

# Holders Technology plc

## Specialised PCB Materials, LED Components and Smart Lighting

### Unaudited results for the year ended 30 November 2017

Holders Technology plc (“ Holders Technology” or “ the Group”) announces its unaudited results for the year ended 30 November 2017. Holders Technology supplies specialty laminates and materials for printed circuit board manufacture (“ PCB”), and operates as an LED solutions provider to the lighting and selected industrial markets.

The Group made notable progress during the year, with encouraging revenue growth, improved margins, and a return to profitability.

The Group now comprises two PCB divisions based in the UK and Germany, and two LED divisions also based in the UK and Germany. In the opinion of the directors, all divisions achieved satisfactory growth by the year end.

NRGstar was discontinued during the period, and Opteon Germany was discontinued at the end of 2016. Both operations’ results are shown separately as discontinued operations.

The directors will recommend payment of a final dividend of 0.25p per share.

Highlights included:

		<u>£’000</u>	<u>Change compared to 2016</u>
• Continuing Revenue	PCB	9,453	13% Increase * <sup>1</sup>
	LED	2,755	17% Increase * <sup>2</sup>
	Group	12,208	14% Increase * <sup>3</sup>
• Continuing Operating Profit/ (Loss)	PCB	214	£215,000 Improvement
	LED	(92)	£137,000 Improvement
	Central Costs	(57)	£26,000 Increase
	Group	65	£326,000 Improvement
• Discontinued Loss	Group	(42)	£71,000 Improvement
• Profit for the Year	Group	17	£412,000 Improvement
• Cash Balances	Group	579	£202,000 Reduction
• Earnings per Share	Continuing	1.42p	8.36p Improvement
	Total	0.41p	10.13p Improvement
• Debt	Group	Nil	No change

\*Increase includes <sup>1</sup>7% / <sup>2</sup>4% / <sup>3</sup>6% arising from exchange rate movements

## Chairman's statement

In my last Annual Statement, I reported that a number of changes were being made to the Group's management and sales teams and that along with this, further investments in PCB machinery were being made. The aim of these measures was to enable the Group to return to profitability and I am very pleased to be able to report that the Group did achieve an operating profit for the year of £65,000 from continuing operations (2016: operating loss of £261,000).

The Group now comprises PCB and LED divisions, based in both the UK and Germany. Two unprofitable activities NRGStar, based in the UK, and Opteon, based in Germany, were closed with their combined results recording a loss of £42,000 (2016: loss £113,000).

The overall Group result for the year showed continuing revenues of £12.2m (2016: £10.7m), with gross margins of 26.3% (2016: 24.9%) and a profit after tax of £17,000 (2016: loss £395,000). Approximately £0.7m of the Group revenue growth related to the Euro strengthening against sterling.

The PCB divisions together had revenue of £9.5m (2016: £8.3m) and achieved an operating profit of £214,000 (2016: loss £1,000) with margins improving from 22.2% to 24.2%. Approximately £0.6m of the PCB revenue growth related to the Euro strengthening against sterling.

Our German PCB operations, the largest single element of the Group, had a successful year with satisfactory growth from both existing and new product lines. Investments were made in machinery and improved systems during the year and we plan further investment in 2018.

UK PCB operations achieved encouraging revenue growth from a number of new product lines. The directors expect modest revenue improvement in 2018.

LED revenues overall amounted to £2.8m (2016: £2.4m) with gross margins decreased slightly to 33.4% (2016: 34.2%) and operating losses being reduced from £229,000 in 2016 to £92,000 in 2017. Approximately £0.1m of the LED revenue growth related to the Euro strengthening against sterling.

The LED divisions both had stronger second halves in 2017 with the UK division, in particular, substantially improving its performance. The product range continues to develop with smart lighting controls a key focus for the future. Both divisions were profitable in the second half of the year.

On behalf of the Board I would like to record our thanks to all of our staff for their hard work during 2017 which resulted in a profitable year for the Group. With 2017 seeing a return to profitability the board and management team remain fully committed to achieving further improvement in both sales and profitability in 2018 and beyond. The Board considers it appropriate to recommend a final dividend of 0.25p in respect of the 2017 year.

