

Company Holders Technology PLC
TIDM HDT
Headline Half-yearly Report
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Holdes Technology plc

Providers of specialised materials, equipment and components to the electronics and lighting industries

Half yearly results for the 6 months ended 31 May 2011

Holdes Technology plc (AIM: HDT) announces its unaudited half yearly results for the 6 month period ended 31 May 2011.

Highlights

Half year ended 31 May

	2011	2010
Revenue	£10.1m	£7.1m
PBT	£0.3m	£0.1m
Operating cash flow before tax	(£0.7m)	(£0.8m)
Earnings per share	5.58p	1.88p
Interim dividend per share	2.10p	2.10p
Net assets per share at 31 May	155p	138p

Chairman's statement

The first half of the year saw strong growth in both our Printed Circuit Board (PCB) business and in our new Light Emitting Diode (LED) activities.

PCB operations

Our German operations enjoyed robust demand from established larger customers. This was reinforced by an increasing level of interest in the new materials we have introduced over the last two years. PCB operations in the UK were stable overall with somewhat weaker demand from certain customers being offset by the increased take up of new materials and products.

LED operations

As I set out in my statement accompanying the Report and Accounts for the year ending 30th November 2010, we planned that the current year would be one of significant investment in our new LED activities. This programme is in hand and the initial results of this are now being seen. Our UK operations, having the advantage of an initial base on which to build, have progressed faster than our European activities and we have seen a substantial growth in UK sales of LED products. In Europe we have completed the necessary changes to our systems and the training of existing staff; a programme of augmenting the sales teams is in hand and will continue over the coming months.

The combination of significant growth in our PCB activities coupled with the necessary process of building stocks to support the LED business in both the UK and Germany has required a marked increase in working capital. Our policy has always been to take a conservative approach to funding our activities and we have ensured that the required investment has been covered by utilising our cash reserves and a modest level of bank debt.

Jim Shawyer has served the group as Financial Director for over ten years but due to a change in personal circumstances he has indicated his desire to step down from this role. Jim is working with the rest of the board to identify a suitable successor and will continue, post an appointment being made, to support the group in a consultancy role.

While we remain conscious of the current economic uncertainties we believe we are well placed to defend our position in the PCB markets and, with the LED lighting market expanding, to achieve significant growth in our sector of this market.

The half yearly report was approved by the board on 20 July 2011 and signed on its behalf by:

Rudolf W. Weinreich
Executive Chairman

Holders Technology plc
Devonshire House
Manor Way
Borehamwood
Hertfordshire WD6 1QQ

20 July 2011

Consolidated income statement

for the half year ended 31 May 2011 (Unaudited)

		Half year ended 31 May 2011	Half year ended 31 May 2010	Full year ended 30 Nov 2010
	Notes	£'000	£'000	£'000
Revenue – continuing operations	3	10,153	7,130	16,314
Cost of sales		(7,722)	(5,235)	(12,116)
Gross profit		2,431	1,895	4,198
Distribution costs		(227)	(207)	(390)
Administrative expenses		(1,920)	(1,554)	(3,273)
Impairment of goodwill		-		(57)
Acquisition costs		-	-	(26)
Other operating income/(expenses)		15	(15)	39
Operating profit		299	119	491
Finance income		6	3	-
Finance costs		(1)	(1)	(1)
Profit before taxation		304	121	490
Tax expense	4	(90)	(50)	(59)
Profit for the period		214	71	431
Profit for the period attributable to:				
Owners of the parent		220	74	507
Non-controlling interests		(6)	(3)	(76)
Profit for the period		214	71	431
Total and continuing				
Earnings per share	6	5.58p	1.88p	12.87p
Diluted earnings per share	6	5.54p	1.88p	12.87p

Consolidated statement of comprehensive income

for the half year ended 31 May 2011 (Unaudited)

		Half year ended 31 May 2011	Half year ended 31 May 2010	Full year ended 30 Nov 2010
		£'000	£'000	£'000
Profit for the period		214	71	431
Exchange differences on translation of foreign operations		86	(120)	(180)
		300	(49)	251
Attributable to:				
Owners of the parent		317	(90)	305
Non-controlling interests		(17)	41	(54)
		300	(49)	251

Consolidated statement of changes in equity

for the half year ended 31 May 2011 (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 2009	416	1,531	1	831	2,972	5,751	145	5,896
Dividends	-	-	-	-	(211)	(211)	-	(211)
Employee share-based payment options	-	-	-	-	(4)	(4)	-	(4)
Transactions with owners	-	-	-	-	(215)	(215)	-	(215)
Profit/(Loss) for the period	-	-	-	-	507	507	(76)	431
Exchange differences on translating foreign operations	-	-	-	(202)	-	(202)	22	180
Total comprehensive income for the year				(202)	507	305	(54)	251
Balance at 30 November 2010	416	1,531	1	629	3,264	5,841	91	5,932
Dividends	-	-	-	-	(128)	(128)	-	(128)
Employee share-based payment options	-	-	-	-	6	6	-	6
Transactions with owners	-	-	-	-	(122)	(122)	-	(122)
Profit/(loss) for the period	-	-	-	-	220	220	(6)	214
Currency translation differences	-	-	-	97	-	97	(11)	86
Total comprehensive income for the period				97	220	317	(17)	300
Balance at 31 May 2011	416	1,531	1	726	3,362	6,036	74	6,110

Consolidated balance sheet
at 31 May 2011 (Unaudited)

