



7 July 2014

**Solid State plc**  
**(“Solid State”, the “Company” or the “Group”)**  
**Preliminary Results for the year ended 31 March 2014**

Solid State plc (AIM: SSP), the AIM listed supplier of specialist industrial/ruggedised computers, electronic components, secure communications systems and battery power solutions to the electronics market, is pleased to announce its Preliminary Results for the year ended 31 March 2014.

**Highlights in the period include:**

**Financial:**

	<b>2014</b>	<b>2013</b>	<b>Change</b>
Turnover	£32.09m	£31.50m	+2%
Profit before tax	£2.15m	£1.87m*	+15%
Earnings per share (basic)	25.3p	21.8p	+16%
Gross profit margin	29.2%	26.1%	+310bps
Operating margin	6.9%	6.2%*	+70bps
Dividend	8.5p	8.0p	+6%

\*Before exceptional items of £0.1m in FY12/13

**Operational:**

- Acquisition of Q-Par Angus Ltd in May 2013 for £1.001m
- £1.8m secure communications contract with MOD
- Acquisition of 2001 Electronic Components Ltd for £1.974m in December 2013
- Oversubscribed placing to raise £2.54m
- Expansion of higher margin ancillary services offering
- Development of proprietary products range
- Open order book at 30 April 2014 of £14.7m (30 April 2013: £10.4m)

**Commenting on the results, Tony Frere, Chairman of Solid State said:**

“I am pleased to report on a landmark year for Solid State, having made two successful acquisitions and completed an oversubscribed placing to raise £2.54m. These events have added new colleagues, clients and institutional shareholders to the Group who we welcome and look forward to working with going forward.

“Each strategic step strengthens Solid State in niche product areas and ultimately builds scale in our business. This strengthened market position has increasingly presented new products and market opportunities to the Group which is, in turn, driving a strong sales pipeline and building momentum.

“The Board remains confident in the growth strategy and is optimistic about the Group’s prospects.”

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**Notes to Editors:**

Solid State plc (SSP) is a leading value added group of companies providing specialist design-in and manufacturing services to those acquiring industrial/rugged computing products, battery power solutions, secure communications systems and electronic components for use in harsh environments.

Serving niche markets in oil & gas production, medical, construction, security, military and field maintenance, Solid State acts as both a distributor to OEMs and bespoke manufacturer of specialist units to clients with complex requirements.

Headquartered in Redditch, Solid State employs over 140 staff across four sites. Solid State operates through two main divisions: Solid State Supplies and Steatite.

Solid State was established in 1971 and admitted to AIM in June 1996.

## **CHAIRMAN'S STATEMENT**

### **Financial Review**

I would like to start by expressing my thanks on behalf of the Board to Gordon Comben for his leadership as Chairman of Solid State over the last two years. He hands over a business that has a strong management team and I look forward to continuing his good work in driving the business forward.

It gives me great pleasure therefore, in my first annual results statement as Chairman of Solid State, to report that the Group has delivered a fourth consecutive year of record results, demonstrating the success of both our organic and acquisitive growth strategies.

Revenues increased by 2% to £32.09m (2013: £31.50m). The Group benefitted from the additional revenue from acquisitions in May 2013 and December 2013, however we must recognise that the revenue in the period from the acquisition of 2001 Electronic Components Ltd was restricted to three months. On a comparative basis, the financial year 12/13 was flattered by an export order for £3.5m shipped in FY12/13 that did not repeat last year. Future periods will represent a more normalised comparison.

Revenue by division was represented by a contribution of £22.19m by the Steatite division, which includes an 11 month contribution from Q-Par of £2.64m, and £9.9m by the Solid State Supplies division, which includes a three month contribution from 2001 Electronic Components Ltd of £2.12m.

Profit before tax rose by 15% to £2.15m (2013: £1.87m). As reported at the half year stage, there was a second half bias to the results. This is typical for the Group however the acquisition of 2001 Electronic Components Ltd will moderate that effect in future years.

