

Regulatory Announcement

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Company	Solid State PLC
TIDM	SSP
Headline	Interim Results
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Solid State plc (the “Group”)

CHAIRMAN'S STATEMENT Unaudited Interim Results for the six months ended 30th September 2007

Results

The unaudited pre-tax profit for the Group for the six months ended 30th September 2007 was £160,000 (2006: £233,000) on a turnover of £5,087,000 (2006: £6,337,000). The basic earnings per share for the six months period amounted to 2.0p (2006: 3.1p). Following adoption of International Financial Reporting Standards no provision for amortisation has been made in these accounts and the results for the prior year and the prior six months and the prior balance sheets have been restated accordingly. The pre-tax profit for the six months ended 30th September 2007 is stated after charging non-recurring costs of re-organisation at Paddock Wood of £58,000.

Trading Review

Solid State Supplies

Despite a significant broadening of our product range, sales in this period grew only fractionally as trading conditions remained difficult. During the first quarter of this financial year we restructured our operations at Paddock Wood resulting in a non-recurring charge of £58,000. I am pleased to report that Solid State Supplies then traded profitably in the second quarter. The outlook for the distribution market for the second half of our fiscal year remains challenging. However, we will continue our transition to higher value products, better suited to our market, which will place us in a stronger position when the market improves.

Steatite and Wordsworth Technology

Trading for the first period was disappointing in both companies, whilst the strategy for margin enhancement has proved to be effective. The level of turnover in both companies is significantly affected by the timing of contracts with large customers. In the six months ended 30th September 2006 the turnover included large contracts which had been secured in early 2006. In the six months ended 30th September 2007 there were no such contracts but significant contracts have now been secured which will result in enhanced turnover in the second half of the current accounting year. Consequently both Steatite and Wordsworth Technology look forward to a stronger second period, benefiting also from our strategy of own brand and new products.

Summary

The decline in turnover compared with the same period last year reflects the difficult trading conditions which have affected operations at both sites. However the effects have been mitigated by continuing improvement in gross margins in both the distribution and manufacturing sectors and following the restructuring at Solid State Supplies earlier in the year all three operating companies are now trading profitably. The recent acquisition of RZ Pressure Instruments Supply SARL will enhance significantly the battery division of Steatite Limited and the group continues to look for suitable acquisitions within the electronics industry.

Dividends

A final dividend of 2p per share was paid in respect of the year ended 31st March 2007 meaning that the total dividend paid in respect of the year was 3p per share. The directors are pleased to announce that in the light of the result for the first half year, an interim dividend of 0.75p per share will be paid. The payment date will be 30th January 2008 to shareholders on the register at the close of business on 11th January 2008.

Conclusion

I would like to thank my fellow directors and all the staff of the group for their support over the past six months.

Peter Haining
Chairman
27th December 2007

INTERIM CONSOLIDATED INCOME STATEMENT
for the six months ended 30th September 2007

	Unaudited Six months to 30 September 07 £'000	Unaudited Six months to 30 September 06 £'000	Unaudited Year to 31 March 07 £'000
Revenue	5,087	6,337	12,370
Cost of sales	(3,507)	(4,669)	(8,784)
Gross profit	<u>1,580</u>	<u>1,668</u>	<u>3,586</u>
Distribution costs	(647)	(794)	(1,356)
Administrative expenses	(722)	(591)	(1,563)
	<u>(1,369)</u>	<u>(1,385)</u>	<u>(2,919)</u>
Profit from operations	211	283	667
Finance income	-	1	2
Finance costs	(51)	(51)	(113)
Profit before taxation	<u>160</u>	<u>233</u>	<u>556</u>
Tax expense	(36)	(41)	(95)
PROFIT FOR THE FINANCIAL PERIOD	<u>124</u>	<u>192</u>	<u>461</u>
Earnings per share (see below)			
Basic	2.0p	3.1p	7.4p
Diluted	2.0p	3.1p	7.4p
All amounts relate to continuing operations.			

