

Regulatory Story

[Go to market news section](#)



Company Solid State PLC
TIDM SSP
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Solid State plc (the "Group")

Chairman's Statement

Unaudited Interim Results for the six months ended 30th September 2009

Results

The unaudited pre-tax profit for the Group for the six months ended 30th September 2009 was £209,000 (2008: £321,000) on a turnover of £6,492,000 (2008: £6,211,000). The basic earnings per share for the six months period amounted to 2.6p (2008: 3.9p).

Trading Review

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

Solid State Supplies

During the period under review bookings increased by 1% but billings declined 3% compared with the first half of FY08/09. Given that the recession has meant many companies have reduced their inventory levels it is pleasing that our bookings and billings have remained broadly in line with last year and our open order book is 4% higher than at the start of this financial year. Our increased product range referred to in our annual report certainly helped to mitigate some of the effects of the downturn. However, the volatility of sterling against the US dollar has continued to have an impact on our gross profit margins, which have declined from an average 28.0% in the first half of FY 08/09 to 25.1%.

The outlook for 2010 is more positive with signs that confidence is returning to the market. Lead times are beginning to extend on certain products as customers in several sectors start to rebuild their inventories. This improvement in confidence has yet to manifest itself in general order intake but we believe our components business is now well placed to benefit from this upturn when it arrives.

Steatite

While the economic climate remains difficult for manufacturing companies, trading remains reasonable. In the first half of FY 09/10 sales have grown by 6.5%. The decline of sterling, however, continues to have an impact on gross margins with a decline from 29.7% to 26.2%.

New product developments into key strategic market sectors, however, have resulted in a much improved order book with an increase of 21% in the level of outstanding orders at 30th September 2009 compared with 30th September 2008. This should be reflected in a stronger performance during the second half of FY 09/10.

Summary

The increase in group turnover of 4.5% compared with the first half of FY08/09 is a sound result in the difficult economic environment, but the pressure on gross margins is illustrated in the decline from 28.3% to 26.8%.

As outlined in the individual reports above, there are strong grounds for optimism for the second half year and beyond in terms of improvements in our markets and positive book to bill ratios at both sites, and the Directors consider that the

Group has performed well during the current economic recession and is well placed to benefit as the UK economy returns to growth. The group continues to look for suitable UK acquisitions within the electronics industry.

Dividends

A final dividend of 2p per share was paid in respect of the year ended 31st March 2009 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 1p per share will be paid. The payment date will be 28th January 2010 to shareholders on the register at the close of business on 15th January 2010.

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
16 December 2009

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INTERIM CONSOLIDATED INCOME STATEMENT for the six months ended 30th September 2009

	Unaudited Six months to 30th September 09 £'000	Unaudited Six months to 30th September 08 £'000	Audited Year to 31st March 09 £'000
Revenue	6,492	6,211	12,522
Cost of sales	(4,750)	(4,452)	(9,008)
Gross profit	<u>1,742</u>	<u>1,759</u>	<u>3,514</u>
Distribution costs	(696)	(625)	(1,204)
Administrative expenses	(825)	(772)	(1,635)
	<u>(1,521)</u>	<u>(1,397)</u>	<u>(2,839)</u>
Profit from operations	221	362	675
Finance income	-	-	-
Finance costs	(12)	(41)	(60)
Profit before taxation	<u>209</u>	<u>321</u>	<u>615</u>
Tax expense	(47)	(82)	(129)

PROFIT FOR THE FINANCIAL PERIOD	162	239	486
Other comprehensive income/(expense)			
Translation differences on overseas operations	(3)	-	5
Total comprehensive income for the period	159	239	491
Earnings per share (see below)			
Basic	2.6p	3.9p	7.9p
Diluted	2.6p	3.9p	7.9p

All amounts relate to continuing operations.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30th September 2009
(unaudited)

	Share capital	Share premium reserve	Capital redemption reserve	Foreign exchange reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31st March 2008	308	757	5	53	1,477	2,600
Total comprehensive income for the period	-	-	-	-	239	239
Share based payment expense	-	-	-	-	6	6
Balance at 30th September 2008	308	757	5	53	1,722	2,845
Total comprehensive income for the period	-	-	-	5	248	253
Dividends	-	-	-	-	(139)	(139)
Share based payment expense	-	-	-	-	6	6
Balance at 31st March 2009	308	757	5	58	1,837	2,965
Total comprehensive income for the period	-	-	-	(3)	162	159
Dividends	-	-	-	-	(123)	(123)
Share based payment expense	-	-	-	-	6	6
Balance at 30th September 2009	308	757	5	55	1,882	3,007

CONSOLIDATED BALANCE SHEET
as at 30th September 2009

	Unaudited as at 30th September 09 £'000	Unaudited as at 30th September 08 £'000	Audited as at 31st March 09 £'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	292	271	289
Intangible assets	2,029	2,038	2,033