Margins vary with order size and product mix however in overall terms the Group commands good gross margins due to the value added nature of its offering. Pleasingly, Group gross margins increased to 29.2% (2013: 26.1%).

Operating margins increased to 6.9% (2013: 6.2%), with earnings per share rising by 16% to 25.3p (2013: 21.8p) despite an increase in the shares in issue principally as a result of the placing in December 2013.

The balance sheet strengthened significantly during the period following the two acquisitions and the fundraising. Total net assets grew by 66% to £10.4m (2013: 6.3m) with net gearing levels reducing to 23% (2013: 37%).

### **Dividends**

We have continued our stated policy of offering our shareholders a progressive dividend whilst ensuring we retain a prudent level of dividend cover. Dividends were 2.98 times covered in 2014 (2013: 2.73 times). The Board is recommending a final dividend of 5.75p. An interim dividend of 2.75p per share was paid on 31 January 2014 giving a total dividend for the year of 8.5p per share, a 6% increase on the prior year (2013: 8.0p). The final dividend will be paid on 2 September 2014 to shareholders on the register at the close of business on 6 August 2014. The shares will go ex-dividend on 8 August 2014.

### **Business Review**

The Group is focussed on the supply and support of specialist electronics equipment which include high tolerance and tailor made battery packs, specialist electronic components, specialist antennas, industrial/rugged computers and secure communications systems.

The market for the Group's products and services is driven by the need for custom electronic solutions to address complex needs, typically in harsh environments where enhanced durability and resistance to extreme and volatile temperatures is vital. Drivers in our markets include efficiency improvement, cost saving, environmental monitoring and safety.

## **Divisional Review**

### **Steatite**

Steatite is one of the leading UK suppliers of specialist electronic equipment. It designs, manufactures and supplies a range of products and solutions that include bespoke lithium battery packs, rugged mobile computing/radio solutions, secure communications systems, industrial computer hardware and software. Key to its strategy is the ability to design, manufacture and test to customer requirements for use in some of the most difficult and harsh environments against the most stringent of standards and qualifications.

Steatite has performed well during the year delivering a 3% growth in profit margin, continuing the significant progress made over the past few years.

Steatite has benefited from gaining market share in new sectors due to the breadth and technical depth of our business. In addition, the division has continued to attract new supply partners from around the world whilst continuing to focus on new product development and the introduction of new market leading products to the range.

The organic growth in our new range of communications systems has contributed well and will continue to play a key role in the next fiscal period. This is a sector where we see considerable opportunities for developing our range of higher margin proprietary products and growing market share.

The business is well resourced to benefit from the growing pipeline of new opportunities in markets such as Oil & Gas, Transport, Security and from Government agencies, who have publicly stated their strategy of increasing their supply contracts with the SME sector.

Steatite is well positioned to accelerate growth as conditions continue to improve, enhancing its position as one of the leading UK suppliers of electronic equipment and further extending its reach into export markets.

### **Q-Par Angus Ltd (Q-Par)**

Q-Par, acquired in May 2013, is at the forefront of antenna design and manufacture. The company excels in the research, design and manufacture of commercial grade and bespoke microwave antennas, subsystems and associated microwave components.

Since its acquisition, Q-Par has exceeded our expectations. The transition and restructure of the business under new management has resulted in record turnover during its 11 month contribution to this period, which was correspondingly matched by record profits. Q-Par adds significant margin enhancement to the Group due to the high end technical solutions it offers its growing customer base.

The focus on, and development of, key market areas continues to provide opportunities with export markets continuing to perform well through an enhanced network of agents throughout the world. New product introductions and development have positioned Q-Par for another strong period ahead. Further investment will see Q-Par developing its position as an industry leader in antenna design and manufacture.

### **Solid State Supplies (Including 2001 Electronic Components Ltd)**

Solid State Supplies is a distributor of specialist components to the UK OEM community; selling semiconductors, related components and modules for embedded processing, control and communications switches, power management units and LED lighting.

