

Holders Technology plc

Specialised PCB Materials, LED Components and Smart Lighting

Final results for the year ended 30 November 2018

Holders Technology plc (“ Holders Technology” or “ the Group”) announces its audited results for the year ended 30 November 2018. Holders Technology supplies specialty laminates and materials for printed circuit board manufacture (“ PCB”) and operates as an LED solutions provider to the lighting market.

The Group made further progress during the year, with overall revenue growth and improved profitability.

The Group 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 made satisfactory progress by the year end.

The directors will recommend payment of a final dividend of 0.50p per share, a total of 0.75p for the year (2017 total: 0.50p).

Highlights included:

		2018 £'000	2017 £'000
• Revenue	PCB	9,374	9,453
	LED	3,112	2,755
	Group	12,486	12,208
• Operating Profit/ (Loss)	PCB	280	214
	LED	(13)	(92)
	Central costs	(83)	(57)
	Group	184	65
• Discontinued Loss	Group	-	(42)
• Pre-tax Profit	Group	177	54
• Cash Balances	Group	403	579
• Basic Earnings per Share	Continuing	4.06p	1.42p
	Total	4.06p	0.41p

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014.

For further information, contact:

Holders Technology plc

Rudi Weinreich, Executive Chairman
 Victoria Blaisdell, Group Managing Director
 Paul Geraghty, Group Finance Director
 Website www.holderstechnology.com

01896 758781

SP Angel Corporate Finance LLP - Nomad & Broker
 Matthew Johnson / Jamie Spotswood

020 3470 0470

Chairman's statement

Given our continuing commitment to achieving satisfactory levels of profitability I am pleased to be able to report that the Group has made further progress over the year. Group revenue for the year was £12.5m (2017: £12.2m), with gross margins of 26.2% (2017: 26.3%). The operating profit for the year from continuing operations was £184,000 (2017: operating profit of £65,000), and the profit after tax from continuing operations was £169,000 (2017: profit £59,000).

The Group comprises two PCB divisions, based in the UK and Germany, and two LED divisions, also based in the UK and Germany.

The PCB divisions together had revenue of £9.4m (2017: £9.5m) and achieved an operating profit of £280,000 (2017: profit £214,000). Margins reduced from 24.2% to 23.5%.

Our German PCB operations, the largest single element of the Group, achieved similar revenue to 2017, but improved operating profit therefrom. Investments were made in machinery and improved systems during the year, and in Q1 2019 an upgraded aluminium coil cutting machine will be installed in our Germany premises. This investment will enable both further efficiency improvements and will increase capacity.

UK PCB operations achieved satisfactory revenue in the year despite a lower level of market demand than 2017.

LED revenues overall amounted to £3.1m (2017: £2.8m) with gross margins increasing from 33.4% to 34.1% and operating losses reducing from £92,000 in 2017 to £13,000 in 2018. 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.

The Cross-Border Corporation Tax liability reported in 2015 is nearing settlement: £88,000 was paid during 2018 which leaves a potential liability of up to £43,000 remaining which has been fully provided for.

We believe the Group is well positioned to deliver further improvements in the current year but recognise that the market conditions that we face remain unpredictable.

On behalf of the Board I would like to record our thanks to all of our staff for their hard work during 2018 which resulted in a profitable year for the Group. Given the improved results, the Board considers it appropriate to recommend an increased final dividend of 0.50p in respect of the 2018 year.

R W Weinreich

Executive Chairman

21 February 2019

Group income statement for the year ended 30 November 2018

	Note	2018 £'000	2017 £'000
Revenue		12,486	12,208
Cost of sales		(9,220)	(9,003)
Gross profit		3,266	3,205
Distribution costs		(422)	(438)
Administrative expenses		(2,696)	(2,695)
Other operating (expenses)/ income		36	(7)
Operating profit		184	65
Finance income		-	-
Finance expenses		(7)	(11)
Profit before taxation		177	54
Tax credit/ (expense)	2	(8)	5
Profit after taxation from continuing operations		169	59
Loss from discontinued operations	4	-	(42)
Profit for the year attributable to equity shareholders		169	17
Basic earnings per share – continuing operations	5	4.06p	1.42p
Diluted earnings per share – continuing operations	5	4.03p	1.34p
Basic and diluted loss per share – discontinued operations	5	-	(1.01p)
Total earnings per share	5	4.06p	0.41p

Group statement of comprehensive income for the year ended 30 November 2018

	2018 £'000	2017 £'000
Profit for the year	169	17
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	15	73
Total comprehensive income for the year	184	90

