

## Regulatory Story

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**Company** [Solid State PLC](#)  
**TIDM** SSP  
**Headline** Final Results  
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Solid State PLC

28 July 2010

### SOLID STATE PLC

#### PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MARCH 2010

#### CHAIRMAN'S STATEMENT

##### Key Results

- Turnover	£13.5m	(2009: £12.5m)
- Profit before tax	£530k	(2009: £615k)
- Earnings per share	6.6p	(2009: 7.9p)
- Cash generated from operations	£425k	(2009: £632k)

##### Dividends

The Directors recommend that a final dividend of 2p per share be paid. An interim dividend of 1p per share was paid in January 2010 giving a total dividend in respect of the year of 3p per share (2009: 3p per share). The final dividend will be paid on 6th September 2010 to shareholders on the register at the close of business on 20th August 2010.

##### Trading Review

The key performance indicators measured by management are sales, bookings and gross profit margins. Bookings are sales orders received.

##### Solid State Supplies

Although sales from our component distribution business declined by 3.4% in FY09/10, the effects of the economic downturn were not as great as those felt by the market in general. Our industry association AFDEC reported a contraction in the DTAM (Distributor's Total Available Market) for the UK of 11.3% in 2009. We believe our strategy of focusing on specialist electronic components and the continued programme of new product introductions helped to insulate us from the worst of the recession. We are pleased to report gross margins improved in the second half of the year and closed at 27.3% (2009: 27.4%).

In the light of the contraction of the overall market we implemented a restructuring programme which we completed in the first quarter of the new financial year. We began to see an upturn in the market during the final quarter and our bookings at the close of this financial year were 5.4% up on the previous year. We start the new financial year with an increased order book 11.2% up on this time last year. Whilst the economic outlook remains uncertain these results coupled with the newly restructured business give us grounds for optimism as we start the new financial year.

##### Steatite

As a result of new product developments we achieved a very strong performance during the second half of the year and are very pleased to report sales for a whole of FY09/10 increased by 11.8%. Both the battery and industrial computer divisions performed well. Gross margins



Nominated Adviser  
Russell Cook / Carl Holmes      020 7149 6000



**CONSOLIDATED INCOME STATEMENT**

For the year ended 31 March 2010

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Revenue	13,509,123	12,521,786
Cost of sales	(9,865,137)	(9,007,486)
	<hr/>	<hr/>
GROSS PROFIT	3,643,986	3,514,300
Distribution costs	(1,331,452)	(1,204,574)
Administrative expenses	(1,760,052)	(1,634,967)
	<hr/>	<hr/>
PROFIT FROM OPERATIONS	552,482	674,759
Finance income	-	67
Finance costs	(22,697)	(60,325)
	<hr/>	<hr/>
PROFIT BEFORE TAXATION	529,785	614,501
Tax expense	(124,150)	(128,670)
	<hr/>	<hr/>
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	405,635	485,831
	<hr/>	<hr/>
OTHER COMPREHENSIVE (EXPENSES)/INCOME		
Translation differences on overseas operations	(3,000)	5,262
	<hr/>	<hr/>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	402,635	491,093
	<hr/>	<hr/>
EARNINGS PER SHARE		
Basic	6.6p	7.9p
Diluted	6.6p	7.9p



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 March 2010

	<b>Share Capital</b>	<b>Share Premium Reserve</b>	<b>Capital Redemption Reserve</b>	<b>Foreign Exchange Reserve</b>	<b>Retained Earnings</b>	<b>Total</b>
Balance at 31 March 2008	307,826	756,980	4,674	52,864	1,477,535	2,599,879
Total comprehensive income For the year ended 31 March 2009	-	-	-	5,262	485,831	491,093
Share based payment expense	-	-	-	-	12,546	12,546
Dividends	-	-	-	-	(138,522)	(138,522)
Balance at 31 March 2009	<u>307,826</u>	<u>756,980</u>	<u>4,674</u>	<u>58,126</u>	<u>1,837,390</u>	<u>2,964,996</u>
Total comprehensive income For the year ended 31 March 2010	-	-	-	(3,000)	405,635	402,635
Share based payment expense	-	-	-	-	12,546	12,546
Dividends	-	-	-	-	(184,695)	(184,695)
Balance at 31 March 2010	<u>307,826</u>	<u>756,980</u>	<u>4,674</u>	<u>55,126</u>	<u>2,070,876</u>	<u>3,195,482</u>