This was another strong year of trading for Solid State Supplies with organic growth outstripping the industry association reported numbers for the fifth year in a row. With all major franchises performing well, the company continues to focus on its key differentiating strengths of providing high levels of engineering support and value added services to its expanding client list. Both of these areas have been further strengthened in the year.

The latter part of FY13/14 saw the company execute on its plan to introduce own brand products with prototype volumes of communications upgrade converters (HART protocol) now in the hands of key customers for evaluation. The company expects to see limited revenues with gross margins above the company average from these products in FY14/15 with the range expanding and sales increasing towards the end of the year.

After several years of looking for a complementary acquisition for the distribution business, the Group completed the acquisition of 2001 Electronic Components Ltd (2K1) on 31 December 2013. This acquisition has added strength and depth to the product offering, the sales team and the engineering support teams. The acquisition positions Solid State Supplies as a midsize distributor now operating in a much less crowded space with a very strong customer focused infrastructure. As a result, Solid State Supplies is already competing for much larger contracts than it had previously seen and is engaging with new companies that have not traded with Solid State Supplies before.

The company enjoyed a particularly strong fourth quarter driven by organic growth and capitalising on the acquisition of 2K1. During this period, 2K1 traded independently under the leadership of the distribution division with organic order intake up more than 50% on the comparable period of the previous year. As of 1 April 2014, 2K1 was successfully integrated into the Solid State Supplies division with both companies trading as a single entity.

Increased sales and realised savings are expected to result in a strong performance for the 2014/15 financial year.

### **Divisional Summary**

The companies in the Solid State group have distinct characteristics in their market places. A depth of technical understanding and a collaborative approach to client relationships have always promoted an integrated process of product design and supply. The degree of co-operation has always been appreciated by our clients and we believe it is of significant commercial value both to us and our customers. Solid State will continue to pursue this approach and to extend it into new relationships where appropriate.

Our stated strategy is to supplement organic growth with selective acquisitions within the electronics industry which will complement our existing Group companies and enable us to achieve improved operating margins through the employment of operational efficiencies, scale and distribution.

### **Outlook**

Having successfully completed seven acquisitions in the last twelve years the Group will continue its stated strategy of both organic and acquisitive growth. We will proactively continue to look for acquisitions that offer both synergy and market opportunities, enhancing our product range and engineering capacity.

Solid State has built a reputation for an innovative approach to product development and client partnerships. This approach presents opportunities for further growing market share, particularly in export markets and niche applications.

The order backlog at 30 April 2014 stood at £14.7m, which compares favourably to the same position last year (30 April 2013: £10.4m), and gives a solid starting position coming into the new financial year.

Our strong pipeline of new designs across a wide range of products and markets enable us to look with confidence to the year ahead.

**Tony Frere**  
*Chairman*  
4 July 2014

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31st March 2014

		<b>2014</b>	<b>2013</b>
	Notes	<b>£</b>	<b>£</b>
Revenue	5	32,085,432	31,494,977
Cost of sales		(22,728,639)	(23,260,519)
<b>GROSS PROFIT</b>		<b>9,356,793</b>	<b>8,234,458</b>
Distribution costs		(2,843,505)	(2,517,975)
Administrative expenses		(4,287,653)	(3,872,384)
<b>PROFIT FROM OPERATIONS</b>		<b>2,225,635</b>	<b>1,844,099</b>
Finance costs		(71,926)	(73,666)
<b>PROFIT BEFORE TAXATION</b>		<b>2,153,709</b>	<b>1,770,433</b>
Tax expense	6	(277,640)	(283,355)
<b>PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>		<b>1,876,069</b>	<b>1,487,078</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<b>-</b>	<b>-</b>
Translation differences on overseas operations			
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>1,876,069</b>	<b>1,487,078</b>
<b>EARNINGS PER SHARE</b>			
Basic	3	25.3p	21.8p
Diluted	3	25.2p	21.1p

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
For the year ended 31st March 2014