**R W Weinreich**

*Executive Chairman*

1 March 2018

## Group income statement for the year ended 30 November 2017

	Note	2017 £'000	2016 Restated £'000
Revenue		12,208	10,698
Cost of sales		(9,003)	(8,038)
<b>Gross profit</b>		<b>3,205</b>	2,660
Distribution costs		(438)	(385)
Administrative expenses		(2,695)	(2,539)
Restructuring costs		-	(116)
Other operating (expenses)/ income		(7)	119
<b>Operating profit/ (loss)</b>		<b>65</b>	(261)
Finance income		-	3
Finance expenses		(11)	(7)
<b>Profit/ (loss) before taxation</b>		<b>54</b>	(265)
Tax credit/ (expense)	2	5	(17)
<b>Profit/ (loss) after taxation from continuing operations</b>		<b>59</b>	(282)
Loss from discontinued operations	4	(42)	(113)
<b>Profit/ (loss) for the year attributable to equity shareholders</b>		<b>17</b>	(395)
<b>Basic earnings/ (loss) per share – continuing operations</b>	5	<b>1.42p</b>	(6.94p)
<b>Diluted earnings/ (loss) per share – continuing operations</b>	5	<b>1.34p</b>	(6.94p)
<b>Basic and diluted loss per share – discontinued operations</b>	5	<b>(1.01p)</b>	(2.78p)
<b>Total earnings/ (loss) per share</b>	5	<b>0.41p</b>	(9.72p)

## Group statement of comprehensive income for the year ended 30 November 2017

	2017 £'000	2016 £'000
Profit/ (loss) for the year	17	(395)
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Exchange differences on translating foreign operations	73	346
<b>Total comprehensive income and expense for the year</b>	<b>90</b>	(49)

## Statements of changes in equity for the year ended 30 November 2017

Group	Share capital	Share premium	Capital redemption reserve	Translation reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 December 2015</b>	416	1,531	1	(212)	2,134	3,870
Dividends	-	-	-	-	(20)	(20)
Shares issued	-	59	-	-	-	59
Transactions with owners	-	59	-	-	(20)	39
Loss for the year	-	-	-	-	(395)	(395)
Other comprehensive income	-	-	-	346	-	346
Total comprehensive income for the year	-	-	-	346	(395)	(49)
<b>Balance at 30 November 2016</b>	416	1,590	1	134	1,719	3,860
Dividends	-	-	-	-	(21)	(21)
Shares based payments	-	-	-	-	3	3
Transactions with owners	-	-	-	-	(18)	(18)
Profit for the year	-	-	-	-	17	17
Other comprehensive income	-	-	-	73	-	73
Total comprehensive income for the year	-	-	-	73	17	90
<b>Balance at 30 November 2017</b>	<b>416</b>	<b>1,590</b>	<b>1</b>	<b>207</b>	<b>1,718</b>	<b>3,932</b>

## Group balance sheet at 30 November 2017

	2017 £'000	2016 £'000
<b>Assets</b>		
<b>Non-current assets</b>		
Goodwill	318	318
Property, plant and equipment	369	400
Investments in subsidiaries	-	-
Deferred tax assets	9	9
	<b>696</b>	<b>727</b>
<b>Current assets</b>		
Inventories	2,408	2,365
Trade and other receivables	2,272	1,790
Cash and cash equivalents	579	781
	<b>5,259</b>	<b>4,936</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	(1,675)	(1,457)
Current tax liabilities	(122)	(122)
	<b>(1,797)</b>	<b>(1,579)</b>
<b>Net current assets</b>		
	<b>3,462</b>	<b>3,357</b>
<b>Non-current liabilities</b>		
Retirement benefit liability	(226)	(219)
Deferred tax liabilities	-	(5)
	<b>(226)</b>	<b>(224)</b>
	<b>3,932</b>	<b>3,860</b>
<b>Shareholders' equity</b>		
Share capital	416	416
Share premium account	1,590	1,590
Capital redemption reserve	1	1
Retained earnings	1,718	1,719
Cumulative translation adjustment reserve	207	134
	<b>3,932</b>	<b>3,860</b>

## Statement of cash flows for the year ended 30 November 2017

	2017	2016
	£'000	Restated £'000
<b>Cash flows from operating activities</b>		
Profit/ (loss) before tax from continuing operations	54	(265)
Share-based payment charge	3	-
Depreciation	72	74
(Increase)/ decrease in inventories	(34)	387
Increase in trade and other receivables	(368)	(220)
Decrease in trade and other payables	128	349
Interest income	-	(3)
Interest expense	11	7
Cash (used in)/ generated from operations	(134)	329
Interest paid	(11)	(7)
Corporation tax paid	-	(48)
(Loss)/ profit from discontinued operations	(9)	89
Net cash (used in)/ generated from operations	(154)	363
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(41)	(110)
Proceeds from sale of property, plant and equipment	4	-
Proceeds from sale of joint venture	-	22
Interest received	-	3
Net cash (used in)/generated from investing activities	(37)	(85)
<b>Cash flows from financing activities</b>		
Proceeds from sale of shares	-	59
Equity dividends paid	(21)	(20)
Net cash (used in)/ generated from financing activities	(21)	39
<b>Net change in cash and cash equivalents</b>		
Cash and cash equivalents at start of period	781	443
Effect of foreign exchange rates	10	21
<b>Cash and cash equivalents at end of period</b>	<b>579</b>	<b>781</b>

