

**Company** Holders Technology PLC  
**TIDM** HDT  
**Headline** Preliminary Results  
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## Holders Technology plc

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

### Audited results for the year ended 30 November 2010

Holders Technology plc ("Holders Technology" or "the group") announces its audited results for the year ended 30 November 2010.

Holders Technology participated strongly in the Electronics industry's recovery from the 2008/2009 recession. Growth was particularly good in Germany. Initial steps were taken to enter the LED market. Holders Technology recorded the following results:

- Revenue grew 26% to £16.3m (2009: £13.0m)
- Gross profit of £4.2m (2009: £3.2m)
- Operating profit of £0.6m before exceptional items (2009: £0.2m loss)
- Operating profit of £0.5m after exceptional items (2009: £0.4m loss)
- £0.6m invested to develop the LED business
- Net cash of £0.9m at year end (2009: £2.1m)
- Proposed final dividend of 3.25p

#### Chairman's statement

Your company saw a strong recovery in its PCB area of trading in the year to 30th November 2010 with operating profit of £0.6m, before exceptional items, as compared to the preceding year loss of £0.2m. This was most marked in our German subsidiary where we saw very significant recovery both in turnover and in operating profit. The result for the year was assisted by the incorporation within the German company of those elements of our European operations previously conducted through our Dutch subsidiary.

The result for the UK Company, which was less severely impacted than was our German business in 2009, was broadly flat in 2010 £5.1m (2009 £5.2m).

The contribution made by our Chinese and our Indian activities in the year was modest; Indian turnover was broadly flat with a small profit being recorded. China registered a decline in turnover and a loss of £0.1m. As a result of this we have considered it appropriate to write off the remaining £57,000 of goodwill relating to our Chinese interests. Having a window onto the Chinese market remains of value as it enables us to source materials which are of benefit to other operations within the Group.

Our policy of continuously seeking supplies of new products for the PCB market bore considerable fruit in the year with our extended range of laminates showing very strong growth in the period.

On behalf of shareholders, I and the Board would like to record our appreciation of the commitment shown by our staff in the PCB areas of our business which enabled us to achieve the recovery we saw in the year.

The other major event of the year was the expansion of our activities in the LED (Light Emitting Diode) market. Shareholders will recall that in December 2009 we acquired JK Components Limited ("JK"), a small UK company distributing mainly within the UK LED products sourced from certain Far Eastern suppliers.

I said in the statement accompanying the 2009 accounts that our key objective for LED's in the year to 30 November 2010 was to invest and build a platform for sustained growth firstly within the UK and then throughout the geographical markets we currently address.

I am pleased to be able to report that during the year we made good progress towards achieving these goals. Master distribution agreements for Europe with the suppliers used by JK were secured and we have expanded our German operation, both with personnel and additional storage facilities, giving us a platform for coverage of the continental European market. Further development is envisaged this year and to date we have invested £0.6m. Our LED operations recorded a loss of £0.1m in the year.

We remain of the view that the move into the LED market is a major opportunity for the group. In order to assist shareholders in understanding the reasoning underlying that belief, I would direct your attention to the section within the business review following this statement which sets in context the LED strategy we are pursuing.

### **Management team**

In order fully to grasp the opportunities available to the group, the board has decided to rearrange the top management team. While I will remain as Executive Chairman, Victoria Blaisdell, currently Corporate Development Director, will, from 1st March 2011, take the role of Group Managing Director. Victoria has been involved in both our PCB and LED activities and has recently, with considerable success, concentrated more heavily on the LED area of our activities.

### **Outlook**

While inevitably, as a company strongly reliant on European trading, we cannot be wholly insulated from the impact of wider economic influences, we believe that in our traditional PCB business we are well placed to preserve our position as a major supplier to the European market.

Whilst the LED and lighting market is fast growing, the level of competition is significant. Nevertheless, we believe that we have a major opportunity substantially to grow our business in this area. This will require significant investment but the potential returns that we can see over future years do, we believe, fully justify that investment being made.

R W Weinreich  
Chairman and Chief Executive

9 February 2011

## Consolidated income statement

for the year ended 30 November 2010

		Before exceptional items 2010 £'000	Exceptional items 2010 £'000	Total 2010 £'000	Total 2009 £'000
<b>Continuing operations</b>	Note				
Revenue		16,314	-	16,314	12,966
Cost of sales		(12,116)	-	(12,116)	(9,770)
<b>Gross profit</b>		<u>4,198</u>	<u>-</u>	<u>4,198</u>	<u>3,196</u>
Distribution costs		(390)	-	(390)	(301)
Administrative expenses		(3,273)	-	(3,273)	(3,044)
Fundamental restructuring		-	-	-	(176)
Impairment of goodwill	2	-	(57)	(57)	-
Acquisition costs	2	-	(26)	(26)	-
Other operating income/(expenses)		39	-	39	(90)
<b>Operating profit/(loss)</b>		<u>574</u>	<u>(83)</u>	<u>491</u>	<u>(415)</u>
Finance income		-	-	-	20
Finance costs		(1)	-	(1)	(13)
<b>Profit/(loss) before taxation</b>		<u>573</u>	<u>(83)</u>	<u>490</u>	<u>(408)</u>
Tax expense	3	(59)	-	(59)	9
<b>Profit/(loss) for the year</b>		<u>514</u>	<u>(83)</u>	<u>431</u>	<u>(399)</u>
<b>Profit/(loss) for the year attributable to:</b>					
Owners of the parent				507	(375)
Non-controlling interest				(76)	(24)
<b>Profit/(loss) for the financial year</b>				<u>431</u>	<u>(399)</u>
<b>Total and continuing</b>					
<b>Basic earnings/(loss) per share</b>	5			12.87p	(9.52p)
<b>Diluted earnings/(loss) per share</b>	5			12.87p	(9.52p)

