

Regulatory Story

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SOLID STATE PLC

UNAUDITED PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MARCH 2009

CHAIRMAN'S STATEMENT

Results

The profit before tax of the Group was £614,501 (2008: £424,442) on revenue of £12,521,786 (2008: £10,724,333). The basic earnings per share amounted to 7.9p (2008: 5.4p). The pre-tax profit for the year ended 31st March 2008 is stated after charging non-recurring costs of the re-organisation at Paddock Wood of £57,863.

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 2009 giving a total dividend in respect of the year of 3p per share (2008: 2p per share). The final dividend will be paid on 7th September 2009 to shareholders on the register at the close of business on 28th August 2009.

Trading Review

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

Solid State Supplies

Whilst bookings slowed during the second half of this financial year in line with the outlook in our interim statement, sales increased by 3% compared to the first half year. This compares favourably with our industry association AFDEC which reported a contraction in the market for 2008 of -5.8%. Order patterns at present have shifted away from placing longer term schedules to requirements for immediate delivery thus preserving our order backlog which is 14% higher than the same period last year. Gross profit margins were impacted during this year as a result of the sudden devaluation of sterling against the US dollar. However, our currency hedging strategies protected us against the worst effects of this devaluation.

Although we have recently seen some improvement in certain areas of the distribution market, conditions remain uncertain and we are therefore keeping tight control on our overheads. During this fiscal year we broadened our product range in our focus areas of embedded processing/connectivity and power semiconductors and modules. We believe there will be further opportunities for new product lines following the recent wave of consolidation in our industry which together with the steps we have already taken mean we are well placed to take advantage of the upturn in the general economy when it comes.

Steatite and Wordsworth Technology

Trading in both companies remains strong. Sales in Steatite were up 22.4% compared to the previous year, whilst Wordsworth sales were up 25.8% compared to the previous year. Key

customer contracts within military and the oil industry played a major part in both companies' growth.

The decline in sterling, however, impacted on the gross margins with a decline from 31.1% to 27.8%. Nevertheless the higher turnover level ensured that the level of gross profit overall increased by almost £250,000 with net profit before tax increasing by 10.7%.

The economic climate continues to affect the manufacturing sector but both companies are well positioned to mitigate the current recession with major bids in place and due to be awarded during the first quarter. New product developments based on lower power systems will assist in growing the business whilst helping the company's commitment to design more environmentally sustainable systems.

We will continue to pursue our strategy with value added products, whilst endeavouring to enhance margins with particular attention to exchange rate fluctuations over the ensuing months. We will benefit from reduced overheads following the combination of the two businesses into one company.

The outstanding order book remains strong with a workforce that is skilled and tuned to the business needs. We remain cautiously optimistic for the future.

Summary

These results record a strong year with a 16.7% increase in turnover and an increase in pre-tax profit from £424,442 to £614,501. This has been achieved despite the very significant decline in the value of sterling against the US dollar and the general economic climate.

The effects of the recession have been evidenced by relatively low bookings throughout the Group in the last few months of the year and a tendency for customers to take a cautious approach to placing larger medium term orders, but several sound contracts have been achieved since the balance sheet date and the Directors consider the Group is well placed to trade through the forthcoming months when the UK economy is expected to remain in recession and to benefit from an economic upturn when the UK economy recovers.

The Group continues to look for suitable UK acquisitions within the electronics industry.

Peter Haining

Chairman

4 August 2009

MANAGING DIRECTOR'S REVIEW

The principal activities of the Group during the year continued to be those of the distribution of electronic components and materials and the manufacturing of electronic equipment.

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

An overall review of the Group's trading performance and future developments is given in the Chairman's Statement.

The Directors consider the results for the year to be very satisfactory especially in view of the decline in the value of sterling against the US dollar which has had the effect of increasing the costs of the majority of the group's purchases and the general decline in the UK economy.

