Holders Technology plc

Providers of specialised materials, equipment and services for the electronics and telecommunications industries

Audited results for the year ended 30 November 2006

Holders Technology plc announces its audited results for the year ended 30 November 2006.

Highlights

Following the restructuring of European operations in 2005, the group was able to take advantage of an upturn in business for the PCB industry in 2006.

- Turnover grew 28% to £18.8m
- Operating profit grew 89% to £0.9m
- Net operating cash inflow of £0.6m
- Chinese subsidiary began trading
- Proposed 9% increase in final dividend to 3.0p

Chairman's statement

Financials

In the year to 30 November 2006, turnover increased to £18.8m (2005: £14.7m). The group achieved a pre-tax profit of £0.9m (2005: £0.3m). The earnings per share were 13.50p (2005: 8.47p). Your directors are recommending a final dividend of 3.0p (2005: 2.75p) per share, which will be payable on 22 May 2007 to shareholders on the register at close of business on 27 April 2007. The shares will go ex-dividend on 25 April 2007.

The year to 30th November 2006 was one of considerable progress for the group. The recovery in profitability which I reported at the time of our interim results continued through the second half of the year with total group turnover increasing by 28% and operating profit growing by 87% as compared to the preceding year. All of our European subsidiaries achieved improved sales and profitability during the year and despite a number of problems with supplies in the period, our Chinese activities made further progress. Our balance sheet as at 30th November 2006 remained robust.

These results reflect the benefits of the restructuring of the management of our European activities which we undertook in order to align our operations more closely to market requirements and the increasing impact of progressively improving IT systems across the group.

We have now been able to devolve greater operating authority to the management teams of our subsidiaries and we have introduced a system of incentives to reward them for the delivery of consistent growth in turnover and profitability whilst conserving working capital.

Strategy continues to be set and performance monitored centrally but the greater operating autonomy that our subsidiaries now have has freed group management to concentrate on extending the product range and increasing our geographical coverage.

We are already starting to see the benefits of this approach. Following the establishment of our Chinese WOFE we have made an encouraging start to identifying Chinese made products which may have significant potential for export. The combination of supplies into and from China will, we believe, lead to our Chinese operations making a positive contribution in the current year.

India is rapidly emerging as a country with a growing electronics industry and we have concluded a joint venture agreement with a small, well established company located in Mysore to serve the Indian market. As with our Chinese operations, this will require time fully to realise its potential.

With the developments in China and the planned venture in India we believe that we have laid the foundations for a strong international presence. The wider geographical presence we are working towards and greater time resources now available at group level has led to a significant rise in opportunities to extend our product range both as regards basic volume and specialist niche products.

It remains the case that the markets which we serve are cyclical in nature but the range extensions which we anticipate, coupled with the greater geographical coverage we have achieved, are significant developments for the group.

We believe we are now well placed to seek more stable and sustained growth for the group.

R W Weinreich
Chairman and Chief Executive

7 March 2007

Consolidated profit and loss account

for the year ended 30 November 2006

	Note	2006 £'000	Restated 2005 £'000
Group turnover – continuing operations		**18,822**	14,740
Cost of sales		**(13,891)**	(10,471)
Gross profit		**4,931**	4,269
Distribution costs		**(446)**	(406)
Administrative expenses		**(3,592)**	(3,404)
Other operating income		**38**	46
Group operating profit		**931**	505
Share of associate's operating (loss) / profit		**(25)**	(25)
Total operating profit		**906**	480
Cost of fundamental restructuring		**-**	(215)
Deferred consideration arising on sale of former subsidiary		**39**	24
Profit on ordinary activities before interest and tax		**945**	289
Interest receivable		**9**	5
Interest payable and similar charges		**(26)**	(24)
Profit on ordinary activities before taxation		**928**	270
Tax on profit on ordinary activities	2	**(390)**	88
Profit on ordinary activities after taxation		**538**	358
Minority interests - equity		**22**	(7)
Profit for the financial year		**560**	351
Basic earnings per share	4	**13.50p**	8.47p
Diluted earnings per share	4	**12.88p**	8.29p

