

SANDERSON GROUP**(AIM:SND)****Share price 72p**Date: 23rd April 2014**Sector: Software & Computer Services**

Market Cap: c£35m

www.sanderson.com**Positive pre-close trading update**

The AIM quoted software and IT services business specialising in multi-channel retail and manufacturing markets in the UK and Ireland, has issued a highly positive trading update ahead of the publication of its interim results for the six months ending 31st March 2014.

- Revenue up 20%

For the six months to 31st March 2014 results will show revenue growing by over 20% to just over £7.90m (31st March 2013: £6.37m) with underlying organic revenue growth, measured on a 'like-for-like' basis (prior to acquisitions), up over 4%.

Pre-contracted recurring revenues rose to £4.41m (31st March 2013: £3.96m) representing more than 55% of total revenues. One again Sanderson owned proprietary products and services supported an increase in the gross margin to 87% of total revenues with operating profit (before adjustments for acquisition-related intangibles, acquisition related costs and share-based payment charges) up over 20% to £1.20m (31st March 2013: £988,000).

- Order book visibility

At the end of the period, the order book was in excess of £2.46m (31st March 2013: £1.58m), reflecting strong sales order intake from existing and new customers. Sales order intake grew over 50% in the period compared with the prior year with 'mobile and ecommerce' accounting for over 30% of total order intake during the period.

- Acquisitions delivering

Catan Marketing Limited, which provides ecommerce solutions under the 'Priam' trading name (www.priamsoftware.com) and was acquired in August 2013, has made a positive contribution during the period.

One iota Limited (www.itsoneiota.com), a leading provider of cloud-based multi-channel retail solutions which was acquired in October 2013, has helped to expand Group sales into the areas of mobile enabled online sales, ecommerce and catalogue sectors.

- Balance sheet remains robust

The Group continues to maintain a strong balance sheet and will report a cash balance at 31st March 2014 of just over £5m (31 March 2013: £4.50m) with cash also boosted during the period by the small placing in October 2013. The Group's strong cash generative business model enables the Board to continue with the progressive dividend policy.

- Outlook

There was the now customary cautious outlook, however an acknowledgement that management has "detected some improvement in business sentiment from its customers."

Most of the large book is scheduled for delivery in the second half year, providing a good level of confidence that the Group will continue to make further significant progress in the current year ending 30th September 2014.



SMALL CAP SHARE COMMENT
Commissioned Commentary

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- Broker forecasts

House broker forecasts for the full year ending September 2014 remain for sales of £16.1m, normalised profit before tax of £2.7m, normalised earnings per share of 4.39p and a dividend of 1.60p, equating to a yield of 2.20% at the current share price.

Look out for more detail in the interim results which are out on 9th June, 2014.

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