The risk of a serious erosion of gross profit margin arising from the currency fluctuations has been offset to some extent by relatively short term hedging arrangements for the purchase of dollars, and by converting sales to dollars rather than sterling in many cases. The success of this policy is evidenced by the fact that the group gross profit margin only declined to a relatively limited extent from 30.9% to 28.1%, and the overall 16.8% increase in turnover resulted in an increase in gross profit from £3,310,394 to £3,514,300.

Charles Stanley Securities

Nominated Adviser
Philip Davies / Carl Holmes

020 7149 6000

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March 2009

	2009 (Unaudited) £	2008 (Audited) £
Revenue	12,521,786	10,724,333
Cost of sales	(9,007,486)	(7,413,939)
	<hr/>	<hr/>
GROSS PROFIT	3,514,300	3,310,394
Distribution costs	(1,204,574)	(1,238,794)
Administrative expenses	(1,634,967)	(1,547,515)
	<hr/>	<hr/>
PROFIT FROM OPERATIONS	674,759	524,085
Finance income	67	397
Finance costs	(60,325)	(100,040)
	<hr/>	<hr/>
PROFIT BEFORE TAXATION	614,501	424,442
Tax expense	(128,670)	(91,362)
	<hr/>	<hr/>
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	485,831	333,080
	<hr/>	<hr/>
EARNINGS PER SHARE		
Basic	7.9p	5.4p
Diluted	7.9p	5.4p

CONSOLIDATED BALANCE SHEET

at 31st March 2009

	2009 (Unaudited) £	2008 (Audited) £
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	289,248	288,534
Intangible assets	2,032,806	2,040,373
	<hr/>	<hr/>

TOTAL NON-CURRENT ASSETS		2,322,054		2,328,907
CURRENT ASSETS				
Inventories	1,554,029		1,562,832	
Trade and other receivables	2,219,874		2,043,869	
Cash and cash equivalents	216,796		340,190	
TOTAL CURRENT ASSETS		3,990,699		3,946,891
TOTAL ASSETS		6,312,753		6,275,798
LIABILITIES				
CURRENT LIABILITIES				
Bank overdraft	668,280		803,721	
Trade and other payables	1,838,768		1,826,434	
Bank borrowings	712,039		938,893	
Corporation tax liabilities	128,670		106,871	
TOTAL LIABILITIES		3,347,757		3,675,919
TOTAL NET ASSETS		2,964,996		2,599,879
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT				
Share capital		307,826		307,826
Share premium reserve		756,980		756,980
Capital redemption reserve		4,674		4,674
Foreign exchange reserve		58,126		52,864
Retained earnings		1,837,390		1,477,535
TOTAL EQUITY		2,964,996		2,599,879

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31st March 2009

	2009 (Unaudited)	2008 (Audited)
	£	£
OPERATING ACTIVITIES		
Profit before taxation	614,501	424,442
Adjustments for:		
Depreciation	89,235	107,794
Amortisation	7,567	641
Loss on disposal of property, plant and equipment	3,346	579
Share based payment expense	12,546	9,753
Finance income	(67)	(397)
Finance costs	60,325	100,040

Profit from operations before changes in working capital and provisions		787,453	642,852
Decrease/(increase) in inventories	8,803		(293,042)
(Increase)/decrease in trade and other receivables	(176,005)		441,248
Increase in trade and other payables	32,803		159,829
		(134,399)	308,035
Cash generated from operations		653,054	950,887
Income taxes paid	(106,871)		(92,352)
Income taxes repaid	-		941
		(106,871)	(91,411)
Cash flow from operating activities		546,183	859,476
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(101,795)		(67,310)
Purchase of computer software	-		(38,477)
Proceeds of sales from property, plant and equipment	8,500		13,499
Acquisition of subsidiary, net of cash acquired	-		(448,710)
Interest received	67		397
		(93,228)	(540,601)
		452,955	318,875
FINANCING ACTIVITIES			
Repayment of bank borrowings	(216,337)		(335,809)
Invoice discounting finance (net movement)	(10,517)		293,921
Interest paid	(60,325)		(100,040)
Dividend paid to equity shareholders	(158,991)		(169,304)
		(446,170)	(311,232)
INCREASE IN CASH AND CASH EQUIVALENTS		6,785	7,643

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st March 2009

1. The financial information in the preliminary announcement does not constitute the

company's statutory accounts for the years ended 31st March 2009 or 31st March 2008. The financial information for the year ended 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 2009 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 2009 and are unchanged from those disclosed in the group's Report and Financial Statements for the year ended 31 March 2008.

