

Holders Technology plc

Specialised PCB Materials, LED Components and Lighting Solutions Half yearly results for the 6 months ended 31 May 2015

Holders Technology plc (AIM: HDT) announces its unaudited half yearly results for the 6 month period ended 31 May 2015.

Highlights

Holders Technology plc supplies specialty laminates and materials for printed circuit board manufacturers (“PCB”), and operates as an LED solutions provider to the lighting and industrial markets.

Unaudited results for the period are summarised as follows:

	2015 £'000	2014 £'000
Revenue		
PCB	4,146	5,802
LED	1,333	1,160
Total	5,479	6,962
Gross profit	1,402	1,640
Margins	25.6%	23.6%
Overheads	1,497	1,810
Operating loss	(95)	(170)
Loss for the period	(81)	(146)
Earnings per share	(2.06p)	(3.71p)
Interim dividend per share	0.25p	1.00p
Net assets per share	107p	121p

Chairman's statement

Half year ended 31 May 2015

The first half of the year saw a strengthening of sterling against the Euro. This, combined with the anticipated lower PCB sales in the UK and reduced PCB sales in Germany, led to a fall of £1.5m in sales revenues as compared to the preceding year. Despite this, operating profit showed a £75,000 improvement as overheads were reduced by some 19% and margins recorded a modest improvement of 2%.

PCB

The largest element of our PCB turnover is generated from our German subsidiary. The slow down which they experienced in their domestic market resulted in a decline in trading as compared to the preceding year. Our UK subsidiary, whilst suffering the full impact of the termination of the supplier agreement which occurred at the end of our last financial year, succeeded in replacing some of this lost turnover with new products and it also achieved a marked reduction in its cost base and thus remained profitable.

In summary, total PCB sales for the period were £4,146,000 as compared to £5,802,000 in 2014. The impact of the reduced volume was lessened by improved margins and overhead reductions which resulted in an overall profit of £35,000 as compared to £112,000 in the prior year.

LED

All of our LED activities recorded encouraging improvements in revenues and margins as compared to the same period last year. Total sales for the first half were £1,333,000 whilst the preceding year showed £1,160,000 with losses reduced from £247,000 to £72,000.

Summary

Whilst the Group has not yet returned to profitability the overall result for the first half shows a significant improvement as compared to the prior year. Discussions with other potential new suppliers are underway further to strengthen our PCB and LED ranges. We anticipate continued progress towards our goal of achieving acceptable returns in the second half of the current year.

Rudolf W. Weinreich
Executive Chairman

24 July 2015

Holders Technology plc
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Consolidated income statement for the half year ended 31 May 2015 (Unaudited)

		Half year ended 31 May 2015	Half year ended 31 May 2014	Full year ended 30 Nov 2014
	Notes	£'000	£'000	£'000
Revenue	3	5,479	6,942	13,478
Cost of sales		(4,077)	(5,322)	(10,224)
Gross profit		1,402	1,640	3,254
Distribution costs		(181)	(206)	(414)
Administrative expenses		(1,317)	(1,620)	(3,167)
Restructuring costs		-	-	(67)
Other operating income/(expenses)		1	16	37
Operating (loss)/ profit		(95)	(170)	(357)
Finance income		-	1	2
Finance costs		-	-	(7)
(Loss)/ profit before taxation		(95)	(169)	(362)
Taxation	4	14	23	(11)
(Loss)/ profit for the period		(81)	(146)	(373)
Total and continuing				
Basic (loss)/ earnings per share	6	(2.06p)	(3.71p)	(9.47p)
Diluted (loss)/ earnings per share	6	(2.06p)	(3.71p)	(9.47p)

Consolidated statement of comprehensive income for the half year ended 31 May 2015 (Unaudited)

	Half year ended 31 May 2015	Half year ended 31 May 2014	Full year ended 30 Nov 2014
	£'000	£'000	£'000
(Loss)/ profit for the period	(81)	(146)	(373)
Exchange differences on translation of foreign operations	(196)	(82)	(112)
	(277)	(228)	(485)
Attributable to:			
Owners of the parent	(277)	(228)	(485)

Consolidated statement of changes in equity for the half year ended 31 May 2015 (Unaudited)

	Share capital	Share premium	Capital redemption reserve	Transla- tion reserve	Retained earnings	Total attributable to owners of parent	Non- controlling interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance 1 Dec 2013	416	1,531	1	169	2,936	5,053	(4)	5,049
Dividends		-	-	-	(79)	(79)	-	(79)
Employee share- based payments		-	-	-	9	9	-	9
Transactions with owners		-	-	-	(70)	(70)	-	(70)
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 30 Nov 2014	416	1,531	1	34	2,512	4,494	-	4,494
Dividends		-	-	-	(9)	(9)	-	(9)
Employee share- based payments		-	-	-	10	10	-	10
Transactions with owners		-	-	-	1	1	-	1
Loss for the period		-	-	-	(81)	(81)	-	(81)
Exchange differences on translating foreign operations		-	-	(196)	-	(196)	-	(196)
Total comprehensive income for the period				(196)	(81)	(277)	-	(277)
Balance 31 May 2015	416	1,531	1	(162)	2,432	4,218	-	4,218