**CONSOLIDATED BALANCE SHEET**  
at 31 March 2010

	£	2010 £	£	2009 £
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment		299,844		289,248
Intangible assets		2,028,946		2,032,806
<b>TOTAL NON-CURRENT ASSETS</b>		<u>2,328,790</u>		<u>2,322,054</u>
<b>CURRENT ASSETS</b>				
Inventories	1,787,520		1,554,029	
Trade and other receivables	2,562,387		2,219,874	
Cash and cash equivalents	343,835		216,796	
<b>TOTAL CURRENT ASSETS</b>		<u>4,693,742</u>		<u>3,990,699</u>
<b>TOTAL ASSETS</b>		<u>7,022,532</u>		<u>6,312,753</u>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Bank overdraft	461,627		668,280	
Trade and other payables	2,172,882		1,838,768	
Bank borrowings	1,063,703		712,039	
Corporation tax liabilities	118,814		128,670	
<b>TOTAL CURRENT LIABILITIES</b>		<u>3,817,026</u>		<u>3,347,757</u>
<b>NON CURRENT LIABILITIES</b>				
Deferred tax liability	10,024		-	
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>10,024</u>		<u>-</u>
<b>TOTAL LIABILITIES</b>		<u>3,827,050</u>		<u>3,347,757</u>
<b>TOTAL NET ASSETS</b>		<u>3,195,482</u>		<u>2,964,996</u>
<b>CAPITAL AND RESERVES</b>				
<b>ATTRIBUTABLE TO EQUITY</b>				
<b>HOLDERS OF THE PARENT</b>				
Share capital		307,826		307,826
Share premium reserve		756,980		756,980
Capital redemption reserve		4,674		4,674
Foreign exchange reserve		55,126		58,126
Retained earnings		2,070,876		1,837,390
<b>TOTAL EQUITY</b>		<u>3,195,482</u>		<u>2,964,996</u>



**CONSOLIDATED CASH FLOW STATEMENT**

For the year ended 31 March 2010

	2010		2009
	£	£	£
<b>OPERATING ACTIVITIES</b>			
Profit before taxation	529,785		614,501
Adjustments for:			
Depreciation	88,929		89,235
Amortisation	7,695		7,567
Loss on disposal of property, plant and equipment	4,928		3,346
Share based payment expense	12,546		12,546
Finance income	-		(67)
Finance costs	22,697		60,325
	<hr/>		<hr/>
Profit from operations before changes in working capital and provisions	666,580		787,453
	<hr/>		<hr/>
(Increase)/decrease in inventories	(233,491)	8,803	
(Increase) in trade and other receivables	(342,513)	(176,005)	
Increase in trade and other payables	334,117	12,334	
	<hr/>	<hr/>	
	(241,887)		(154,868)
	<hr/>		<hr/>
Cash generated from operations	424,693		632,585
	<hr/>		<hr/>
Income taxes paid	(123,982)	(106,871)	
	<hr/>	<hr/>	
	(123,982)		(106,871)
	<hr/>		<hr/>
Cash flow from operating activities	300,711		525,714
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	(158,014)	(101,795)	
Purchase of computer software	(3,835)	-	
Proceeds of sales from property, plant and equipment	53,558	8,500	
Interest received	-	67	
	<hr/>	<hr/>	
	(108,291)		(93,228)
	<hr/>		<hr/>
	192,420		432,486
<b>FINANCING ACTIVITIES</b>			
Repayment of bank borrowings	-	(216,337)	
Invoice discounting finance (net movement)	351,664	(10,517)	
Interest paid	(22,697)	(60,325)	
Dividend paid to equity shareholders	(184,695)	(138,522)	
	<hr/>	<hr/>	
	144,272		(425,701)
	<hr/>		<hr/>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>336,692</b>		<b>6,785</b>
	<hr/>		<hr/>



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2010

1. The financial information in the preliminary announcement does not constitute the company's statutory accounts for the years ended 31st March 2010 or 31st March 2009. The financial information for the year ended 31st March 2009 is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. The auditors reported on those accounts; their report was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their reports and did not contain statements under the Companies Act 1985, s 237(2) or (3). The financial information for the year ended 31 March 2010 is unaudited. Statutory accounts for that will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the registrar of Companies following the company's annual general meeting.

### 2. ACCOUNTING POLICIES AND CRITICAL ACCOUNTING JUDGEMENTS

The financial information in this preliminary announcement has been prepared using the recognition and measurement principles of International Accounting Standards, International Financial Reporting Standards and Interpretations adopted for use in the European Union (collectively Adopted IFRSs). The principal accounting policies used in preparing the preliminary announcement are those the group will apply in its financial statement for the year ended 31 March 2010 and are unchanged from those disclosed in the group's Report and Financial Statements for the year ended 31 March 2009.

### 3. EARNINGS PER SHARE

The earnings per share is based on the following:

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Earnings	405,635	485,831
Weighted average number of shares	6,156,511	6,156,511
Diluted number of shares	6,156,511	6,156,511
Earnings per share	6.6p	7.9p
Diluted earnings per share	6.6p	7.9p

Earnings per ordinary share has been calculated using the weighted average number of shares in issue during the year. The weighted average number of equity shares in issue was 6,156,511 (2009: 6,156,511).