TOTAL NON-CURRENT ASSETS	2,321	2,309	2,322
	—	—	—
CURRENT ASSETS			
Inventories	1,768	1,579	1,554
Trade and other receivables	1,858	1,819	2,220
Cash and cash equivalents	111	92	217
	—	—	—
TOTAL CURRENT ASSETS	3,737	3,490	3,991
	—	—	—
TOTAL ASSETS	6,058	5,799	6,313
	—	—	—
LIABILITIES			
CURRENT LIABILITIES			
Bank overdraft	(167)	(523)	(668)
Trade and other payables	(2,163)	(1,661)	(1,839)
Bank borrowings	(545)	(587)	(712)
Corporation tax liabilities	(129)	(101)	(129)
	—	—	—
TOTAL CURRENT LIABILITIES	(3,004)	(2,872)	(3,348)
	—	—	—
NON-CURRENT LIABILITIES			
Bank borrowings	-	-	-
Corporation tax liabilities	(47)	(82)	-
	—	—	—
TOTAL NON-CURRENT LIABILITIES	(47)	(82)	-
	—	—	—
TOTAL LIABILITIES	(3,051)	(2,954)	(3,348)
	—	—	—
TOTAL NET ASSETS	3,007	2,845	2,965
	—	—	—
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
Foreign exchange reserve	55	53	58
Retained earnings	1,882	1,722	1,837
	—	—	—
TOTAL EQUITY	3,007	2,845	2,965
	—	—	—

CONSOLIDATED CASH FLOW STATEMENT
for the six months ended 30th September 2009

	Unaudited Six months to 30th September 09 £'000	Unaudited Six months to 30th September 08 £'000	Audited Year to 31st March 09 £'000
OPERATING ACTIVITIES			
Net profit from ordinary activities before taxation	209	321	615
Adjustments for:			
Depreciation	47	62	89
Amortisation	4	2	8
Loss on disposal of property, plant and equipment	3	-	3
Share based payment expense	6	6	12
Finance costs	12	41	60
	—	—	—

Operating profit before changes in working capital and provisions	281	432	787
(Increase)/decrease in inventories	(214)	(16)	9
Decrease/(increase) in trade and other receivables	362	225	(176)
Increase/(decrease) in trade and other payables	324	(165)	33
	—	—	—
Cash generated from operations	753	476	653
Income taxes paid	-	(6)	(107)
	—	—	—
Cash flows from operating activities	753	470	546
	—	—	—
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(78)	(44)	(102)
Proceeds from sale of property, plant and equipment	26	-	9
	—	—	—
	(52)	(44)	(93)
	—	—	—
FINANCING ACTIVITIES			
Repayment of bank borrowings	-	(153)	(216)
Invoice discounting finance (net movement)	(167)	(199)	(11)
Interest paid	(12)	(41)	(60)
Dividends paid to equity shareholders	(123)	-	(159)
	—	—	—
	(302)	(393)	(446)
	—	—	—
INCREASE IN CASH AND CASH EQUIVALENTS	399	33	7
Cash and cash equivalents brought forward	(452)	(464)	(464)
Exchange gains in cash and cash equivalents	(3)	-	5
	—	—	—
CASH AND CASH EQUIVALENTS CARRIED FORWARD	(56)	(431)	(452)
	—	—	—
Represented by:			
Cash at bank and in hand	111	92	217
Bank overdrafts	(167)	(523)	(669)
	—	—	—
	(56)	(431)	(452)
	—	—	—

NOTES TO THE INTERIM REPORT
for the six months ended 30th September 2009

1. Basis of preparation of interim financial information

The consolidated interim financial statements have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards as endorsed by the European Union ("IFRS") and expected to be effective at the year end of 31st March 2010, which are mandatory for accounting periods beginning on or after 1st January 2009. The accounting policies are unchanged from the financial statements for the year ended 31st March 2009.

The interim financial statements are unaudited and do not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006. Statutory accounts for the year ended 31st March 2009, prepared in accordance with IFRS, 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 2009, 6,156,511 for the year ended 31st March 2009 and 6,156,511 for the six months ended 30th September 2008. The calculation of

diluted earnings per share was based on 6,156,511 for the six months ended 30th September 2009, 6,156,511 for the year ended 31st March 2009 and 6,156,511 for the six months ended 30th September 2008.

3. Dividends

Dividends paid during the period from 1st April 2008 to 30th September 2009 were as follows:

31st October 2008	Final dividend year ended 31st March 2008	1.25p per share
30th January 2009	Interim dividend year ended 31st March 2009	1.00p per share
7th September 2009	Final dividend year ended 31st March 2009	2.00p per share

The directors are intending to pay an interim dividend for the year ended 31st March 2010 in January 2010 of 1p per share. This dividend has not been accrued at 30th September 2009.

4. 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. The statement will also be available to download on the Company's website: www.sssplc.com

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