SOLID STATE PLC

Annual Report & Accounts

31st March 2015

www.solidstateplc.com

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DIRECTORS, SECRETARY AND ADVISERS

Directors:	Anthony Brian Frere, *Chairman* Gary Stephen Marsh, *Chief Executive Officer* Peter Haining, FCA, *Finance Director* John Michael Lavery, *Director* John Lawford Macmichael, *Director*
Company Secretary and Registered Office:	Peter Haining, FCA Solid State PLC 2 Ravensbank Business Park Hedera Road Redditch B98 9EY
Company Number:	00771335
Nominated Adviser:	W H Ireland Limited 24 Martin Lane London WC4R 0DR
Broker:	W H Ireland Limited 4 Colston Avenue Bristol BS1 4ST
Auditors:	haysmacintyre 26 Red Lion Square London WC1R 4AG
Solicitors:	ShakespeareMartineau 1 Colmore Square Birmingham West Midlands B4 6AA
Bankers:	Lloyds Bank 125 Colmore Row Birmingham West Midlands B3 3SF
Registrars:	Capita Registrars Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Country of Incorporation of Parent Company:	Great Britain
Legal Form:	Public Limited Company
Domicile:	Great Britain

CHAIRMAN'S STATEMENT AND STRATEGIC REPORT

Highlights in the period include:

Financial:

	2015	**2014**	**Change**
Turnover	£36.56m	£32.09m	+14%
Profit before tax	£3.01m	£2.15m	+40%
Earnings per share (basic)	34.9p	25.3p	+38%
Gross profit margin	30.5%	29.2%	+130bps
Operating margin	8.4%	6.9%	+150bps
Dividend	12.0p	8.5p	+41%

Operational:

- 3yr/£34m offender tagging contract won with MoJ
- Steatite awarded £1.1m funding towards R&D on next generation lithium batteries for Marine Autonomous Systems (MAS)
- Development of added value and own brand products in distribution division
- Acquisition of Ginsbury displays business for £2.125m in April 2015

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

"This is another very pleasing set of results for a year that represents a real step change in the business.

"Solid State has made a pleasing start to the new financial year with our order book remaining strong and a backlog of £19.38m as at 31st May 2015 (31st May 2014: £15.11m).

"Over the last 13 years we have successfully acquired and integrated eight businesses. We continue to see potential acquisition opportunities, with a number of them being as a direct result of the improving economic climate. We will pursue this acquisitive growth strategy while at the same time seeking to enhance organic growth through developing our export prospects and other product innovation initiatives."

Financial Review

I am very pleased to report that the Group has performed strongly this year, delivering our fifth consecutive year of record results.

Revenues grew by 14% to £36.56m (2014: £32.09m) despite exiting approximately £2m of very low margin business in the year inherited from the acquisition of 2001 Electronic Components Ltd in December 2013.

The Group revenue divisional breakdown was represented by a contribution of £22.75m (62% of Group revenue) from the manufacturing division (Steatite £19.74m and Q-Par £3.01m); with the distribution division under Solid State Supplies contributing £13.81m (38% of Group revenue).

Margins vary depending on order size and product mix. However, in overall terms, the Group commands good gross margins owing to the value added nature of its business. Pleasingly, Group gross margins increased to 30.5% (2014: 29.2%).

Operating margins increased to 8.4% (2014: 6.9%), with earnings per share rising by 38% benefitting from the low tax charge in the year. The low tax charge is principally the result of significant R&D tax credits which are unlikely to be repeated at these levels in future years.

Profit before tax increased by 40% to £3.01m (2014: £2.15m).

The continued improvement in retained earnings meant net assets increased by 19% to £12.39m (2014: £10.41m) with the Group's net gearing levels falling to 20% (2014: 23%).

CHAIRMAN'S STATEMENT AND STRATEGIC REPORT (continued)

Dividends
We have continued our stated policy of returning to our shareholders a progressive dividend whilst ensuring we retain a prudent level of dividend cover. Dividends were 2.89 times covered in 2015 owing to the low tax charge (2014: 2.98 times). The Board is recommending a final dividend of 8p. An interim dividend of 4p per share was paid on 7th January 2015 giving a total dividend for the year of 12p per share, a 41% increase on the prior year (2014: 8.5p). The final dividend will be paid on 29th September 2015 to shareholders on the register at the close of business on 4th September 2015. The shares will go ex-dividend on 3rd September 2015.

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, and against the most stringent of standards and qualifications, products for use in some of the most difficult and harsh environments.

Steatite has continued to build on the progress made in previous years and has performed well in the year, achieving a 9% increase in pre-tax profits on the comparative year.

The focus on value added and niche activities continues to improve our market share, whilst additionally introducing opportunities in new and exciting markets within the electronics industry, such as green energy and security solutions.

Equally pleasing is the growth in our export sales. This is aided largely by a new range of communications systems enhanced by Steatite which have unique features for the markets they serve.

The combination of new product development and new market penetration has delivered healthy organic growth, principally through cross selling initiatives and the application of innovative processes that save our clients time and money.

The business is well structured with a strong divisional management team in place. This has enabled us to seize opportunities in the UK such as the Ministry of Justice contract, which is unusual for an SME, and to achieve success in export markets for a variety of new proprietary products at higher margins.

Steatite has a tremendous platform to accelerate growth with a strong order backlog and will continue to seek product enhancement opportunities and cost efficiencies to maintain margin and profitability.