	<b>Share Capital</b>	<b>Share Premium Reserve</b>	<b>Capital Redemption Reserve</b>	<b>Retained Earnings</b>	<b>Total</b>
Balance at 31st March 2012	339,572	925,234	4,674	3,836,687	5,106,167
Total comprehensive income For the year ended 31 <sup>st</sup> March 2013	-	-	-	1,487,078	1,487,078
Issue of new shares	9,030	148,170	-	-	157,200
Share based payment expense	-	-	-	44,445	44,445
Dividends	-	-	-	(513,857)	(513,857)
Balance at 31st March 2013	348,602	1,073,404	4,674	4,854,353	6,281,033
Total comprehensive income For the year ended 31 <sup>st</sup> March 2014	-	-	-	1,876,069	1,876,069
Issue of new shares	62,934	2,555,344	-	-	2,618,278
Share based payment expense	-	-	-	235,056	235,056
Dividends	-	-	-	(603,333)	(603,333)
Balance at 31st March 2014	411,536	3,628,748	4,674	6,362,145	10,407,103

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
at 31st March 2014

	2014		2013	
	£	£	£	£
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment		1,059,486		914,949
Intangible assets		4,935,500		2,396,702
		=====		=====
<b>TOTAL NON-CURRENT ASSETS</b>		5,994,986		3,311,651
<b>CURRENT ASSETS</b>				
Inventories	4,574,590		3,056,735	
Trade and other receivables	10,438,159		7,172,750	
Corporation tax receivable	45,785		-	
Cash and cash equivalents	685,401		1,097,972	
		=====		=====
<b>TOTAL CURRENT ASSETS</b>		15,743,935		11,327,457
		=====		=====
<b>TOTAL ASSETS</b>		21,738,921		14,639,108
		=====		=====
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Bank overdraft	1,894,719		2,496,945	
Trade and other payables	7,489,992		4,714,450	
Bank borrowings	1,143,758		905,522	
Corporation tax liabilities	397,996		189,730	
		=====		=====
<b>TOTAL CURRENT LIABILITIES</b>		10,926,465		8,306,647
		=====		=====
<b>NON CURRENT LIABILITIES</b>				
Trade and other payables	11,269		-	
Deferred tax liability	224,084		51,428	
Provision for liabilities	170,000		-	
		=====		=====
<b>TOTAL NON-CURRENT LIABILITIES</b>		405,353		51,428
		=====		=====
<b>TOTAL LIABILITIES</b>		11,331,818		8,358,075
		=====		=====
<b>TOTAL NET ASSETS</b>		10,407,103		6,281,033
		=====		=====
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY</b>				
<b>HOLDERS OF THE PARENT</b>				
Share capital		411,536		348,602
Share premium reserve		3,628,748		1,073,404
Capital redemption reserve		4,674		4,674
Retained earnings		6,362,145		4,854,353
		=====		=====
<b>TOTAL EQUITY</b>		10,407,103		6,281,033
		=====		=====



## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st March 2014

	2014		2013	
	£	£	£	£
<b>OPERATING ACTIVITIES</b>				
Profit before taxation		2,153,709		1,770,433
Adjustments for:				
Depreciation		243,487		232,045
Amortisation		105,190		43,773
Loss on disposal of property, plant and equipment		1,593		3,978
Share based payment expense		235,056		44,445
Finance costs		71,926		73,666
		—————		—————
Profit from operations before changes in working capital and provisions		2,810,961		2,168,340
(Increase)/decrease in inventories	(622,830)		5,270	
(Increase) in trade and other receivables	(1,197,887)		(300,070)	
Increase/ (decrease) in trade and other payables	1,053,543		(651,117)	
Increase in provisions	170,000		-	
		—————		—————
		(597,174)		(945,917)
		—————		—————
Cash generated from operations		2,213,787		1,222,423
Income taxes paid	(189,730)		(391,353)	
Income taxes recovered	28,320		-	
		—————		—————
		(161,410)		(391,353)
		—————		—————
Cash flow from operating activities		2,052,377		831,070
<b>INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment	(403,487)		(313,885)	
Purchase of computer software	(7,725)		(14,896)	
Proceeds of sales from property, plant and equipment	98,152		14,083	
Consideration paid on acquisition of subsidiaries	(2,974,029)		-	
Cash with subsidiaries over which control has been obtained	651,094		-	
		—————		—————
		(2,635,995)		(314,698)
		—————		—————
		(583,618)		516,372
<b>FINANCING ACTIVITIES</b>				
Issue of ordinary shares	2,618,278		157,200	
Invoice discounting finance (net movement)	(1,169,746)		(158,895)	
Interest paid	(71,926)		(73,666)	
Dividend paid to equity shareholders	(603,333)		(513,857)	
		—————		—————