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30th September 2007
(unaudited)

	Share capital	Share premium reserve	Capital redemption reserve	Retained earnings	Total
Balance at 31 March 2006	308	757	5	949	2,019
Profit for six months to 30 September 2006	-	-	-	192	192
	<u>308</u>	<u>757</u>	<u>5</u>	<u>1,141</u>	<u>2,211</u>
Share based payment expense	-	-	-	4	4
Balance at 30 September 2006	<u>308</u>	<u>757</u>	<u>5</u>	<u>1,145</u>	<u>2,211</u>
Profit for six months to 31 March 2007	-	-	-	269	269
	<u>308</u>	<u>757</u>	<u>5</u>	<u>1,414</u>	<u>2,484</u>
Dividends				(61)	(61)
Share based payment expense				4	4
Balance at 31 March 2007	<u>308</u>	<u>757</u>	<u>5</u>	<u>1,357</u>	<u>2,427</u>
Profit for six months to 30 September 2007	-	-	-	124	124
	<u>308</u>	<u>757</u>	<u>5</u>	<u>1,481</u>	<u>2,551</u>
Dividends				(123)	(123)
Share based payment expense				4	4
Balance at 30th September 2007	<u>308</u>	<u>757</u>	<u>5</u>	<u>1,362</u>	<u>2,432</u>

CONSOLIDATED BALANCE SHEET
as at 30th September 2007

	<i>Unaudited as at 30 September 07 £'000</i>	<i>Unaudited as to 30 September 06 £'000</i>	<i>Unaudited as at 31 March 07 £'000</i>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	302	368	343
Goodwill	1,661	1,661	1,661
TOTAL NON-CURRENT ASSETS	<u>1,963</u>	<u>2,029</u>	<u>2,004</u>
CURRENT ASSETS			
Inventories	1,249	1,188	1,249
Trade and other receivables	1,530	2,341	2,365
Cash and cash equivalents	67	117	85
TOTAL CURRENT ASSETS	<u>2,846</u>	<u>3,646</u>	<u>3,699</u>
TOTAL ASSETS	<u>4,809</u>	<u>5,675</u>	<u>5,703</u>
LIABILITIES			
CURRENT LIABILITIES			
Bank overdraft	(474)	(330)	(556)
Trade and other payables	(1,137)	(1,712)	(1,644)
Bank borrowings	(566)	(925)	(763)
Corporation tax liabilities	(95)	(40)	(95)
TOTAL CURRENT LIABILITIES	<u>(2,272)</u>	<u>(3,007)</u>	<u>(3,058)</u>
NON-CURRENT LIABILITIES			
Bank borrowings	(69)	(412)	(218)
Corporation tax liabilities	(36)	(41)	-
TOTAL NON-CURRENT LIABILITIES	<u>(105)</u>	<u>(453)</u>	<u>(218)</u>
TOTAL LIABILITIES	<u>(2,377)</u>	<u>(3,460)</u>	<u>(3,276)</u>
TOTAL NET ASSETS	<u>2,432</u>	<u>2,215</u>	<u>2,427</u>
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Share capital	308	308	308
Share premium reserve	757	757	757
Capital redemption reserve	5	5	5
Retained earnings	1,362	1,145	1,357
TOTAL EQUITY	<u>2,432</u>	<u>2,215</u>	<u>2,427</u>

CONSOLIDATED CASH FLOW STATEMENT
for the six months ended 30th September 2007

	<i>Unaudited</i> <i>Six months to</i> <i>30 September 07</i> <i>£'000</i>	<i>Unaudited</i> <i>Six months to</i> <i>30 September 06</i> <i>£'000</i>	<i>Unaudited</i> <i>Year to</i> <i>31 March 07</i> <i>£'000</i>
OPERATING ACTIVITIES			
Net profit from ordinary activities before taxation	160	233	556
Adjustments for:			
Depreciation	54	72	152
Loss on sale of non-current assets	2	6	17
Share based payment expense	4	4	8
Investment income	-	(1)	(2)
Finance costs	51	51	113
Operating profit before changes in working capital and provisions	<u>271</u>	<u>365</u>	<u>844</u>
Decrease/(increase) in inventories	-	(107)	(168)
Decrease/(increase) in trade and other receivables	835	(477)	(543)
Increase/(decrease) in trade and other payables	(509)	107	44
Cash generated from operations	<u>597</u>	<u>(112)</u>	<u>177</u>
Income taxes paid	-	-	(40)
Income taxes repaid	-	-	42
Cash flows from operating activities	<u>597</u>	<u>(112)</u>	<u>179</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(19)	(114)	(188)
Proceeds from sale of property, plant and equipment	6	43	50
Interest received	-	1	2
	<u>(13)</u>	<u>(70)</u>	<u>(136)</u>
FINANCING ACTIVITIES			
Repayment of bank borrowings	(167)	(82)	(262)
Income discounting finance (net movement)	(179)	36	(143)
Interest paid	(51)	(51)	(113)
Dividends paid to equity shareholders	(123)	-	(62)
	<u>(520)</u>	<u>(97)</u>	<u>(580)</u>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<u>64</u>	<u>(279)</u>	<u>(537)</u>