3. EARNINGS PER SHARE

The earnings per share is based on the following:

	2009	2008
	£	£
Earnings	485,831	330,080
Weighted average number of shares	6,156,511	6,156,511
Diluted number of shares	6,156,511	6,156,511
Earnings per share	7.9p	5.4p
Diluted earnings per share	7.9p	5.4p

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 (2008: 6,156,511).

The Diluted earnings per share is based on 6,156,511 (2008: 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 (2008: 380,231).

4. DIVIDENDS

	2009 £	2008 £
Final dividend paid for the prior year of 1.25p per share (2008: 2p)	76,957	123,130
Interim dividend paid of 1p per share (2008: 0.75p)	61,565	46,174
	<hr/>	<hr/>
	138,522	169,304
	<hr/>	<hr/>
Final dividend proposed for the year 2p per share (2008: 1.25p)	123,130	76,956
	<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 31st March 2009

	Distribution division £	Manufacturing division £	Head office £	Total £
Revenue				
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	58,827	787,936	(207,000)	639,763
Balance sheet				
Assets	1,739,736	4,593,017	-	6,332,753
Liabilities	(2,117,902)	(1,217,921)	(17,884)	(3,353,707)
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets/(liabilities)	(378,166)	3,375,096	(17,884)	2,979,046
	<hr/>	<hr/>	<hr/>	<hr/>
Other 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
	<hr/>	<hr/>	<hr/>	<hr/>

Year ended 31st March 2008

	Distribution division £	Manufacturing division £	Head office £	Total £
Revenue				
External	3,545,594	7,178,739	-	10,724,333
Intercompany	-	142,335	-	142,335
	<hr/>	<hr/>	<hr/>	<hr/>
	3,545,594	7,321,074	-	10,866,668
	<hr/>	<hr/>	<hr/>	<hr/>
Profit/(loss) before tax	(78,374)	715,816	(213,000)	424,442
Balance sheet				
Assets	1,605,438	4,670,360	-	6,275,798
Liabilities	(1,880,237)	(1,502,307)	(293,375)	(3,675,919)
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets/(liabilities)	(274,799)	3,168,053	(293,375)	2,599,879
	<hr/>	<hr/>	<hr/>	<hr/>
Other				
Capital expenditure				
- Tangible fixed assets	10,234	57,076	-	67,310
- Intangible fixed assets	38,477	341,659	-	380,136
Depreciation, amortisation and other non cash expenses	58,432	88,582	-	147,014
	<hr/>	<hr/>	<hr/>	<hr/>

The Group's secondary reporting format for reporting segment information is geographic segments.

External revenue by

Total assets by

**Net tangible capital
expenditure by**

	location of customer		location of assets		of assets	
	2009	2008	2009	2008	2009	2008
	£	£	£	£	£	£
United Kingdom	11,397,659	9,951,944	6,215,887	6,159,228	93,295	53,811
Europe	747,966	561,843	116,866	116,570		
North America	119,234	100,175	-	-	-	-
Asia	148,332	92,002	-	-	-	-
Africa	92,076	12,589	-	-	-	-
Australasia	14,302	5,780	-	-	-	-
South America	2,217	-	-	-	-	-
	<u>12,521,786</u>	<u>10,724,333</u>	<u>6,332,753</u>	<u>6,275,798</u>	<u>93,295</u>	<u>53,811</u>

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.

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