		773,273		(589,218)
		_____		_____
INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		189,655		(72,846)
		_____		_____

### CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st March 2014 (continued)

Cash and cash equivalents comprise:

	2014	2013
	£	£
Net/ increase/decrease in cash and cash equivalents	189,655	(72,846)
Cash and cash equivalents at beginning of year	(1,398,973)	(1,326,127)
Exchange gains on cash and cash equivalents	-	-
	_____	_____
Cash and cash equivalents at end of year	(1,209,318)	(1,398,973)
	_____	_____

There were no significant non-cash transactions.

	2014	2013
	£	£
Cash available on demand	685,401	1,097,972
Overdrafts	(1,894,719)	(2,496,945)
	_____	_____
	(1,209,318)	(1,398,973)
	_____	_____

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2014

1. The financial information in the preliminary announcement does not constitute the Company's statutory accounts for the years ended 31 March 2014 or 31 March 2013. The financial information for the year ended 31 March 2013 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 2006, s 498 (2) or (3). The financial information for the year ended 31 March 2014 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 2014 and are unchanged from those disclosed in the Group's Report and Financial Statements for the year ended 31 March 2013.

### 3. EARNINGS PER SHARE

The earnings per share is based on the following:

	2014	2013
	£	£
Earnings	1,876,069	1,487,078
Weighted average number of shares	7,412,343	6,835,502
Diluted number of shares	7,431,867	7,166,123
Earnings per share	25.3p	21.8p
Diluted earnings per share	25.2p	21.1p

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 7,412,343 (2013: 6,835,502).

The diluted earnings per share is based on 7,431,867 (2013: 7,166,123) ordinary shares which allow for the exercise of all dilutive potential ordinary shares.

### 4. DIVIDENDS

	2014	2013
	£	£
Final dividend paid for the prior year of 5.25p per share (2013: 4.75p)	376,988	325,443
Interim dividend paid of 2.75p per share (2013: 2.75p)	226,345	188,414
	603,333	513,857
Final dividend proposed for the year 5.75p per share (2013: 5.25p)	473,267	366,032

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The proposed final dividend has not been accrued for as the dividend was declared after the statement of financial position 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 2001 Electronic Components Limited and the manufacturing division includes Steatite Limited and Q-Par Angus Limited.

### Year ended 31st March 2014

	Distribution division	Manufacturing division	Head office	Total
	£	£	£	£
Revenue				
External	9,894,996	22,190,436	-	32,085,432
Intercompany	19,699	-	-	19,699
	9,914,695	22,190,436	-	32,105,131
Profit/(loss) before tax	397,419	2,898,649	(1,142,359)	2,153,709
Tax expense	80,296	434,552	(237,208)	277,640
<b>Balance sheet</b>				
Assets	8,563,535	13,129,946	45,440	21,738,921
Liabilities	(2,784,060)	(7,162,975)	(1,384,783)	(11,331,818)
Net assets/(liabilities)	5,779,475	5,966,971	(1,339,343)	10,407,103
<b>Other</b>				
Capital expenditure				
- Tangible fixed assets	123,622	364,147	-	487,769
- Intangible fixed assets	2,194,303	514,506	-	2,708,809
Depreciation, amortisation and other non cash expenses	94,403	251,333	338,475	684,211
Interest paid	34,384	31,392	6,150	71,926

Included with the manufacturing division is turnover of £3,614,864 relating to income from a major company which accounts for more than 10% of the Group's turnover in the year.

