation losses | **43** | 11 |
| Other temporary differences | **71** | 5 |
| Taxation | **58** | 123 |

4. The directors have proposed a final dividend of 1.0p per share payable on 21 May 2013 to shareholders on the register at close of business on 1 May 2013. The total dividend for the year, including the interim dividend of 1.0p (2011: 2.1p) per share paid on 2 October 2012, amounts to £79,000 (2011: £211,000), which is equivalent to 2.0p (2011: 5.35p) per share.

5. The basic earnings per share are based on the loss for the financial year attributable to the equity shareholders of £374,000 (2011: profit of £264,000) and on ordinary shares 3,939,551 (2011: 3,939,551), 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 (2011: 3,979,008), being the weighted average number of ordinary shares after an adjustment of nil shares (2011: 39,457) in relation to share options.

6. This preliminary statement, which has been approved by the Board on 14 March 2013, is not the Company's statutory accounts. The statutory accounts for each of the two years to 30 November 2011 and 30 November 2012 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 2011 accounts have been filed with the Registrar of Companies but the 2012 accounts are not yet filed.

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