Regulatory Story

Go to market news section

Company	Solid State PLC
TIDM	SSP
Headline	Final Results
Released	07:00 28-Jul-2010
Number	0270Q07

RNS Number : 0270Q 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

A 🗛

remained under pressure owing to the weakness of Sterling, with overall margins slipping by 0.9% compared to FY08/09. The strong bookings performance throughout the year has meant the open order book going into FY10/11 is some 76% up on the previous year. Our robust order book and potential for a number of significant new contracts together place us in a strong position as we enter the new fiscal year.

Summary

Despite the fall in profit before tax of 13.8%, the increase achieved in turnover of 7.9% and in gross profit of 3.7%, reflect a strong result in what has been a very difficult economic climate.

We completed our fourth acquisition with the purchase of Rugged Systems Limited at the beginning of April 2010. The addition of this company will strengthen significantly our computer business as we seek to become the UK's leading supplier of industrial computers.

Steatite has had a strong start to the new financial year and we believe that the restructuring undertaken at Solid State Supplies will return that division to profitability.

We believe that the Group is well placed to benefit from the current economic recovery and to achieve increases in turnover and profitability in the new financial year.

Renewal of authority to purchase the Company's shares

Last year, a resolution was passed at the Annual General Meeting to give the Company the authority to purchase its own Ordinary shares on the Stock Exchange. This authority would expire after a period of eighteen months from the passing of the resolution. In order to avoid this authority expiring during the next year and the need to call an extraordinary general meeting to renew the authority, a resolution to renew the authority is set out in the notice of the Annual General Meeting on page 50 of this document.

Under the terms of the resolution to be proposed at the Annual General Meeting, the maximum number of shares which may be purchased is 923,476 shares representing 15% of the issued Ordinary share capital of the Company. The minimum price payable by the Company for its Ordinary shares will be 5p and the maximum price will be £1. The authority will automatically expire after a period of eighteen months from the passing of the resolution unless renewed.

It is not the Directors' current intention to exercise the power to purchase the Company's Ordinary shares but they believe that under certain circumstances it would be in the Company's best interests to do so.

Your Directors consider that the resolution to be proposed at the meeting is in the best interests of the Company and its shareholders. They unanimously recommend that all Ordinary shareholders vote in favour of the resolution at the Annual General Meeting as they intend to do in respect of their beneficial holdings amounting to 4,525,113 Ordinary shares, representing 73.5% of the Company's issued Ordinary share capital.

Conclusion

I would like to thank my fellow Directors and all the staff of the Group for their continued support.

Peter Haining

Chairman 28th July 2010

Enquiries:

Solid State plc

Peter Haining Chairman 01435 865 353

01892 836 836

Gary Marsh Managing Director

Charles Stanley Securities

Nominated Adviser Russell Cook / Carl Holmes 020 7149 6000

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2010

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2010

	Share Capital	Share Premium Reserve	Capital Redemption Reserve	Foreign Exchange Reserve	Retained Earnings	Total
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 average	-	-	-	5,202	,	
Share based payment expense	-	-	-	-	12,546	12,546
Dividends	-	-	-	-	(138,522)	(138,522)
Balance at 31 March 2009	307,826	756,980	4,674	58,126	1,837,390	2,964,996
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	307,826	756,980	4,674	55,126	2,070,876	3,195,482

CONSOLIDATED BALANCE SHEET at 31 March 2010

100570	£	2010 £	£	2009 £
ASSETS NON-CURRENT ASSETS Property, plant and equipment Intangible assets		299,844 2,028,946		289,248 2,032,806
TOTAL NON-CURRENT ASSETS		2,328,790		2,322,054
CURRENT ASSETS Inventories Trade and other receivables Cash and cash equivalents	1,787,520 2,562,387 343,835		1,554,029 2,219,874 216,796	
TOTAL CURRENT ASSETS		4,693,742		3,990,699
TOTAL ASSETS		7,022,532		6,312,753
LIABILITIES CURRENT LIABILITIES Bank overdraft Trade and other payables Bank borrowings Corporation tax liabilities	461,627 2,172,882 1,063,703 118,814		668,280 1,838,768 712,039 128,670	
TOTAL CURRENT LIABILITIES		3,817,026		3,347,757
NON CURRENT LIABILITIES Deferred tax liability	10,024			
TOTAL NON-CURRENT LIABILITIES		10,024		-
TOTAL LIABILITIES		3,827,050		3,347,757
TOTAL NET ASSETS		3,195,482		2,964,996
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT Share capital Share premium reserve Capital redemption reserve Foreign exchange reserve		307,826 756,980 4,674 55,126		307,826 756,980 4,674 58,126
Retained earnings		2,070,876		1,837,390
TOTAL EQUITY		3,195,482		2,964,996

CONSOLIDATED CASH FLOW STATEMENT For the year ended 31 March 2010

	£	2010 £	£	2009 £
OPERATING ACTIVITIES	-	~	~	~
Profit before taxation Adjustments for:		529,785		614,501
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
Profit from operations before changes in working capital and provisions		666,580		787,453
(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	
		(241,887)		(154,868)
Cash generated from operations		424,693		632,585
Income taxes paid	(123,982)		(106,871)	
	(120,002)		(100,071)	
		(123,982)		(106,871)
Cash flow from operating activities		300,711		525,714
INVESTING ACTIVITES				
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	
		(108,291)		(93,228)
		192,420		432,486
FINANCING ACTIVITIES			(0.1.0, 0.0.7)	
Repayment of bank borrowings	-		(216,337)	
Invoice discounting finance (net movement) Interest paid	351,664 (22,697)		(10,517) (60,325)	
Dividend paid to equity shareholders	(184,695)		(138,522)	
			(
		144,272		(425,701)
INCREASE IN CASH AND CASH EQUIVALENTS		336,692		6,785

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:

	2010 £	2009 £
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
	184,695	138,522
Final dividend proposed for the year 2p per share (2009: 2p)	123,130	123,130

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

Interest paid	12,000	12,639	35,686	60,325

Year ended 31 March 2010

	Distribution division £	Manufacturing division £	Head office £	Total £
Revenue				
External Intercompany	3,544,437 -	9,964,686 6,125	-	13,509,123 6,125
	3,544,437	9,970,811	-	13,515,248
Profit/(loss) before tax	(40,748)	779,533	(209,000)	529,785
Balance sheet				
Assets Liabilities	1,650,165 (2,059,313)	5,372,367 (1,708,268)	- (49,445)	7,022,532 (3,817,026)
Net assets/(liabilities)	(409,148)	3,664,099	(49,445)	3,205,506
Other				
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

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 re	evenue by	Total assets by		Net tangible capital expenditure by	
	location of 2010 £	f customer 2009 £	location o 2010 £	of assets 2009 £	of ass 2010 £	
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	-	-	-	-
	13,509,123	12,521,786	7,022,532	6,312,753	104,456	93,295

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 <u>www.sssplc.com</u>.

This information is provided by RNS The company news service from the London Stock Exchange

END

FR PGUWPMUPUGQM

CLOSE

London Stock Exchange plc is not responsible for and does not check content on this Website. Website users are responsible for checking content. Any news item (including any prospectus) which is addressed solely to the persons and countries specified therein should not be relied upon other than by such persons and/or outside the specified countries. Terms and conditions, including restrictions on use and distribution apply.

©2009 London Stock Exchange plc. All rights reserved

Regulatory