## Consolidated statement of comprehensive income

for the year ended 30 November 2010

	Group 2010 £'000	2009 £'000
Profit/(loss) for the year	431	(399)
Exchange differences on translating foreign operations	(180)	288
<b>Total comprehensive income for the year</b>	<u>251</u>	<u>(111)</u>
<b>Total comprehensive income for the year attributable to:</b>		
Owners of the parent	305	(64)
Non-controlling interests	(54)	(47)
	<u>251</u>	<u>(111)</u>

## 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
<b>Balance at 1 December 2008</b>	416	1,531	1	520	3,568	6,036	130	6,166
Dividends	-	-	-	-	(211)	(211)	-	(211)
Employee share-based payment options	-	-	-	-	(10)	(10)	-	(10)
Transactions with owners	-	-	-	-	(221)	(221)	-	(221)
Profit/(loss) for the year	-	-	-	-	(375)	(375)	(24)	(399)
Non-controlling interest investment	-	-	-	-	-	-	62	62
Exchange differences on translating foreign operations	-	-	-	311	-	311	(23)	288
Total comprehensive income for the year	-	-	-	311	(375)	(64)	15	(49)
<b>Balance at 30 November 2009</b>	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 year	-	-	-	-	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
<b>Balance at 30 November 2010</b>	<b>416</b>	<b>1,531</b>	<b>1</b>	<b>629</b>	<b>3,264</b>	<b>5,841</b>	<b>91</b>	<b>5,932</b>

  

Company	Share capital	Share premium	Capital redemption reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 December 2008</b>	416	1,531	1	830	2,778
Profit and comprehensive income for the period	-	-	-	330	330
Dividends	-	-	-	(211)	(211)
Share-based payment charge	-	-	-	(10)	(10)
<b>Balance at 30 November 2009</b>	416	1,531	1	939	2,887
Loss and comprehensive income for the period	-	-	-	(185)	(185)
Dividends	-	-	-	(211)	(211)
Share-based payment charge	-	-	-	(4)	(4)
<b>Balance at 30 November 2010</b>	<b>416</b>	<b>1,531</b>	<b>1</b>	<b>539</b>	<b>2,487</b>

# Balance sheets

at 30 November 2010

Company number: 1730535

	Group		Company	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
<b>Assets</b>				
<b>Non-current assets</b>				
Goodwill	318	207	-	-
Property, plant and equipment	582	655	3	3
Investments in subsidiaries	-	-	3,622	2,669
Investment in joint venture	-	-	15	15
Investments in associates	-	-	-	-
Deferred tax assets	73	29	-	2
	<u>973</u>	<u>891</u>	<u>3,640</u>	<u>2,689</u>
<b>Current assets</b>				
Inventories	3,826	1,866	-	-
Trade and other receivables	2,721	2,301	423	557
Current tax assets	56	69	-	-
Cash and cash equivalents	888	2,095	63	127
	<u>7,491</u>	<u>6,331</u>	<u>486</u>	<u>684</u>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables	(2,182)	(1,107)	(1,562)	(454)
Borrowings	(52)	-	-	-
Current tax liabilities	(55)	(35)	(32)	(32)
	<u>(2,289)</u>	<u>(1,142)</u>	<u>(1,594)</u>	<u>(486)</u>
<b>Net current assets</b>	<b>5,202</b>	<b>5,189</b>	<b>(1,108)</b>	<b>198</b>
<b>Non-current liabilities</b>				
Borrowings	(4)	-	-	-
Retirement benefit liability	(192)	(176)	-	-
Contingent consideration	(45)	-	(45)	-
Deferred tax liabilities	(2)	(8)	-	-
	<u>(243)</u>	<u>(184)</u>	<u>(45)</u>	<u>-</u>
	<u>5,932</u>	<u>5,896</u>	<u>2,487</u>	<u>2,887</u>
<b>Shareholders' equity</b>				
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	3,264	2,972	539	939
Cumulative translation adjustment reserve	629	831	-	-
<b>Equity attributable to the shareholders of the parent</b>	<b>5,841</b>	<b>5,751</b>	<b>2,487</b>	<b>2,887</b>
<b>Non-controlling interest</b>	<b>91</b>	<b>145</b>	<b>-</b>	<b>-</b>
	<u>5,932</u>	<u>5,896</u>	<u>2,487</u>	<u>2,887</u>