	Half year ended 31 May 2011	Half year ended 31 May 2010	Full year ended 30 Nov 2010
	£'000	£'000	£'000
Assets			
Non-current assets			
Goodwill	319	346	318
Property, plant and equipment	534	603	582
Deferred tax assets	73	30	73
	<u>926</u>	<u>979</u>	<u>973</u>
Current assets			
Inventories	4,229	2,154	3,826
Trade and other receivables	3,475	3,027	2,721
Current tax	19	73	56
Cash and cash equivalents	336	1,028	888
	<u>8,059</u>	<u>6,282</u>	<u>7,491</u>
Liabilities			
Current liabilities			
Overdrafts	(323)	-	-
Trade and other payables	(2,152)	(1,221)	(2,182)
Borrowings	(36)	(82)	(52)
Current tax liabilities	(121)	(62)	(55)
	<u>(2,632)</u>	<u>(1,365)</u>	<u>(2,289)</u>
Net current assets	<u>5,427</u>	<u>4,917</u>	<u>5,202</u>
Non-current liabilities			
Borrowings	-	(3)	(4)
Retirement benefit liability	(195)	(133)	(192)
Deferred tax liabilities	(3)	(7)	(2)
Other liabilities	(45)	(28)	(45)
	<u>(243)</u>	<u>(171)</u>	<u>(243)</u>
Net assets	<u>6,110</u>	<u>5,725</u>	<u>5,932</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	3,362	2,924	3,264
Cumulative translation adjustment	726	667	629
Equity attributable to the shareholders of the parent	<u>6,036</u>	<u>5,539</u>	<u>5,841</u>
Non-controlling interest	74	186	91
	<u>6,110</u>	<u>5,725</u>	<u>5,932</u>

Consolidated cash flow statement
for the half year ended 31 May 2011 (Unaudited)

	Half year ended 31 May 2011	Half year ended 31 May 2010	Full year ended 30 Nov 2010
	£'000	£'000	£'000
Cash flows from operating activities			
Operating profit	299	119	491
Share-based payment charge/(credit)	6	6	(4)
Depreciation	71	83	152
Impairment of goodwill	-	-	57
Currency translation	91	(155)	(137)
(Gain)/loss on sale of property, plant and equipment	(15)	15	16
(Increase)/decrease in inventories	(403)	(188)	(1,870)
(Increase)/decrease in trade and other receivables	(754)	(596)	(274)
(Decrease)/increase in trade and other payables	(38)	(117)	867
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Cash used in operations	(743)	(833)	(702)
Corporation tax (paid)/received	14	(28)	(75)
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Net cash used in operations	(729)	(861)	(777)
Cash flows from investing activities			
Net borrowings acquired with subsidiary undertaking	-	(44)	(44)
Purchase of property, plant and equipment	(23)	(51)	(118)
Proceeds from sale of property, plant and equipment	20	15	21
Interest received	-	-	-
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Net cash used in investing activities	(3)	(80)	(141)
Cash flows from financing activities			
Interest paid	(1)	(1)	(1)
Loan repayments	(19)	-	(26)
Finance lease repayments	(1)	-	(3)
Equity dividends paid	(128)	(128)	(211)
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Net cash used in financing activities	(149)	(129)	(241)
Net change in cash and cash equivalents	(881)	(1,070)	(1,159)
Cash and cash equivalents at start of period	888	2,095	2,095
Effect of foreign exchange rates	6	3	(48)
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Cash and cash equivalents at end of period	13	1,028	888

Notes:

1. General information

Holders Technology plc is incorporated in the United Kingdom under the Companies Act 2006. The principal activity of the group is to provide specialised materials, equipment and components 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 2010.

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 2011 and 31 May 2010.

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 2010 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 Holders Technology plc approved this half yearly report on 20 July 2011.

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 products to the lighting industry.

Analysis by operating segment
for the half year ended 31 May

	PCB		LED		Other		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	8,742	6,880	1,411	250	-	-	10,153	7,130
Cost of sales	(6,503)	(5,055)	(1,219)	(180)	-	-	(7,722)	(5,235)
Gross profit	2,239	1,825	192	70	-	-	2,431	1,895
Distribution costs	(204)	(191)	(23)	(16)	-	-	(227)	(207)
Administration expenses	(1,486)	(1,371)	(451)	(76)	17	(81)	(1,920)	(1,528)
Acquisition costs	-	-	-	(26)	-	-	-	(26)
Other operating income/(expenses)	15	(15)	-	-	-	-	15	(15)
Segment operating profit	564	248	(282)	(48)	17	(81)	299	119

4. The tax charge for the six months ended 31 May 2011 is calculated based on the tax rates applicable in the country in which each company operates. Taxation includes a charge of £16,000 (2010: £27,000) 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 24 May 2011 in respect of the year ended 30 November 2010.

An interim dividend payment of 2.1p per share (2010: 2.1p per share) will be payable on 4 October 2011 to shareholders on the register at 9 September 2011. The shares will go ex-dividend on 7 September 2011. The interim dividend had not yet been approved by the board at 31 May 2011 and accordingly, has not been included as a liability as at that date.

6. The basic earnings per share are based on the profit for the period of £220,000 (2010: £74,000) and on ordinary shares 3,939,551 (2010: 3,939,551), the weighted average number of shares in issue during the year. Diluted earnings per share are based on 3,972,169 ordinary shares (2010: 3,939,551), being the weighted average number of ordinary shares after an adjustment of 32,618 shares (2010: nil) 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, Devonshire House, Manor Way, Borehamwood, Herts WD6 1QQ and via its website www.holderstechnology.com.

For further information, contact:

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