Ministry of Justice offender tagging contract (MoJ)
Steatite was awarded a contract by the MoJ in July 2014 for an initial three year term worth an estimated £34m for the supply and maintenance of offender tagging technology.

The development of tagging devices for the UK government is progressing well under a dedicated management team with its own bespoke facility. The contract is progressing with expectations for a strong performance in the second half of the year.

Beyond the initial MoJ contract, this new team is developing a range of devices for applications in the medical and home care sectors as well as enhanced justice platforms which we expect to lead to opportunities in new market sectors both in the UK and abroad.

CHAIRMAN'S STATEMENT AND STRATEGIC REPORT (continued)

Q-Par Angus Ltd (Q-Par or Steatite Antennas)

Q-Par is in the forefront of antenna design and manufacture. It excels in the research, design and manufacture of commercial grade and bespoke microwave antennas, subsystems and associated microwave components.

Since its acquisition in 2013, the management team has been strengthened and the business continues to flourish. Order intake has grown and pre-tax profits are up some 142% compared to the prior year. The Group as a whole continues to benefit from good margins generated by the antenna division.

Q-Par continues to focus on research and development within key market sectors and providing a service to its network of agents throughout the world. Further investment will be made in the year ahead with new purpose built facilities planned, along with significant investment in test and measurement facilities that will bring benefits to the whole Group.

Q-Par is well placed to continue its growth and to become 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.

The 2014/15 financial year saw the successful completion of the integration of the 2001 Electronics business into Solid State Supplies. The companies are now trading successfully as a single entity from the Redditch headquarters.

After adjusting for the previously reported exit from the very low margin commodity LED business, the enhanced customer base and product ranges available have delivered organic growth of approximately 4%. This is above the industry average for the sector (as reported by our industry association, AFDEC). Additionally, a continued focus on gross margins has resulted in a 1.6% improvement over the previous year.

The company's move towards a range of own-brand products continued throughout the year, with the introduction of a number of high output LED modules enabling lighting companies with little or no experience of electronics and thermal management to benefit directly from high power LEDs.

The value added services operation provided a useful contribution to the increase in gross margin throughout the year and a minor capital investment resulted in the award of a £1 million contract for programmed devices from a major UK innovator in the field of Metrology.

On 1st April 2015 Solid State Supplies acquired Signregion Limited and its subsidiary Ginsbury Electronics, a value added distributor of displays and power products. This acquisition greatly enhances the range of products available for sale to the existing customer base of Solid State Supplies and, in reverse, the range of embedded products available to the customers of Ginsbury. In the short period to date, cross selling has already started with some small but notable successes. Due to the specialist nature of the value added services at Ginsbury, it will continue to trade as a separate entity as part of the distribution division, whilst taking advantage of access to the sales force at Solid State Supplies.

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.

CHAIRMAN'S STATEMENT AND STRATEGIC REPORT (continued)

Outlook
Solid State has made a pleasing start to the new financial year with our order book remaining strong and a backlog of £19.38m as at 31st May 2015 (31st May 2014: £15.11m).

Over the last 13 years we have successfully acquired and integrated eight businesses. We continue to see potential acquisition opportunities, with a number of them being as a direct result of the improving economic climate. We will pursue this acquisitive growth strategy while at the same time seeking to enhance organic growth through developing our export prospects and other product innovation initiatives.

Finally, I would like to thank my fellow Directors and all our staff for their continued support in delivering another strong Group performance this year. We look forward with confidence to the year ahead.

Tony Frere
Chairman
7th July 2015

DIRECTORS' REPORT

For the year ended 31st March 2015

The Directors submit their report together with the audited financial statements of the Group in respect of the year ended 31st March 2015.

Principal Activities, Review of the Business and Future Developments

The principal activities of the Group during the year continued to be those of the manufacturing of electronic equipment and the distribution of electronic components and materials.

The key performance indicators recognised by management are sales, bookings and group profit margins. Bookings are sales orders received.

An overall review of the Group's trading performance and future developments is given in the Chairman's Statement and Strategic Report. The Group does not comment on environmental matters.

Directors

The Directors of the Company during the year were:
A B Frere
G S Marsh
G L Comben (resigned 31.12.14)
P Haining, FCA
J M Lavery
J L Macmichael
W G Marsh (resigned 31.12.14)

Tony Frere (dob 15/10/1947), Chairman

Tony Frere has been in the Electronics Industry for 40 years, 30 of which serving the component distribution sector. Former directorships include Managing Director of DT Electronics and Nu Horizons Electronics. Currently sitting on the executive council of the ECSN (the electronic component supply network trade association), and in 2013 was appointed as Deputy Chairman, and was appointed as chairman in April 2014.

Gary Marsh, (dob 27/04/1966), Chief Executive Officer

Gary Marsh joined the Company in 1986 having gained an HND in Business and Finance Studies. He has held various positions within the Group including that of Operations Director of Solid State Supplies prior to his appointment as its Managing Director in 1997. In addition to this role, Gary Marsh was appointed Group Managing Director in 2002 following the acquisition of Steatite. In 2011 following the acquisition of Rugged Systems Ltd he was appointed Chief Executive Officer of the Group.

