

SANDERSON GROUP
(AIM:SND)
Share price 38pDate: 12th September 2012
**Sector: Software & Computer
Services**
Market Cap: c£16.5m
www.sanderson.com**Another positive update from the cash rich
software group**

The software and IT services business specialising in the manufacturing and multi-channel retail markets issued another encouraging trading update with the Group's multi-channel retail software division, boosted by two large orders from new customers, driving new business growth.

Following the sale of Sanderson RBS Limited in January for a net £10.86m, the Group has focused on growing its businesses in the multi-channel retail and manufacturing markets, with investment in new products and services contributing to an increase in the Group's overall order intake.

To end of August, cumulative orders are nearly 10% ahead of the comparative period of the previous year and while both divisions have increased order intake, growth has been most noticeable in the multi-channel retail business.

- Boost from large orders

The multi-channel division has secured two large orders from new customers, each worth approximately £250,000. After ten months of the current financial year, order intake for the multi-channel division exceeded the total order intake for the whole of the previous year.

As a result of the strong order intake and the winning of new customers, the Group's trading performance will now be slightly ahead of Board's expectations for the year ending 30th September 2012.

The house broker forecasts pre-tax profit of £1.8m which seems eminently achievable and the pre-close statement in a few weeks time will no doubt offer further information.

- Investment strengthens competitive position

The trading update alluded to the challenging UK economic environment but also stated how continued investment in product development and in sales and marketing has further strengthened the Group's competitive market position.

- Use of cash?

The net cash balance at 31st March 2012 was £3.56m with no debt. The pension deficit at 31st March 2012 was £3.872m (30th Sept 2011: £3.994m) with the annual funding requirement currently approximately £300,000.

In addition to the promised increase in the dividend (1.2p for the full year) the Group continues to look carefully at acquisition opportunities in both the manufacturing and multi-channel retail markets.

- Estimates achievable

As stated above, current full year estimates from the house broker remain for normalised pre-tax profit of £1.8m and normalised earnings per share of 3.8p. For the year ending 30th September 2013, estimates are for Group sales of £13.8m (no contribution from Sanderson RBS), normalised pre-tax profit of £2.2m and normalised earnings per share of 4.2p.

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Preliminary results for the year ending 30th
September 2012 are due to be released in
late November 2012.

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