**Year ended 31st March 2013**

	<b>Distribution division</b>	<b>Manufacturing division</b>	<b>Head office</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Revenue				
External	7,146,005	24,348,972	-	31,494,977
Intercompany	-	6,734	-	6,734
	<u>7,146,005</u>	<u>24,355,706</u>	<u>-</u>	<u>31,501,711</u>
Profit/(loss) before tax	105,385	2,456,104	(791,056)	1,770,433
	<u>105,385</u>	<u>2,456,104</u>	<u>(791,056)</u>	<u>1,770,433</u>
<b>Balance sheet</b>				
Assets	4,105,551	11,612,602	(1,079,045)	14,639,108
Liabilities	(4,399,954)	(6,014,504)	2,056,383	(8,358,075)
	<u>(4,399,954)</u>	<u>(6,014,504)</u>	<u>2,056,383</u>	<u>(8,358,075)</u>
Net (liabilities)/assets	(294,403)	5,598,098	977,338	6,281,033
	<u>(294,403)</u>	<u>5,598,098</u>	<u>977,338</u>	<u>6,281,033</u>
<b>Other</b>				
Capital expenditure				
- Tangible fixed assets	206,348	107,537	-	313,885
- Intangible fixed assets	11,341	3,555	-	14,896
Depreciation, amortisation and other non cash expenses	102,549	143,183	78,509	324,241
Interest paid	25,638	31,257	16,771	73,666
	<u>25,638</u>	<u>31,257</u>	<u>16,771</u>	<u>73,666</u>

			<b>Net Tangible Capital</b>
	<b>External revenue by location of customer</b>	<b>Total assets by location of assets</b>	<b>Expenditure by location of assets</b>

	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
United Kingdom	28,258,799	25,443,731	21,738,921	14,639,108	487,769	313,885
Rest of Europe	1,977,575	1,099,507	-	-	-	-
North America	1,051,151	863,688	-	-	-	-
Asia	671,633	4,059,015	-	-	-	-
Africa	10,213	23,671	-	-	-	-
Australasia	51,919	5,112	-	-	-	-
South America	64,142	253	-	-	-	-
	<u>28,258,799</u>	<u>25,443,731</u>	<u>21,738,921</u>	<u>14,639,108</u>	<u>487,769</u>	<u>313,885</u>

	32,085,432	31,494,977	21,738,921	14,639,108	487,769	313,885

All the above relate to continuing operations.

## 6. TAX EXPENSE

	2014	2013
	£	£
<b>Current tax expense</b>		
UK corporation tax on profits or losses for the year	265,715	319,730
Adjustment in respect of prior periods	(26,389)	-
	239,326	319,730
<b>Deferred tax charge/(credit)</b>	38,314	(36,375)
<b>Total tax charge</b>	277,640	283,355

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the UK applied to profits for the year are as follows:

	2014	2013
	£	£
Profit before tax	2,153,709	1,770,433
Expected tax charge based on the standard rate of corporation tax in the UK of 23% (2013 – 24%)	495,353	424,904
Effect of:		
Expenses not deductible for tax purposes	24,365	15,702
Deductible expenses not charged in Group accounts	(7,926)	(4,900)
Difference between depreciation for the year and capital allowances	(1,002)	4,793
Tax relief on exercise of share options at less than market value	(63,752)	(54,677)
Timing difference on recognition of gain on acquisition for tax purposes	-	(3,651)
Marginal relief	(1,800)	(4,000)
Enhanced relief on research and development expenditure	(166,031)	(94,816)
Deferred tax credit arising on change of tax rate	(1,567)	-
<b>Total tax charge</b>	277,640	283,355

7. **The Annual Report** will be sent to shareholders shortly and made available to the public at the registered office of the Company at 2 Ravensbank Business Park, Hedera Rd, Redditch, B98 9EY and will also be available to download on the Company's website [www.solidstateplc.com](http://www.solidstateplc.com).