Peter Haining FCA, (dob 05/09/1956), Finance Director and Company Secretary

Peter Haining qualified as a chartered accountant in 1980 and later worked at Binder Hamlyn. He left Binder Hamlyn in 1992, together with three colleagues, to establish The Kings Mill Partnership. As well as fulfilling a role as Finance Director and Company Secretary, Peter Haining has specific responsibility for reviewing and advising on the Group's budgets and financial affairs.

John Lavery, (dob 06/05/1961), Director

John Lavery is an apprenticed trained engineer in Electronics Communications. He moved into Sales in the 1980's with Steatite before being appointed to The Board of Directors at the age of 28. He has held positions of Director of Sales and Marketing after a years training with the Institute of Directors for Corporate Governance, before being appointed Managing Director of Steatite in 1999. He presently runs the operations of Steatite Limited. and Q-Par Angus Limited. on behalf of Solid State plc.

DIRECTORS' REPORT
For the year ended 31st March 2015 (continued)

John Macmichael, (dob 20/04/1961), Director
John Macmichael is an electronics and communications graduate whose career has encompassed design and development through applications engineering, sales, sales management and general business management. John has gained extensive management experience of multiple sales channels with distributors and OEMs both here in the UK and worldwide through his international sales management role whilst living in the USA. Formerly managing director of Breckenridge Technologies Limited John joined Solid State Supplies Limited in 2006 before being appointed managing director in April 2011. He presently runs the operations of Solid State Supplies Limited on behalf of Solid State PLC.

Details of the interests of Directors in the shares of the Company and Directors' service contracts are stated in Note 5 to the financial statements.

Corporate Governance
The Board confirms that the Group has had regard, throughout the accounting period, with the provisions set out in the UK Corporate Governance Code which was issued by the Financial Reporting Council in September 2014. Whilst not required to do so, as a matter of best practice, the Directors have voluntarily endeavoured to comply with those provisions which they consider to be relevant to a company of this size.

The audit committee consists of A B Frere who acts to ensure that the financial performance of the Group is properly recorded and monitored, to meet the auditors and to review the reports from the auditors relating to accounts and internal control systems.

The remuneration committee consists of A B Frere. The purpose of the committee is to review the performance of the full time executive Directors and to set the scale and structure of their remuneration and the basis of their service agreements with due regard to the interests of the shareholders. It is a rule of the committee that no Director shall participate in discussions or decisions concerning his own remuneration.

Board of Directors
The Board consists of four executive Directors and one Non-executive Director and meets regularly throughout the year.

The Board comprises the executive management of the Group and thus maintains full control over its activities. Decisions are accordingly taken quickly and effectively following consultation among the Directors concerned if any matters arise. The Board takes the view that this direct but flexible approach has enabled the Group to deal effectively with all matters.

Going Concern
The Directors confirm that they are satisfied that the Group has adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Purchase of Own Shares
At the year end the Company had in place authority to purchase up to 15% of the issued ordinary shares under authority given by a resolution at the Annual General Meeting on 20th August 2014.This authority expires on 20th February 2016.

Financial Instruments
Details of the use of financial instruments by the Company and its subsidiaries are contained in Note 19 of the financial statements.

Post Balance Sheet Event
On 1st April 2015 the Group acquired 100% of the ordinary shares in Signregion Limited and its wholly owned subsidiary Ginsbury Electronics Limited for a cash consideration of £2.125m subject to a net asset adjustment once completion accounts have been finalised. This investment will be incuded in the Group's balance sheet at its fair value at the date of acquisition. Ginsbury Electronics specialises in the supply of high quality display components, monitors panels, signage and power components to the commercial, retail, industrial and military markets throughout the UK and Europe.

Further details of this acquisition are stated in Note 28 to the financial statements.

DIRECTORS' REPORT
For the year ended 31st March 2015 (continued)

Internal Control
In respect of internal controls, the Directors are continually reviewing the effectiveness of the systems of internal controls, the key elements of which having regard to the size of the Group are that the Board meets regularly and takes the decisions on all material matters, the organisational structure ensures that responsibilities are defined and authority only delegated where appropriate, and that the regular management accounts are presented to the Board wherein the financial performance of the Group is analysed.

The Directors acknowledge that they are responsible for the system of internal control which is established in order to safeguard the assets, maintain proper accounting records and ensure that financial information used within the business or published is reliable. Any such system of control can, however, only provide reasonable, not absolute, assurance against material misstatement or loss.

Statement of Directors' Responsibilities
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company to enable them to ensure that the financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. In addition, the Directors are responsible the maintenance and integrity of the corporate and financial information included in the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors, as listed, are also responsible for preparing the Strategic Report, Directors' Report and financial statements for the Group in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market. The Directors have chosen to prepare financial statements for the Company in accordance with UK Generally Accepted Accounting Practice.

Group Financial Statements
Under company law the directors must not approve the financial statements unless they are satisfied that they present fairly the financial position, financial performance and cash flows of the Group for that period.

In preparing the financial statements the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, changes in Accounting Estimates and Errors and then apply them consistently.

- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and

- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and

- state that the group has complied with IFRS, subject to any material departures disclosed and explained in the financial statements.

Parent company financial statements
Company law requires directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently.

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

- make judgements and accounting estimates that are reasonable and prudent.

DIRECTORS' REPORT
For the year ended 31st March 2015 (continued)

Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the corporate and financial information group's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein. The work carried out by the auditors does not include consideration of the maintenance and the integrity of the website and accordingly the auditor accepts no responsibility for any changes that have occurred to the financial statements when they are presented on the website.