NOTES TO THE INTERIM REPORT
for the six months ended 30th September 2007

1. Basis of preparation of interim financial information

The consolidated interim financial statements have been prepared in accordance with the recognition and measurement principals of International Financial Reporting Standards as endorsed by the European Union ("IFRS") and expected to be effective at the year end of 31st March 2008, which are mandatory for accounting periods beginning on or after 1st January 2007. Comparative information for the six months ended 30th September 2006 and 31st March 2007 has been restated on an IFRS basis.

As allowed by IFRS 1, we have elected not to apply IFRS retrospectively for business combinations computed prior to 1st April 2006 and have used the carrying value of goodwill resulting from business combinations occurring before the date of transition as deemed costs, subjecting this to impairment reviews at the date of transition (1st April 2006) and at the end of each financial year thereafter.

The only effect of the transition on the reported results has been the elimination of the amortisation of goodwill as a result of the prohibition of this charge imposed by IFRS 3. Consequently the goodwill on consolidation is now carried in the balance sheet at its book value at 31st March 2006 of £1,660,878, and the amortisation charge of £91,553 in the accounts for the year ended 31st March 2007 has been eliminated, as has the charge of £45,777 in the accounts for the six months ended 30th September 2006 and the charge of £45,777 which would have been made in the accounts for the six months ended 30th September 2007. The effect has been to reduce administrative expenses and to increase net profit and retained earnings by these amounts.

The interim financial statements are unaudited and do not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. Statutory accounts for the year ended 31st March 2007, prepared in accordance with UK GAAP, have been filed with the Registrar of Companies. The Auditors' Report on these accounts was unqualified, did not include any matters to which the Auditors drew attention by way of emphasis without qualifying their report and did not contain any statements under section 237 of the Companies Act 1985.

2. The earnings per share

The earnings per share figures are based on the profit on ordinary activities after taxation as stated in the unaudited profit and loss account and the weighted average number of shares in issue during each period. The weighted average number of shares in issue during the period was 6,156,511 for the six months ended 30th September 2007, 6,156,511 for the year ended 31st March 2007 and 6,156,511 for the six months ended 30th September 2006. The calculation of diluted earnings per share was based on 6,156,511 for the six months ended 30th September 2007, 6,156,511 for the year ended 31st March 2007 and 6,156,511 for the six months ended 30th September 2006.

3. Analysis and reconciliation of cash and cash equivalents

	Unaudited 31.03.06 £'000	Cash Flow £'000	Unaudited 30.09.06 £'000	Cash Flow £'000	Unaudited 31.03.07 £'000	Cash Flow £'000	Unaudited 30.09.07 £'000
Cash at bank and in hand	154	(37)	117	(32)	85	(18)	67
Bank overdrafts	(88)	(242)	(330)	(226)	(556)	82	(474)
	<u>66</u>	<u>(279)</u>	<u>(213)</u>	<u>(258)</u>	<u>(471)</u>	<u>64</u>	<u>(407)</u>

NOTES TO THE INTERIM REPORT
for the six months ended 30th September 2007 (continued)

4 Dividends

Dividends paid during the period from 1st April 2006 to 30th September 2007 were as follows:

30th January 2007	Interim dividend year ended 31st March 2007	1p per share
6th August 2007	Final dividend year ended 31st March 2007	2p per share

The directors are intending to pay an interim dividend for the year ended 31st March 2008 in January 2008 of 0.75p per share. This dividend has not been accrued at 30th September 2007.

- Further copies of this document are available both at the registered office of the Company and from the offices of Charles Stanley Securities, 25 Luke Street, London, EC2A 4AR

Further enquiries:

Gary Marsh
Group Managing Director
Solid State plc
01892 836 836

Philip Davies
Charles Stanley Securities
Nominated Adviser
020 7739 8200

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