Consolidated balance sheet at 31 May 2015 (Unaudited)

	Half year ended 31 May 2015	Half year ended 31 May 2014	Full year ended 30 Nov 2014
	£'000	£'000	£'000
Assets			
Non-current assets			
Goodwill	317	320	318
Property, plant and equipment	358	350	274
Deferred tax assets	35	28	35
	710	698	627
Current assets			
Inventories	2,475	2,580	2,742
Trade and other receivables	1,885	2,057	1,945
Current tax	78	30	72
Cash and cash equivalents	511	731	634
	4,949	5,398	5,393
Liabilities			
Current liabilities			
Trade and other payables	(1,198)	(1,092)	(1,257)
Current tax liabilities	(34)	(5)	(48)
	(1,232)	(1,097)	(1,305)
Net current assets	3,717	4,301	4,088
Non-current liabilities			
Retirement benefit liability	(189)	(201)	(201)
Deferred tax liabilities	(20)	(16)	(20)
	(209)	(217)	(221)
Net assets	4,218	4,782	4,494
Shareholders' equity			
Share capital	416	416	416
Share premium account	1,531	1,531	1,531
Capital redemption reserve	1	1	1
Retained earnings	2,432	2,747	2,512
Cumulative translation adjustment	(162)	87	34
Equity attributable to the shareholders of the parent	4,218	4,782	4,494

Consolidated cash flow statement for the half year ended 31 May 2015 (Unaudited)

	Half year ended 31 May 2015	Half year ended 31 May 2014	Full year ended 30 Nov 2014
	£'000	£'000	£'000
Cash flows from operating activities			
Operating profit/ (loss)	(95)	(170)	(357)
Share-based payment charge/(credit)	10	-	9
Depreciation	46	51	108
Impairment costs	-	-	(32)
(Increase)/decrease in inventories	(7)	293	5
(Increase)/decrease in trade and other receivables	(2)	(179)	(36)
(Decrease)/increase in trade and other payables	2	(430)	(188)
Cash generated from/ (used in) operations	(46)	(435)	(491)
Corporation tax received/ (paid)	(6)	(3)	(39)
Net cash generated from/ (used in) operations	(52)	(438)	(530)
Cash flows from investing activities			
Purchase of property, plant and equipment	(65)	(86)	(74)
Proceeds from sale of property, plant and equipment	-	-	3
Proceeds from sale of subsidiary	-	-	32
Interest received	-	1	2
Net cash used in investing activities	(65)	(85)	(37)
Cash flows from financing activities			
Interest paid	-	-	(7)
Equity dividends paid	(9)	(39)	(79)
Net cash used in financing activities	(9)	(39)	(86)
Net change in cash and cash equivalents	(126)	(562)	(653)
Cash and cash equivalents at start of period	634	1,290	1,290
Effect of foreign exchange rates	3	3	(3)
Cash and cash equivalents at end of period	511	731	634

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, components and solutions 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 2014.

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 2015 and 31 May 2014.

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 2014 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 24 July 2015.

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 solutions to the lighting industry.

	PCB		LED		Other		Total	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Revenue	4,146	5,802	1,333	1,160			5,479	6,962
Cost of sales	3,158	4,516	919	806			4,077	5,322
Gross Profit	988	1,286	414	354	0	0	1,402	1,640
Distribution costs	136	166	45	40			181	206

Administration costs	817	1,008	441	561	58	35	1,316	1,604
Segment profit	35	112	(72)	(247)	(58)	(35)	(95)	(170)

4. The tax provision for the six months ended 31 May 2015 is calculated based on the tax rates applicable in the country in which each company operates. Taxation includes a tax credit of £10,000 (2014: tax credit of £5,000) relating to overseas operations.
5. A final dividend of 0.25p per share on the total issued share capital of 3,939,551 10p ordinary shares, excluding treasury shares, was paid on 19 May 2015 in respect of the year ended 30 November 2014.

An interim dividend payment of 0.25p per share (2014: 1.0p per share) will be payable on 6 October 2015 to shareholders on the register at 11 September 2015. The shares will go ex-dividend on 10 September 2015. The interim dividend had not been approved by the board at 31 May 2015 and accordingly, has not been included as a liability as at that date.

6. The basic earnings per share for continuing operations are based on the loss for the period of £81,000 (2014: loss £146,000) and on ordinary shares 3,939,551 (2014: 3,939,551), the weighted average number of shares in issue during the period. Diluted earnings per share for continuing operations are based on 3,939,551 ordinary shares (2014: 3,959,551), being the weighted average number of ordinary shares after an adjustment of nil shares (2014: 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, Elstree House, Elstree Way, Borehamwood, Herts WD6 1SD and via its website www.holdersgroup.com.

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