Renewal of authority to purchase the Company's shares and authorities to issue shares
Last year, a resolution was passed at the Annual General Meeting to give the Company the authority to purchase its own Ordinary shares on the Stock Exchange. This authority would expire after a period of eighteen months from the passing of the resolution. In order to avoid this authority expiring during the next year and the need to call an extraordinary general meeting to renew the authority, a resolution to renew the authority is set out in the notice of the Annual General Meeting at the end of this document.

Under the terms of the resolution to be proposed at the Annual General Meeting, the maximum number of shares which may be purchased is 1,249,741 shares representing 15% of the issued Ordinary share capital of the Company. The minimum price payable by the Company for its Ordinary shares will be 5p and the maximum price will be determined by reference to current market prices. The authority will automatically expire after a period of eighteen months from the passing of the resolution unless renewed.

It is not the Directors' current intention to exercise the power to purchase the Company's Ordinary shares but they believe that under certain circumstances it would be in the Company's best interests to do so.

Resolutions are also being proposed at the Annual General Meeting with regard to the issue of further shares. One resolution will authorise the company to issue new shares up to a third of the current issued share capital by way of a rights issue and the second resolution will authorise the company to issue new shares up to 20% of the current issued share capital without rights of pre-emption for existing shareholders, and to the extent that new shares are issued under the second resolution the limit on the first resolution will be reduced such that the total number of new shares issued cannot exceed one third of the current share capital.

Your Directors consider that the resolutions to be proposed at the meeting are in the best interests of the Company and its shareholders. They unanimously recommend that all Ordinary shareholders vote in favour of the resolution at the Annual General Meeting as they intend to do in respect of their beneficial holdings amounting to 722,364 Ordinary shares, representing 8.7% of the Company's issued Ordinary share capital.

Auditors
Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as that Director is aware , there is no relevant audit information of which the company's auditors are unaware, and
- that Director has taken all steps that ought to have been taken as a Director in order to be aware of any information needed by the auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

A resolution to reappoint haysmacintyre as auditors will be proposed at the next annual general meeting.

By order of the Board
P Haining FCA
Secretary
7th July 2015

Registered Office: 2 Ravensbank Business Park, Hedera Road, Redditch, B98 9EY

REPORT OF THE INDEPENDENT AUDITORS
TO THE SHAREHOLDERS OF SOLID STATE PLC

We have audited the financial statements of Solid State PLC for the year ended 31st March 2015 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Company Balance Sheet and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom GAAP).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
As explained more fully in the Directors' Responsibilities Statement set out on pages 9 and 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements
In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2015 and the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulations as it regards the Group financial statements.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

George Crowther *(Senior statutory auditor)*
for and on behalf of haysmacintyre, Statutory Auditor
7th July 2015

26 Red Lion Square
London WC1R 4AG

REPORT OF THE INDEPENDENT AUDITORS
TO THE SHAREHOLDERS OF SOLID STATE PLC (continued)

Notes

1. The maintenance and integrity of the group's website is the responsibility of the directors, the work carried out by the auditors does not involve consideration of those matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31st March 2015

	Notes	**2015** £	**2014** £
Revenue	2	36,559,277	32,085,432
Cost of sales		(25,395,695)	(22,728,639)
GROSS PROFIT		11,163,582	9,356,793
Distribution costs		(3,400,831)	(2,843,505)
Administrative expenses		(4,700,601)	(4,287,653)
PROFIT FROM OPERATIONS	3	3,062,150	2,225,635
Finance costs	6	(48,411)	(71,926)
PROFIT BEFORE TAXATION		3,013,739	2,153,709
Tax expense	7	(122,032)	(277,640)
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		2,891,707	1,876,069
OTHER COMPREHENSIVE INCOME			
Translation differences on overseas operations		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,891,707	1,876,069
EARNINGS PER SHARE			
Basic	8	34.9p	25.3p
Diluted	8	33.9p	25.2p

The notes on pages 18 to 48 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31st March 2015

	Share Capital	Share Premium Reserve	Capital Redemption Reserve	Retained Earnings	Shares held in Treasury	Total
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 31st 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
Total comprehensive income For the year ended 31st March 2015	-	-	-	2,891,707	-	2,891,707
Issue of new shares	5,044	-	-	-	-	5,044
Share based payment expense	-	-	-	210,653	-	210,653
Dividends	-	-	-	(810,400)	-	(810,400)
Repurchase of own shares into treasury	-	-	-	-	(313,073)	(313,073)
Balance at 31st March 2015	416,580	3,628,748	4,674	8,654,105	(313,073)	12,391,034

The notes on pages 18 to 48 form part of these financial statements.