Statements of changes in equity for the year ended 30 November 2018

Group	Share capital	Share premium	Capital redemption reserve	Translation reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 December 2016	416	1,590	1	134	1,719	3,860
Dividends	-	-	-	-	(21)	(21)
Share 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
Balance at 30 November 2017	416	1,590	1	207	1,718	3,932
Dividends	-	-	-	-	(21)	(21)
Share based payments	-	-	-	-	4	4
Transactions with owners	-	-	-	-	(17)	(17)
Profit for the year	-	-	-	-	169	169
Other comprehensive income	-	-	-	15	-	15
Total comprehensive income for the year	-	-	-	15	169	184
Balance at 30 November 2018	416	1,590	1	222	1,870	4,099

Group balance sheet at 30 November 2018

	2018 £'000	2017 £'000
Assets		
Non-current assets		
Goodwill	318	318
Property, plant and equipment	357	369
Deferred tax assets	10	16
	685	703
Current assets		
Inventories	2,849	2,408
Trade and other receivables	1,791	2,272
Cash and cash equivalents	403	579
	5,043	5,259
Liabilities		
Current liabilities		
Trade and other payables	(1,373)	(1,675)
Current tax liabilities	(43)	(122)
	(1,416)	(1,797)
Net current assets	3,627	3,462
Non-current liabilities		
Retirement benefit liability	(204)	(226)
Deferred tax liabilities	(9)	(7)
	(213)	(233)
	4,099	3,932
Shareholders' equity		
Share capital	416	416
Share premium account	1,590	1,590
Capital redemption reserve	1	1
Retained earnings	1,870	1,718
Cumulative translation adjustment reserve	222	207
	4,099	3,932

Statement of cash flows for the year ended 30 November 2018

	2018	2017
	£'000	£'000
Cash flows from operating activities		
Profit before tax from continuing operations	177	54
Share-based payment charge	4	3
Depreciation	71	72
Increase in inventories	(427)	(34)
Increase in trade and other receivables	(407)	(368)
Decrease in trade and other payables	571	128
Interest expense	8	11
Cash used in operations	(3)	(134)
Interest paid	(8)	(11)
Corporation tax paid	(88)	-
Loss from discontinued operations	-	(9)
Net cash (used in)/ generated from operations	(99)	(154)
Cash flows from investing activities		
Purchase of property, plant and equipment	(58)	(41)
Proceeds from sale of property, plant and equipment	-	4
Net cash (used in)/generated from investing activities	(58)	(37)
Cash flows from financing activities		
Equity dividends paid	(21)	(21)
Net cash used in financing activities	(21)	(21)
Net change in cash and cash equivalents	(178)	(212)
Cash and cash equivalents at start of period	579	781
Effect of foreign exchange rates	2	10
Cash and cash equivalents at end of period	403	579

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

	2018 £'000	2017 £'000
Analysis of the charge in the period		
Current tax		
- Current period	-	-
- Adjustments in respect of prior periods	-	-
	-	-
Deferred tax	8	(5)
Total tax	8	(5)

Tax reconciliation

The tax for the period is lower (2017: lower) than the standard rate of corporation tax in the UK, effectively 19.0% (2017: 19.3%) for the company's financial year. The differences are explained below:

	2018 £'000	2017 £'000
Profit/ (loss) before taxation	177	54
Profit/ (loss) before taxation multiplied by the rate of corporation tax in the UK of 19.0% (2017: 19.3%)	34	10
Effects of:		
Accelerated capital allowances	2	-
Taxation losses	(28)	(15)
Taxation	8	(5)

3. Dividends

The directors have proposed a final dividend of 0.50p per share payable on 21 May 2019 to shareholders on the register at close of business on 3 May 2019. The total dividend for the year, including the interim dividend of 0.25p (2017: 0.25p) per share paid on 9 October 2018, amounts to £31,000 (2017: £20,000), which is equivalent to 0.75p (2017: 0.50p) per share.

4. Discontinued operations

In March 2017 the LED finished goods activity in the UK, branded as NRGstar, was discontinued. 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.

Notes continued

5. The basic earnings per share are based on the profit for the financial year of £169,000 (2017: profit of £59,000) and on ordinary shares of 4,159,551 (2017: 4,159,551 shares), the weighted average number of shares in issue during the year. Diluted earnings per share is based on 4,190,594 ordinary shares (2017: 4,414,419 shares), being the weighted average number of ordinary shares after an adjustment of 31,043 (2017: 254,868) in relation to share options.

6. This preliminary statement, which has been approved by the Board on 21 February 2019, is not the Company's statutory accounts. The statutory accounts for each of the two years to 30 November 2017 and 30 November 2018 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 2017 accounts have been filed with the registrar of Companies, but the 2018 accounts are not yet filed.