Consolidated balance sheet

at 30 November 2006

	Note	2006 £'000	Restated 2005 £'000
Fixed assets			
Intangible assets		382	410
Tangible fixed assets		506	509
Investment in associated undertaking		119	103
		1,007	1,022
Current assets			
Stocks		3,153	2,624
Debtors		2,844	2,970
Cash at bank and in hand		822	734
		6,819	6,328
Creditors: amounts falling due within one year		(2,344)	(2,088)
Net current assets		4,475	4,240
Total assets less current liabilities		5,482	5,252
Creditors: amounts falling due after one year		(4)	(6)
Provision for liabilities and charges		(198)	(186)
		5,280	5,070
Capital and reserves			
Called up share capital		416	414
Share premium account		1,531	1,525
Capital redemption reserve		1	1
Profit and loss account		3,170	2,883
Equity shareholders' funds		5,118	4,823
Minority interests - equity		162	247
		5,280	5,070

Consolidated cash flow statement

for the year ended 30 November 2006

	Note	2006 £'000	2005 £'000
Net cash inflow from operating activities		**583**	753
Returns on investment and servicing of finance			
Interest received		**9**	5
Interest paid		**(25)**	(21)
Finance lease interest		**(1)**	(3)
Net cash outflow from returns on investment and servicing of finance		**(17)**	(19)
Taxation paid			
UK Corporation tax		**48**	(254)
Overseas corporation tax		**(144)**	(10)
		(96)	(264)
Capital expenditure			
Payments to acquire tangible fixed assets		**(244)**	(116)
Receipts from sales of tangible fixed assets		**29**	58
		(215)	(58)
Acquisitions and disposals			
Net cash acquired with subsidiary undertaking		**-**	9
Increase in investment in existing subsidiary		**(54)**	
Investment in associated undertaking		**-**	(31)
Deferred consideration arising on sale of former subsidiary		**39**	24
		(15)	2
Equity dividends paid		**(197)**	(197)
Cash flow before financing		**43**	217
Financing			
Issue of shares		**8**	-
Capital element of finance leases		**(16)**	(42)
		(8)	(42)
Increase in cash		**35**	175

Notes

1. The Company has adopted FRS20 “Share Based Payments”, FRS21 “Events after the Balance Sheet Date” and FRS 25 “Financial Instruments: Disclosure and Presentation” for the first time in these financial statements. The adoption of these standards represents a change in accounting policy and the comparatives have been restated accordingly. FRS20 has been adopted early.

2. Taxation comprises United Kingdom corporation tax of 204,000 (2005: £(118,000)), foreign tax of £209,000 (2005: £22,000) and deferred taxation of £(23,000) (2005: £8,000).

3. The directors have recommended a final dividend of 3.00p (2005: 2.75p) per share payable on 22 May 2007 to shareholders on the register at close of business on 27 April 2007. The total dividend for the year, including the interim dividend of 2.0p (2005: 2.0p) per share paid on 19 September 2006, amounts to £208,000 (2005: £197,000), which is equivalent to 5.00p (2005: 4.75p) per share.

4. The basic earnings per share are based on the profit for the financial year of £560,000 (2005: £351,000) and on ordinary shares 4,149,236 (2005: 4,144,551), the weighted average number of shares in issue during the year. Diluted earnings per share are based on 4,349,236 ordinary shares (2005: 4,234,551), being the weighted average number of ordinary shares after an adjustment of 200,000 shares (2005: 90,000) in relation to share options.

5. This preliminary statement which has been approved by the Board on 7 March 2007 is not the Company’s statutory accounts. The statutory accounts for each of the two years to 30 November 2005 and 30 November 2006 received audit reports, which were unqualified and did not contain statements under section 237 (2) or (3) of the Companies Act 1985. The 2005 accounts have been filed with the Registrar of Companies but the 2006 accounts are not yet filed.

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