Company Number: 00771335

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31st March 2015

	Notes	2015 £	2015 £	2014 £	2014 £
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	10		1,243,011		1,059,486
Intangible assets	11		5,400,293		4,935,500
TOTAL NON-CURRENT ASSETS			6,643,304		5,994,986
CURRENT ASSETS					
Inventories	14	5,401,562		4,574,590	
Trade and other receivables	15	8,873,647		10,438,159	
Corporation tax receivable		129,442		45,785	
Cash and cash equivalents		1,737,523		685,401	
TOTAL CURRENT ASSETS			16,142,174		15,743,935
TOTAL ASSETS			22,785,478		21,738,921
LIABILITIES					
CURRENT LIABILITIES					
Bank overdraft		4,200,997		1,894,719	
Trade and other payables	16	5,833,520		7,489,992	
Bank borrowings	17	-		1,143,758	
Corporation tax liabilities		4,875		397,996	
TOTAL CURRENT LIABILITIES			10,039,392		10,926,465
NON CURRENT LIABILITIES					
Trade and other payables	18	8,516		11,269	
Deferred tax liability	20	346,536		224,084	
Provision for liabilities	21	-		170,000	
TOTAL NON-CURRENT LIABILITIES			355,052		405,353
TOTAL LIABILITIES			10,394,444		11,331,818
TOTAL NET ASSETS			12,391,034		10,407,103
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT					
Share capital	22		416,580		411,536
Share premium reserve	23		3,628,748		3,628,748
Capital redemption reserve	23		4,674		4,674
Retained earnings	23		8,654,105		6,362,145
Shares held in treasury	24		(313,073)		-
TOTAL EQUITY			12,391,034		10,407,103

The financial statements were approved by the Board of Directors and authorised for issue on 7th July 2015 and were signed on its behalf by:

G S Marsh, *Director* **P Haining,** *Director*

The notes on pages 18 to 48 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31st March 2015

	2015		2014	
	£	£	£	£
OPERATING ACTIVITIES				
Profit before taxation		3,013,739		2,153,709
Adjustments for:				
Depreciation		297,617		243,487
Amortisation		195,958		105,190
Loss on disposal of property, plant and equipment		5,676		1,593
Share based payment expense		210,653		235,056
Finance costs		48,411		71,926
Profit from operations before changes in working capital and provisions		3,772,054		2,810,961
(Increase) in inventories	(826,972)		(622,830)	
Decrease/(increase) in trade and other receivables	1,564,512		(1,197,887)	
(Decrease)/increase in trade and other payables	(1,659,225)		1,053,543	
(Decrease)/increase in provisions	(170,000)		170,000	
		(1,091,685)		(597,174)
Cash generated from operations		2,680,369		2,213,787
Income taxes paid	(522,143)		(189,730)	
Income taxes recovered	45,785		28,320	
		(476,358)		(161,410)
Cash flow from operating activities		2,204,011		2,052,377
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(524,918)		(403,487)	
Purchase of computer software	(157,630)		(7,725)	
Proceeds of sales from property, plant and equipment	38,100		98,152	
Consideration paid on acquisition of subsidiaries	-		(2,974,029)	
Cash with subsidiaries over which control has been obtained	-		651,094	
Expenditure on development costs	(503,121)		-	
		(1,147,569)		(2,635,995)
		1,056,442		(583,618)
FINANCING ACTIVITIES				
Issue of ordinary shares	5,044		2,618,278	
Invoice discounting finance (net movement)	(1,143,758)		(1,169,746)	
Interest paid	(48,411)		(71,926)	
Dividend paid to equity shareholders	(810,400)		(603,333)	
Purchase of own shares for holding in treasury	(313,073)		-	
		(2,310,598)		773,273
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1,254,156)		189,655

The notes on pages 18 to 48 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31st March 2015 (continued)

Cash and cash equivalents comprise:

	2015	**2014**
	£	**£**
Net (decrease)/increase in cash and cash equivalents	(1,254,156)	189,655
Cash and cash equivalents at beginning of year	(1,209,318)	(1,398,973)
Cash and cash equivalents at end of year	(2,463,474)	(1,209,318)

There were no significant non-cash transactions.

	2015	**2014**
	£	**£**
Cash available on demand	1,737,523	685,401
Overdrafts	(4,200,997)	(1,894,719)
	(2,463,474)	(1,209,318)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st March 2015

1. ACCOUNTING POLICIES AND CRITICAL ACCOUNTING JUDGEMENTS

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations issued by the International Accounting Standards Board as adopted by the European Union ("IFRSs") and with those parts of the Companies Act 2006 applicable to companies preparing their accounts under IFRSs. The consolidated financial statements have been prepared under the historical cost convention.

As allowed by IFRS 1, we have elected not to apply IFRS retrospectively for business combinations computed prior to 1st April 2006 and have used the carrying value of goodwill resulting from business combinations occurring before the date of transition as deemed costs, subjecting this to impairment reviews at the date of transition (1st April 2006) and at the end of each financial year thereafter.

Basis of Consolidation
Where the company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

Business Combinations
The consolidated financial statements incorporate the results of business combinations using the purchase method other than disclosed above. In the consolidated balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained.

Goodwill
Goodwill represents the excess of the cost of a business combination over the interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the statement of comprehensive income.

Any gains on acquisition are recognised in the statement of comprehensive income on the date of acquisition.

Impairment tests on goodwill are undertaken annually at 31st March as it is not amortised.

Impairment of non-financial assets
Impairment tests on goodwill are undertaken annually on 31st March, and on other non-financial assets whenever events or changes in circumstances indicate that their carrying value may not be reasonable. Where the carrying value of an asset exceeds its recoverable amount (ie the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Impairment charges are included in the administrative expenses line item in the consolidated statement of comprehensive income, except to the extent that they reverse gains previously recognised in the consolidated statement of recognised income and expense. An impairment loss recognised for goodwill is not reversed.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st March 2015 (continued)

1. ACCOUNTING POLICIES AND CRITICAL ACCOUNTING JUDGEMENTS (continued)

Intangible Assets (other than goodwill)
Intangible assets are recognised on business combinations if they are separable from the acquired entity or arise from other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques.