# Cash flow statements

for the year ended 30 November 2010

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
<b>Cash flows from operating activities</b>				
Operating profit/(loss)	491	(415)	(117)	(215)
Share-based payment credit	(4)	(10)	(4)	(10)
Depreciation	152	180	1	2
Impairment of goodwill	57	-	-	-
Impairment of investment in subsidiary	-	-	-	177
Currency translation	(137)	182	-	-
Loss on sale of property, plant and equipment	16	13	-	-
(Increase)/decrease in inventories	(1,870)	942	-	-
(Increase)/decrease in trade and other receivables	(274)	410	67	(85)
Increase/(decrease) in trade and other payables	867	(517)	1,108	77
	<hr/>	<hr/>	<hr/>	<hr/>
Cash (used in)/generated from operations	(702)	785	1,055	(54)
Corporation tax (paid)/received	(75)	51	157	47
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Net cash (used in)/generated from operations	(777)	836	1,212	(7)
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<b>Cash flows from investing activities</b>				
Net borrowings acquired with subsidiary undertaking	(44)	-	-	-
Increase in investment in subsidiaries	-	-	(1,296)	(494)
Proceeds from disposal of subsidiary	-	-	67	-
Purchase of property, plant and equipment	(118)	(168)	(1)	(2)
Proceeds from sale of property, plant and equipment	21	-	-	-
Income from investments	-	-	160	541
Interest received	-	20	5	3
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Net cash (used in)/generated from investing activities	(141)	(148)	(1,065)	48
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Cash flows from financing activities</b>				
Interest paid	(1)	(13)	-	-
Loan repayments	(26)	-	-	-
Finance lease principal repayments	(3)	-	-	-
Equity dividends paid	(211)	(211)	(211)	(211)
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Net cash used in financing activities	(241)	(224)	(211)	(211)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net change in cash and cash equivalents</b>	(1,159)	464	(64)	(170)
Cash and cash equivalents at start of period	2,095	1,537	127	297
Effect of foreign exchange rates	(48)	94	-	-
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<b>Cash and cash equivalents at end of period</b>	888	2,095	63	127
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## 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:

	<b>2010</b>	2009
	<b>£'000</b>	£'000
Fundamental restructuring	-	(176)
Impairment of goodwill	<b>(57)</b>	-
Acquisition costs	<b>(26)</b>	-
	<u><b>(83)</b></u>	<u>(176)</u>

The impairment of goodwill derives from the directors' assessment of goodwill attributable to Holders' Far East operations. The acquisition costs relate to the acquisition of JK Components Limited (since renamed Holders Components Limited) in December 2009.

### 3. Taxation

	<b>2009</b>	2009
	<b>£'000</b>	£'000
Analysis of the charge in the period		
Current tax		
- Current period	<b>136</b>	18
- Adjustments in respect of prior periods	<b>(27)</b>	(38)
	<u><b>109</b></u>	<u>(20)</u>
Deferred tax	<b>(50)</b>	11
	<u><b>59</b></u>	<u>(9)</u>

#### Tax reconciliation

The tax for the period is lower (2009: higher) than the standard rate of corporation tax in the UK, effectively 28% (2009: 28%) for the company's financial year. The differences are explained below:

	<b>2009</b>	2009
	<b>£'000</b>	£'000
Profit/(loss) before taxation	<b>490</b>	(408)
Profit before taxation multiplied by rate of corporation tax in the UK of 28% (2009: 28%)	<u><b>137</b></u>	<u>(113)</u>
Effects of:		
Differences between capital allowances and depreciation	<b>(2)</b>	(9)
Amounts not deductible for taxation purposes	<b>23</b>	(24)
Adjustments in respect of prior years	<b>(27)</b>	9
Taxation losses	<b>(74)</b>	99
Other temporary differences	<b>2</b>	29
Taxation	<u><b>59</b></u>	<u>(9)</u>

4. The directors have proposed a final dividend of 3.25p per share payable on 24 May 2011 to shareholders on the register at close of business on 6 May 2011. The total dividend for the year, including the interim dividend of 2.1p (2009: 2.1p) per share paid on 5 October 2010, amounts to £211,000 (2009: £211,000), which is equivalent to 5.35p (2009: 5.35p) per share.
5. The basic earnings per share are based on the earnings for the financial year attributable to the equity shareholders of £507,000 (2009: loss £375,000) and on ordinary shares 3,939,551 (2009: 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 (2009: 3,939,551), being the weighted average number of ordinary shares after an adjustment of nil shares (2009: nil) in relation to share options.
6. This preliminary statement, which has been approved by the Board on 9 February 2011, is not the Company's statutory accounts. The statutory accounts for each of the two years to 30 November 2009 and 30 November 2010 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 2009 accounts have been filed with the Registrar of Companies but the 2010 accounts are not yet filed.

**ENDS**

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