



23 December 2013

**SOLID STATE PLC  
(AIM: SSP)**

**Acquisition and Placing**

Solid State plc (AIM: SSP) (“Solid State”, the “Group” or “the Company”), the AIM listed supplier of specialist industrial/ruggedised computers, electronic components, antennae, microwave systems and battery power solutions to the electronics market, is pleased to announce an acquisition and placing.

**Key Points:**

- Acquisition of complementary component distribution business for a consideration of up to £2.4m, subject to a net asset value adjustment
- Annualised turnover of £7.2m with minimum overlap with existing core business
- Oversubscribed placing to raise £2.54m
- New institutional shareholders joining share register

The Company has agreed terms, subject to contract finalisation, to acquire the entire issued share capital of 2001 Electronic Components Limited (“2K1”) for an initial cash consideration of £2.0 million with a further payment of up to £400,000, subject to an adjustment of net asset value on completion (the “Acquisition”). Completion of the Acquisition is expected to take place on 31 December 2013.

**Information on 2K1**

2001 Electronic Components Limited is a niche, focussed distributor of electronic components. Its business is similar to Solid State Supplies, the Group’s existing component distribution business. 2K1’s business is expected to be very complementary to the business of Solid State Supplies given the shared client-centric approach and the minimal overlap in terms of product lines, suppliers or customers. In addition, the combination will provide increased strength and depth to the Group’s product range, facilitating access to larger principals and providing opportunities for greater sales of higher margin own brand products and value added services.

In its audited results for the year ended 31 December 2012, 2K1 reported turnover of £6.8m, an operating profit before management charge of £0.64m and a profit after tax of £59,000. In its management accounts to 30 September 2013 it had recorded turnover of £5.4m. One division of the 2K1 business, C1 Systems, is not being acquired. It contributes approximately £750,000 of turnover and makes a small loss. Solid State expects there to be immediate cost savings of circa £300,000 on acquisition and that there will be the potential for other operational efficiencies in the medium term. The Directors expect that the acquisition of 2K1 will be earnings enhancing for the Group in FY 2014/2015.

**Details of the Placing**

The Company is also pleased to announce that it has raised approximately £2.54m million (before expenses) through a placing (the ‘Placing’) of 1,050,000 new Ordinary Shares (the ‘Placing Shares’) at a price of £2.42 per share with new investors. The Placing, which was oversubscribed, has been arranged by WH Ireland pursuant to the terms of a Placing Agreement, and is conditional upon admission. The Placing has not been underwritten.

The proceeds of the Placing will be used to part fund the consideration for the acquisition and to provide additional working capital resources to the Group.

**Commenting on the Acquisition and Placing, Gary Marsh, Chief Executive of Solid State, said:**

“The acquisition of 2K1 gives Solid State greater scale and opportunity in the components market in addition to a more equal balance in the Group’s revenues. We are delighted with the support of our new institutional shareholders in the oversubscribed placing. We look forward to updating the market on the integration of 2K1 and further achievements at Solid State in due course.”

**Settlement and Dealings**

Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM (the ‘Admission’). It is expected that Admission will become effective and that dealing will commence on 30 December 2013. The Placing Shares will, when issued, rank *pari passu* in all respects with the existing Ordinary Shares including the right to receive dividends and other distributions declared following Admission.

In accordance with the provisions of the Disclosure and Transparency Rules of the Financial Conduct Authority, the Company confirms that, following the issue of the Placing Shares, its issued share capital will comprise 8,230,722 ordinary shares of 5 pence each. All of the ordinary shares have equal voting rights. The total number of voting rights in the Company is therefore 8,230,722.

This figure may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the share capital of the Company under the Disclosure and Transparency Rules.

**For further information please contact:**

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**Notes to Editors:**

Solid State plc (SSP) owns a group of companies providing specialist design-in and value added manufacturing services to those acquiring industrial/rugged computing products, battery power solutions, antennae, microwave 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 120 staff across three sites. Solid State operates through two main divisions: Steatite and Solid State Supplies.

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