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight line basis over their useful economic lives. Cost includes all directly attributable costs of acquisition. The amortisation expense is included within the administration expense line in the consolidated statement of comprehensive income. Software is amortised over its useful economic life of 5 years and other intangible assets over their useful economic life of 10 years.

Intangible assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying value may not be recoverable.

Revenue
Revenue represents sales to external customers at invoiced amounts less value added tax or local taxes on sales. Revenue is recognised when the risks and rewards of owning the goods has passed to the customer which is generally on collection. For goods that are subject to bill and hold arrangements this means:

- the goods are complete and ready for collection;
- the goods are separately identified from the Group's other stock and are not used to fulfil any other orders;
- and the customer has specifically requested that the goods be held pending collection.

Normal payment terms apply to the bill and hold arrangements.

In the case of mobilisation contracts with defined milestones, revenue and related costs are recognised once the attainment of a particular milestone has been agreed with the customer. Retentions which are contingent on future events are only recognised when the customer has agreed that those future criteria have been met and the retention is thus payable.

Property, plant and equipment
Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs.

Depreciation is provided on all items of property, plant and equipment to write off the carrying value of items over their expected useful economic lives. It is applied at the following rates:

Short leasehold property improvements- straight line over minimum life of lease
Fittings and equipment- 25% per annum on a reducing balance basis
Computers- 20% per annum on a straight line basis
Motor vehicles- 25% per annum on a reducing balance basis

Depreciation is provided on all UN licences to write off the carrying value of each licence over its expected useful life, which is generally 10 years from its original grant.

Leased assets
Where substantially all of the risks and rewards incidental to ownership are retained by the lessor (an "operating lease"), the total rentals payable under the lease are charged to the statement of comprehensive income on a straight-line basis over the lease term.

Where substantially all the risks and rewards of ownership have passed to the Group (a " finance lease ") the assets are capitalised as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future obligations under the leases are included as liabilities in the consolidated statement of financial position. The interest element of the rental obligation is charged to the consolidated statement of comprehensive income over the period of the lease and represents a constant proportion of the balance of the capital outstanding. Assets held under hire purchase agreements are treated as assets held under finance leases for accounting purposes.

The land and buildings elements of property leases are considered separately for the purposes of lease classification.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st March 2015 (continued)

1. ACCOUNTING POLICIES AND CRITICAL ACCOUNTING JUDGEMENTS (continued)

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads. Net realisable value is based on estimated selling price less any additional costs to completion and disposal.

Deferred taxation
Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs from its tax base, except for differences arising on:

- the initial recognition of goodwill
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit: and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the differences can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered)

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities, and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Pensions
The pension schemes operated by the Group are defined contribution schemes. The pension cost charge represents the contributions payable by the Group.

Foreign currency
Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which it operates are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are retranslated at the rates ruling at the balance sheet date. Exchange differences arising are recognised in the statement of comprehensive income.

On consolidation, the statement of financial position of overseas operations are translated into sterling at rates approximating to those ruling at the statement of financial position date. Exchange differences arising on retranslation of the net assets and results of the overseas operations are recognised directly in the “foreign exchange reserve”.

Research and development costs
Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be available for use or sold;
- adequate technical, financial and other resources are available to complete the development;
- there is an intention to complete and sell or use the product;
- there is an ability for the Group to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed. The amortisation expense is included within the cost of sales line in the statement of comprehensive income.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the statement of comprehensive income as incurred.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st March 2015 (continued)

1. ACCOUNTING POLICIES AND CRITICAL ACCOUNTING JUDGEMENTS (continued)

Dividends
Equity dividends are recognised when they become legally payable. Interim dividends are recognised when paid. Final dividends are recognised when approved by the shareholders at an annual general meeting.

Financial assets
The Group classifies its assets into one of the following categories, depending on the purpose for which the asset was acquired. The Group's accounting policy for each category is as follows:

Fair value through profit or loss: This category comprises only in-the-money derivatives. They are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income. Other than derivatives, the Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through the profit and loss account

Loans and receivables: These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue and subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The effect of discounting on these financial instruments is not considered to be material.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities
The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. Other than financial liabilities in a qualifying hedging relationship (see below), the Group's accounting policy for each category is as follows:

Fair value through the profit and loss: This category comprises only out-of-money derivatives. They are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income.

Other financial liabilities: Other financial liabilities include the following items:

- Trade payables and other short term monetary liabilities, which are recognised at amortised cost.
- Bank borrowings are initially recognised at the amount advanced net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of liability carried in the statement of financial position "Interest expense" in this context includes initial transaction costs and premia payable on redemption, as well as any interest while the liability is outstanding.

Treasury Shares
Shares in Solid State PLC purchased for holding in treasury are held at cost as a separate negative reserve in the capital section of the consolidated statement of financial position. Any dividends paid in relation to these shares are cancelled.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st March 2015 (continued)

1. ACCOUNTING POLICIES AND CRITICAL ACCOUNTING JUDGEMENTS (continued)

Shared based payment
Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each statement of financial position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive income over the remaining vesting period.