The Diluted earnings per share is based on 6,156,511 (2009: 6,156,511) ordinary shares which allow for the exercise of all dilutive potential ordinary shares.

Certain employee options have not been included in the calculation of diluted EPS because their exercise is contingent on the satisfaction of certain criteria that had not been met at the end of the year. In addition, certain employee options have also been excluded from the calculation of diluted EPS as their exercise price is greater than the weighted average share price during the year (ie they are out-of-the-money) and therefore it would not be advantageous for the holders to exercise the options.

The number of shares included in the option agreement which have not been included in the calculation of the weighted average number of shares was 634,920 (2009: 634,920).



#### 4. DIVIDENDS

	2010 £	2009 £
Final dividend paid for the prior year of 2p per share (2009: 1.25p)	123,130	76,957
Interim dividend paid of 1p per share (2009: 1p)	61,565	61,565
	<hr/>	<hr/>
	184,695	138,522
	<hr/>	<hr/>
Final dividend proposed for the year 2p per share (2009: 2p)	123,130	123,130
	<hr/>	<hr/>

The proposed final dividend has not been accrued for as the dividend was declared after the balance sheet date.

#### 5. SEGMENT INFORMATION

The Group's primary reporting format for segment information is business segments which reflect the management reporting structure in the Group. The distribution division includes Solid State Supplies Limited and the manufacturing division includes Wordsworth Technology Limited and Steatite Limited which incorporates RZ Pressure.

##### Year ended 31 March 2009

	Distribution division £	Manufacturing division £	Head office £	Total £
<b>Revenue</b>				
External	3,642,911	8,878,875	-	12,521,786
Intercompany	-	96,789	-	96,789
	<hr/>	<hr/>	<hr/>	<hr/>
	3,642,911	8,975,664	-	12,618,575
	<hr/>	<hr/>	<hr/>	<hr/>
Profit/(loss) before tax	38,827	782,674	(207,000)	614,501
<b>Balance sheet</b>				
Assets	1,719,736	4,593,017	-	6,312,753
Liabilities	(2,111,952)	(1,217,921)	(17,884)	(3,347,757)
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets/(liabilities)	(392,216)	3,375,096	(17,884)	2,964,996
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Other</b>				
Capital expenditure				
- Tangible fixed assets	44,812	56,983	-	101,795
- Intangible fixed assets	-	-	-	-
Depreciation, amortisation and other non cash expenses	48,108	80,040	-	128,148

Interest paid	<u>12,000</u>	<u>12,639</u>	<u>35,686</u>	<u>60,325</u>
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## Year ended 31 March 2010

	Distribution division £	Manufacturing division £	Head office £	Total £
<b>Revenue</b>				
External	3,544,437	9,964,686	-	13,509,123
Intercompany	-	6,125	-	6,125
	<hr/>	<hr/>	<hr/>	<hr/>
	3,544,437	9,970,811	-	13,515,248
	<hr/>	<hr/>	<hr/>	<hr/>
Profit/(loss) before tax	(40,748)	779,533	(209,000)	529,785
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance sheet</b>				
Assets	1,650,165	5,372,367	-	7,022,532
Liabilities	(2,059,313)	(1,708,268)	(49,445)	(3,817,026)
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets/(liabilities)	(409,148)	3,664,099	(49,445)	3,205,506
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Other</b>				
Capital expenditure				
- Tangible fixed assets	69,929	88,082	-	158,011
- Intangible fixed assets	3,835	-	-	3,835
Depreciation, amortisation and other non cash expenses	53,956	67,596	-	121,552
Interest paid	11,565	10,474	658	22,697
	<hr/>	<hr/>	<hr/>	<hr/>

Included within the manufacturing division is £1,864,461 (2009: £0) relating to income from a major customer which accounts for greater than 10% of the Group's turnover.

	External revenue by		Total assets by		Net tangible capital expenditure by of assets	
	location of customer		location of assets		of assets	
	2010 £	2009 £	2010 £	2009 £	2010 £	2009 £
United Kingdom	12,351,720	11,397,659	7,007,211	6,195,887	104,456	93,295
Ireland	109,893	-	-	-	-	-
Europe	763,260	747,966	15,321	116,866	-	-
North America	95,930	119,234	-	-	-	-
Asia	159,643	148,332	-	-	-	-
Africa	15,894	92,076	-	-	-	-
Australasia	12,442	14,302	-	-	-	-
South America	341	2,217	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	13,509,123	12,521,786	7,022,532	6,312,753	104,456	93,295
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

All the above relate to continuing operations.

6. The Annual Report will be sent to shareholders shortly and made available to the public at the registered office of the Company at Unit 2, Eastlands Lane, Paddock Wood, Kent, TN12 6BU and will also be available to download on the Company's website [www.sssplc.com](http://www.sssplc.com).

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