

Holders Technology plc

Specialised PCB Materials, LED Components and Lighting Solutions

Audited results for the year ended 30 November 2014

Holders Technology plc (“Holders Technology” or “the Group”) announces its audited results for the year ended 30 November 2014. Holders Technology supplies special laminates and materials for printed circuit board manufacture (“PCB”), and operates as a LED solutions provider to the lighting and industrial markets.

The overall results for 2014 were disappointing. The 3 PCB divisions achieved similar revenue to 2013 but with reduced margins. The NRGstar and Opteon LED divisions both achieved improved revenue and recorded results close to breakeven. Results from Holders Components LED divisions in UK and Germany were behind expectation.

Highlights relating to continuing operations included:

- Group revenue 6% lower than 2013
- PCB revenue unchanged from 2013
- LED revenue 25% lower than 2013
- Operating loss before exceptional costs £290,000
- Cash balances £0.63 million. No debt.

Chairman’s statement

The year to 30th November 2014 was particularly challenging for the company. Performance from both the PCB and LED divisions of our business was below the levels we had initially expected for the year. The Group operating result before exceptional items was a loss of £290,000 (2013: operating profit £105,000).

The PCB market in 2014 continued to be demanding however the PCB divisions remained profitable. The German division, comprising 74% of Group PCB sales, had a good first half and weaker second half. UK operations were in turn adversely impacted by slower customer demand and the loss of two customers which ceased trading. Results from our small Indian venture were satisfactory. PCB revenues were £11.0m; with margins at 23.1% (2013: 24.0%).

In October 2014 we announced the termination of a major PCB supplier agreement, effective 1st January 2015. Since the announcement the UK PCB division has been significantly restructured. This resulted in exceptional costs of £67,000 in 2014.

The LED results overall showed modest progress, despite revenue overall being lower than 2013. The NRGstar and Opteon Germany divisions both improved revenue and operating result. Holders Components Germany was adversely impacted by increased sales and marketing costs; however the order book for 2015 is encouraging. Holders Components UK revenue was lower than 2013 due to the loss of a major customer which went into administration. Sales revenue is now more evenly spread over a number of customers with good sales prospects being generated. Overall LED revenues were £2.5m (2013: £3.3m); with margins improved to 28.9% (2013: 25.4%).

Once again I would like to thank all our staff for their hard work and support throughout a demanding financial year.

Given our retained earnings and the board’s continuing belief in the Group’s future we consider it appropriate to recommend a final dividend for the past year of 0.25p per share.

In the current year we expect overall PCB results in the first half to be lower than in the preceding year due to the impact of the termination of the supplier agreement referred to earlier. We anticipate an improved second half due to the contribution from alternative suppliers, with further progress being made by all the LED divisions in 2015.

R W Weinreich

Executive Chairman

5 February 2015

Consolidated income statement for the year ended 30 November 2014

	Note	2014 £'000	2013 £'000
Continuing operations			
Revenue		13,478	14,265
Cost of sales		(10,224)	(10,798)
Gross profit		3,254	3,467
Distribution costs		(414)	(381)
Administrative expenses		(3,167)	(3,049)
Restructuring costs		(67)	-
Other operating (expenses)/ income		37	68
Operating (loss)/ profit		(357)	105
Finance income		2	4
Finance expenses		(7)	(12)
(Loss)/ profit before taxation		(362)	97
Tax expense	2	(11)	(24)
(Loss)/ profit for the year from continuing operations		(373)	73
Loss for the year from discontinued operations	3	-	(326)
(Loss)/ profit for the year		(373)	(253)
(Loss)/ profit for the year attributable to:			
Owners of the parent		(373)	(179)
Non-controlling interest		-	(17)
(Loss)/ profit for the financial year		(373)	(196)
Basic (loss)/ earnings per share – continuing operations			
	5	(9.47p)	(2.82p)
Diluted (loss)/ earnings per share – continuing operations			
	5	(9.47p)	(2.82p)
Basic and diluted loss per share – discontinued operations			
	5	-	(8.27p)
Total loss per share	5	(9.47p)	(11.09p)

Consolidated statement of comprehensive income for the year ended 30 November 2014