Standards and amendments and interpretations to published standards not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the group's accounting periods beginning on or after 1st April 2015 or later periods and which the group has decided not to adopt early are:

IFRS 9 Financial Instruments (effective for accounting periods beginning or after 1st January 2018).

Amendments to IFRS 10 Consolidated Financial Statements (effective for accounting periods beginning on or after 1st January 2016)

IFRS 15 Revenue from Contracts with Customers (effective for accounting periods beginning on or after 1st January 2017)

Amendments to IAS 16 Property, Plant and Equipment (effective for accounting periods beginning on or after 1st January 2016)

Amendments to IAS 34 Interim Financial Reporting (effective for accounting periods beginning on or after 1st January 2016)

Amendments to IAS 38 Intangible Assets (effective for accounting periods beginning on or after 1st January 2016)

The implementation of these standards is not expected to have any material effect on the Group's financial statements.

2. REVENUE

Revenue arises from:

	2015	**2014**
	£	**£**
Sale of goods	36,488,238	31,978,134
Provision of services	71,039	107,298
	36,559,277	32,085,432

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st March 2015 (continued)

3. PROFIT FROM OPERATIONS

This has been arrived at after charging/(crediting):

	2015 £	2014 £
Staff costs (see note 4)	5,785,619	5,363,470
Employment termination costs (included in staff costs)	33,928	106,454
Depreciation of property, plant and equipment	297,617	243,487
Amortisation of computer software and other intangible assets	195,958	105,190
Loss on disposal of property, plant and equipment	5,676	1,593
Auditors' remuneration:		
Audit fees	2,750	6,000
Audit of accounts of associates of the company pursuant to legislation	51,000	52,250
Non audit fees: taxation advisory services	2,500	5,650
:other advisory services	4,500	-
:services relating to corporate finance transactions	-	22,850
Operating lease rentals:		
Plant and machinery	78,395	61,384
Other	291,749	227,501
Research and development costs	436,196	484,897
Foreign exchange differences	(179,358)	43,213
Stock write downs	234,000	273,000

The foreign exchange differences have been treated as an adjustment to cost of sales rather than as an overhead.

Details of transactions with businesses associated with the Directors are given in Note 5.

4. STAFF COSTS

Staff costs for all employees during the year, including the executive Directors, were as follows:

	2015 £	2014 £
Wages and salaries	5,042,722	4,759,590
Social security costs	579,052	548,652
Other pension costs	163,845	55,228
	5,785,619	5,363,470

Wages and salaries include termination costs of £33,928 (2014: £106,454)

The average monthly number of employees during the year, including the three executive Directors, was as follows:

	2015 Number	2014 Number
Selling and distribution	49	36
Manufacturing	45	49
Management and administration	52	53
	146	138

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st March 2015 (continued)

5. DIRECTORS' EMOLUMENTS, INTERESTS AND SERVICES CONTRACTS

The value of all elements of remuneration received by each Director in the year was as follows:

	Salary/ Fees	Bonuses	Benefits in kind	Total emoluments	Pension contributions	Total
	£	£	£	£	£	£
31st March 2015						
W G Marsh (to 31/12/14)	19,000	-	15,000	34,000	-	34,000
G S Marsh	154,000	-	30,000	184,000	7,000	191,000
J M Lavery	143,000	-	30,000	173,000	9,000	182,000
J L Macmichael	114,000	-	21,000	135,000	7,000	142,000
P Haining	60,000	-	-	60,000	-	60,000
G L Comben (to 31/12/14)	19,000	-	6,000	25,000	-	25,000
A B Frere	12,000	-	-	12,000	-	12,000
Total	521,000	-	102,000	623,000	23,000	646,000
31st March 2014						
W G Marsh	50,000	-	20,000	70,000	-	70,000
G S Marsh	162,000	30,000	25,000	217,000	1,000	218,000
J M Lavery	150,000	70,000	21,000	241,000	8,000	249,000
J L Macmichael	120,000	-	19,000	139,000	3,000	142,000
P Haining	60,000	-	-	60,000	-	60,000
G L Comben	50,000	-	14,000	64,000	-	64,000
A B Frere	12,000	-	-	12,000	-	12,000
Total	604,000	100,000	99,000	803,000	12,000	815,000

The principal benefits in kind relate to the provision of company cars.

In addition to the above, fees totalling £51,400 (2014: £40,518) arose during the year in respect of accountancy services provided by The Kings Mill Practice, a firm of which P Haining is the proprietor. A balance of £18,366 (2014: £7,440) was due to The Kings Mill Practice at 31st March 2015.

Fees totalling £46,977 (2014: £39,249) arose during the year in respect of the services of A B Frere provided by Condev Limited. A balance of £4,968 (2014: £3,825) was due to Condev Limited at 31st March 2015.

Fees totalling £23,200 (2014: £Nil) arose during the period from 1st July 2014 to 31st December 2014 in respect of the services of G L Comben provided by G L Comben Consultancy Limited. A balance of £3,867 (2014: £Nil) was due to G L Comben Consultancy Limited at 31st March 2015.

Fees totalling £19,000 (2014: £Nil) arose during the period from 1st July 2014 to 31st December 2014 in respect of the services of W G Marsh provided by W G Marsh Consultancy Limited. A balance of £3,167 (2014: £Nil) was due to W G Marsh Consultancy Limited at 31st March 2015.