## 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

	2017 £'000	2016 £'000
<b>Analysis of the charge in the period</b>		
Current tax		
- Current period	-	-
- Adjustments in respect of prior periods	-	17
	-	17
Deferred tax	(5)	-
<b>Total tax</b>	<b>(5)</b>	<b>17</b>

#### Tax reconciliation

The tax for the period is lower (2016: higher) than the standard rate of corporation tax in the UK, effectively 20.0% (2016: 20.0%) for the company's financial year. The differences are explained below:

	2017 £'000	2016 £'000
<b>Profit/ (loss) before taxation</b>	<b>54</b>	<b>(265)</b>
Profit/ (loss) before taxation multiplied by the rate of corporation tax in the UK of 20.0 % (2016: 20.0%)	11	(53)
Effects of:		
Adjustments in respect of prior years	-	17
Taxation losses	(16)	53
<b>Taxation</b>	<b>(5)</b>	<b>17</b>

3. The directors have proposed a final dividend of 0.25p per share payable on 22 May 2018 to shareholders on the register at close of business on 4 May 2018. The total dividend for the year, including the interim dividend of 0.25p (2016: 0.25p) per share paid on 10 October 2017, amounts to £20,000 (2016: £20,000), which is equivalent to 0.50p (2016: 0.50p) per share.

### 4. Discontinued operations

At the end of 2016 it was announced that Opteon, the finished goods operations in Germany, would be discontinued, and in March 2017 the equivalent activity in UK, branded as NRGstar, also ceased. This point marked the Group's cessation of this type of LED operation, and a re-focus on sales of LED components, lighting solutions and smart lighting systems.

The discontinuation of Opteon operations was not disclosed as a discontinued operation within the 2016 financial statements. The 2016 figures have been restated to disclose Opteon as discontinued. The Board are of the view that this presentation of information enables users of the financial statements to understand the financial effects of these operations no longer being part of the Group. The impact of the discontinuation of NRGstar operations is shown for both the current and prior year results.

## Notes continued

### 4. Discontinued operations (continued)

Discontinued operations – Income statement	2017		2016		
	NRGstar £'000	Total £'000	NRGstar £'000	Opteon £'000	Total £'000
Revenue	50	50	344	338	682
Cost of sales	(45)	(45)	(250)	(251)	(501)
Gross profit	5	5	94	87	181
Distribution expenses	(1)	(1)	(10)	(4)	(14)
Administration expenses	(46)	(46)	(128)	(82)	(210)
Other operating expenses	-	-	-	(3)	(3)
Operating loss	(42)	(42)	(44)	(2)	(46)
Impairment costs	-	-	-	(67)	(67)
Loss before tax	(42)	(42)	(44)	(69)	(113)
Taxation on discontinued operations	-	-	-	-	-
Loss for the period from discontinued operations	(42)	(42)	(44)	(69)	(113)

Discontinued operations – Cash Flow statement	2017		2016		
	NRGstar £'000	Total £'000	NRGstar £'000	Opteon £'000	Total £'000
Cash flows from operating activities					
Loss before tax	(42)	(42)	(44)	(69)	(113)
Depreciation	8	8	-	2	2
Increase in inventories	60	60	1	121	122
(Increase)/ decrease in trade and other receivables	109	109	(55)	123	68
(Decrease)/ increase in trade and other payables	(144)	(144)	(25)	35	10
Net change in cash and cash equivalents	(9)	(9)	(123)	212	89

- The basic earnings per share for the continuing business are based on the profit for the financial year of £59,000 (2016: loss of £282,000) and on ordinary shares of 4,159,551 (2016: 4,063,813), the weighted average number of shares in issue during the year. Diluted earnings per share as based on 4,414,419 ordinary shares, being the weighted average number of ordinary shares after an adjustment of 254,868 in relation to share options. There was no earnings dilution calculated in 2016 as a loss was recorded by the Group.
- This preliminary statement, which has been approved by the Board on 1 March 2018, is not the Company's statutory accounts. The statutory accounts for the year to 30 November 2016 received an audit report which was unqualified and did not contain statements under section 498(2) and section 498(3) of the Companies Act 2006.

For further information, contact:

Rudi Weinreich, Executive Chairman, Holders Technology plc,  
Tel. 07800 600 520

Paul Geraghty, Group Finance Director, Holders Technology plc,  
Tel. 07800 600 520

Tom Price, Director, Corporate Finance, Northland Capital Partners Ltd,  
Tel. 020 3861 6625

Website [www.holdersgroup.com](http://www.holdersgroup.com)