	2014 £'000	2013 £'000
(Loss)/ profit for the year	(373)	(196)
Items that will not be reclassified subsequently to profit or loss:		
Change in actuarial assumption re pension liability	-	-
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	(112)	114
Total comprehensive income and expense for the year	(485)	(82)
Total comprehensive income and expense for the year attributable to:		
Owners of the parent	(485)	(70)
Non-controlling interests	-	(12)
	(485)	(82)

Statements of changes in equity for the year ended 30 November 2014

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 2012	416	1,531	1	105	3,139	5,192	8	5,200
Dividends	-	-	-	-	(78)	(78)	-	(78)
Employee share-based payment options	-	-	-	-	9	9	-	9
Transactions with owners	-	-	-	-	(69)	(69)	-	(69)
Profit/(loss) for the year	-	-	-	-	(179)	(179)	(17)	(196)
Reclassification adjustment related to terminated foreign operations	-	-	-	(45)	45	-	-	-
Exchange differences on translating foreign operations	-	-	-	109	-	109	5	114
Total comprehensive income for the year	-	-	-	64	(134)	(70)	(12)	(82)
Balance at 30 November 2013	416	1,531	1	169	2,936	5,053	(4)	5,049
Dividends	-	-	-	-	(79)	(79)	-	(79)
Employee share-based payment options	-	-	-	-	9	9	-	9
Transactions with owners	-	-	-	-	(70)	(70)	-	(70)
Profit/(loss) for the year	-	-	-	-	(373)	(373)	-	(373)
Reclassification adjustment related to terminated foreign operations	-	-	-	(23)	19	(4)	4	-
Exchange differences on translating foreign operations	-	-	-	(112)	-	(112)	-	(112)
Total comprehensive income for the year	-	-	-	(135)	(354)	(489)	4	(485)
Balance at 30 November 2014	416	1,531	1	34	2,512	4,494	-	4,494

Company	Share capital	Share premium	Capital redemption reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000
Balance at 1 December 2012	416	1,531	1	395	2,343
Profit/ (loss) and total comprehensive income for the year	-	-	-	(284)	(284)
Dividends	-	-	-	(78)	(78)
Share-based payment charge	-	-	-	9	9
Balance at 30 November 2013	416	1,531	1	42	1,990
Profit/ (loss) and total comprehensive income for the year	-	-	-	79	79
Dividends	-	-	-	(79)	(79)
Share-based payment charge	-	-	-	9	9
Balance at 30 November 2014	416	1,531	1	51	1,999

Balance sheets at 30 November 2014

Company number: 1730535

	Note	Group		Company	
		2014 £'000	2013 £'000	2014 £'000	2013 £'000
Assets					
Non-current assets					
Goodwill		318	320	-	-
Property, plant and equipment		274	320	8	16
Investments in subsidiaries		-	-	2,291	2,308
Investment in joint venture		-	-	15	15
Deferred tax assets		35	41	-	-
		627	681	2,314	2,339
Current assets					
Inventories		2,742	2,799	-	-
Trade and other receivables		1,945	1,927	250	225
Current tax assets		72	26	-	-
Cash and cash equivalents		634	1,290	45	480
		5,393	6,042	295	705
Liabilities					
Current liabilities					
Trade and other payables		(1,257)	(1,413)	(562)	(1,019)
Current tax liabilities		(48)	(34)	(47)	(32)
		(1,305)	(1,447)	(609)	(1,051)
Net current assets		4,088	4,595	(314)	(346)
Non-current liabilities					
Retirement benefit liability		(201)	(205)	-	-
Deferred tax liabilities		(20)	(22)	(1)	(3)
		(221)	(227)	(1)	(3)
		4,494	5,049	1,999	1,990
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		2,512	2,936	51	42
Cumulative translation adjustment reserve		34	169	-	-
Equity attributable to the shareholders of the parent		4,494	5,053	1,999	1,990
Non-controlling interest		-	(4)	-	-
		4,494	5,049	1,999	1,990

The financial statements were approved by the Board on 5 February 2015 and signed on its behalf by:

R W Weinreich
Director

Statements of cash flows for the year ended 30 November 2014

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Cash flows from operating activities				
Operating (loss)/ profit	(357)	(148)	76	(369)
Share-based payment credit	9	9	9	9
Depreciation	108	110	8	8
Impairment costs	-	213	17	472
(Gain)/ Loss on sale of property, plant and equipment	-	1	-	-
(Increase)/decrease in inventories	5	348	-	-
(Increase)/decrease in trade and other receivables	(36)	322	(25)	162
Increase/(decrease) in trade and other payables	(188)	(87)	(457)	219
Cash (used in)/generated from operations	(459)	768	(372)	501
Corporation tax (paid)/received	(39)	(18)	-	72
Net cash (used in)/generated from operations	(498)	750	(372)	573
Cash flows from investing activities				
Purchase of property, plant and equipment	(74)	(48)	-	(3)
Proceeds from sale of property, plant and equipment	3	1	-	-
Dividends received from group undertakings	-	-	13	-
Interest received	2	4	13	13
Net cash (used in)/generated from investing activities	(69)	(43)	16	10
Cash flows from financing activities				
Interest paid	(7)	(14)	-	(2)
Loan repayments	-	-	-	-
Settlement of contingent consideration	-	(29)	-	(29)
Equity dividends paid	(79)	(78)	(79)	(78)
Net cash used in financing activities	(86)	(121)	(79)	(109)
Net change in cash and cash equivalents	(653)	586	(435)	474
Cash and cash equivalents at start of period	1,290	700	480	6
Effect of foreign exchange rates	(3)	4	-	-
Cash and cash equivalents at end of period	634	1,290	45	480

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. Taxation

	2014 £'000	2013 £'000
Analysis of the charge in the period		
Current tax		
- Current period	(1)	30
- Adjustments in respect of prior periods	14	4
	13	34
Deferred tax	(2)	(10)
Total tax	11	24

Tax reconciliation

The tax for the period is higher (2012: higher) than the standard rate of corporation tax in the UK, effectively 23.67% (2012: 24.67%) for the company's financial year. The differences are explained below:

	2014 £'000	2013 £'000
Profit/(loss) before taxation	(362)	97
Profit/ (loss) before taxation multiplied by the rate of corporation tax in the UK of 20.00 % (2012: 23.67%)	(77)	23
Effects of:		
Differences between capital allowances and depreciation	(3)	(2)
Different overseas tax rates	2	-
Adjustments in respect of prior years	16	-
Taxation losses	-	2
Other temporary differences	73	1
Taxation	11	24

3. Discontinued operations

On 3 January 2014, the Group's 70% shareholding in Topgrow Technologies Ltd was sold for a cash consideration of 441,000 Hong Kong dollars.

The Topgrow Technologies Ltd disposal has been presented as discontinued operations in the income statement and the Board are of the view that this presentation of information enables the users of the financial statements to understand the financial effects of these operations no longer being part of the Group.

In the cash flow statement, the cash flows of the discontinued business have been aggregated with those of continuing businesses, but are also shown separately in the note below.

The information presented in this note is presented at the lower of cost and fair value less costs to sell as prescribed in IFRS 5. As a result of this treatment an impairment charge of £213,000 relating to fixed assets, inventories and receivables has been recognised in the income statement in the year 30 November 2013. This, combined with an operating loss of £56,000, results in a loss on discontinued operations of £269,000.

The results from discontinued operations which have been included in the income statement are as below:

	2013	2012
	£'000	£'000
Revenue	-	990
Cost of sales	-	(714)
Gross profit	-	276
Distribution costs	-	(26)
Administrative expenses	-	(266)
Other operating costs	-	(24)
Operating loss	-	(40)
Impairment costs	-	(213)
Finance expense	-	(2)
Loss before tax	-	(255)
Taxation on discontinued operations	-	(14)
Loss for the period from discontinued operations	-	(269)

4. The directors have proposed a final dividend of 0.25p per share payable on 19 May 2015 to shareholders on the register at close of business on 29 April 2015. The total dividend for the year, including the interim dividend of 1.0p (2013: 1.0p) per share paid on 7 October 2014, amounts to £49,000 (2013: £79,000), which is equivalent to 1.25p (2013: 2.0p) per share.
5. The basic earnings per share are based on the loss for the financial year attributable to the equity shareholders of £357,000 (2013: profit of £105,000) and on ordinary shares 3,939,551 (2013: 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 (2013: 4,094,272), being the weighted average number of ordinary shares after an adjustment of nil shares (2013: 154,271) in relation to share options.
6. This preliminary statement, which has been approved by the Board on 5 February 2015, is not the Company's statutory accounts. The statutory accounts for each of the two years to 30 November 2013 and 30 November 2014 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 2013 accounts have been filed with the Registrar of Companies but the 2014 accounts are not yet filed.

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