The executive Directors have service contracts with the Company which are terminable by the Company, or the relevant Director, on one year's notice.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st March 2015 (continued)

5. DIRECTORS' EMOLUMENTS, INTERESTS AND SERVICES CONTRACTS (continued)

The Directors of the Company on 7th July 2015 and at the statement of financial position date, and their interest in the issued ordinary share capital of the Company at that date, at 31st March 2015 and 31st March 2014 or date of appointment if later, were as follows:

	07.07.15	**31.03.15**	**31.03.14**
G S Marsh	443,456	443,456	511,813
J M Lavery	69,843	69,843	438,966
P Haining	52,500	52,500	52,500
J L Macmichael	100,565	100,565	142,096
A B Frere	56,000	56,000	106,000

Details of the options over the Company's shares granted under the Enterprise Management Incentives Scheme are as follows:

	Options held at 01.04.14	**Exercised**	**Lapsed**	**Options held at 31.03.15**	**Exercise price**	**Date of grant**	**Exercise period**
G S Marsh	42,000	(41,626)	(374)	-	5p	07.08.13	August 2014 to August 2023
	36,400	-	-	36,400	5p	07.08.13	August 2014 to August 2023
	31,600	-	-	31,600	5p	07.08.13	August 2014 to August 2023
J M Lavery	42,000	(40,861)	(1,139)	-	5p	07.08.13	August 2014 to August 2023
	36,400	-	-	36,400	5p	07.08.13	August 2014 to August 2023
	31,600	-	-	31,600	5p	07.08.13	August 2014 to August 2023
J L Macmichael	42,000	(18,397)	(23,603)	-	5p	07.08.13	August 2014 to August 2023
	36,400	-	-	36,400	5p	07.08.13	August 2014 to August 2023
	31,600	-	-	31,600	5p	07.08.13	August 2014 to August 2023

The market price of the shares at 31st March 2015 was £6.33 (2014: £3.44), with a quoted range during the year of £3.51 to £8.70

All the options at 31st March 2015 are subject to performance criteria based on the years ended 31st March 2015 and 31st March 2016 respectively, although the options are non cumulative. They vest in two tranches based on performance criteria over the two years. The market value at the date of grant was £2.38.

For G S Marsh the criteria are based on the pre-tax profit of the group, for J M Lavery on the pre-tax profit of the manufacturing division and for J L Macmichael on the pre-tax profit of the distribution division.

The aggregate gain on exercise of share options in the year was £597,737.

6. FINANCE COSTS

	2015	**2014**
	£	**£**
Bank borrowings	34,801	41,301
Invoice discounting interest	7,265	29,715
Other interest	6,345	910
	48,411	71,926

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st March 2015 (continued)

7. TAX EXPENSE

	2015 £	2014 £
Current tax expense		
UK corporation tax on profits or losses for the year	4,875	265,715
Adjustment in respect of prior periods	(5,295)	(26,389)
	(420)	239,326
Deferred tax charge	122,452	38,314
Total tax charge	122,032	277,640

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:

	2015 £	2014 £
Profit before tax	3,013,739	2,153,709
Expected tax charge based on the standard rate of corporation tax in the UK of 21% (2014 – 23%)	632,885	495,353
Effect of:		
Expenses not deductible for tax purposes	64,245	24,365
Deductible expenses not charged in Group accounts	(7,237)	(7,926)
Difference between depreciation for the year and capital allowances	(5,773)	(1,002)
Tax relief on exercise of share options at less than market value	(125,525)	(63,752)
Marginal relief	(244)	(1,800)
Enhanced relief on research and development expenditure	(429,877)	(166,031)
Deferred tax credit arising on change of tax rate	(5,203)	(1,567)
Adjustment to provision in prior year	(853)	-
Enhanced rate on loss carried back	(386)	-
Total tax charge	122,032	277,640

8. EARNINGS PER SHARE

The earnings per share is based on the following:

	2015 £	2014 £
Earnings	2,891,707	1,876,069
Weighted average number of shares	8,296,504	7,412,343
Diluted number of shares	8,542,212	7,431,867
Earnings per share	34.9p	25.3p
Diluted earnings per share	33.9p	25.2p

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 8,296,504 (2014: 7,412,343).

The diluted earnings per share is based on 8,542,212 (2014: 7,431,867) ordinary shares which allow for the exercise of all dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st March 2015 (continued)

9. DIVIDENDS

	2015 £	2014 £
Final dividend paid for the prior year of 5.75p per share (2014: 5.25p)	479,067	376,988
Interim dividend paid of 4p per share (2014: 2.75p)	333,264	226,345
Cancelled dividends on shares held in treasury	(1,931)	-
	810,400	603,333
Final dividend proposed for the year 8p per share (2014: 5.75p)	662,667	473,267

The proposed final dividend has not been accrued for as the dividend will be approved by the shareholders at the annual general meeting.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st March 2015 (continued)

10. PROPERTY, PLANT AND EQUIPMENT

	Short leasehold property improvements £	Motor vehicles £	Fittings equipment and computers £	Total £
Year ended 31st March 2014				
Cost				
1st April 2013	307,299	608,261	1,330,900	2,246,460
Additions	2,900	371,951	28,636	403,487
Acquisition of subsidiaries	-	18,132	66,150	84,282
Disposals	(11,800)	(241,761)	(11,750)	(265,311)
31st March 2014	298,399	756,583	1,413,936	2,468,918
Depreciation				
1st April 2013	60,192	255,306	1,016,013	1,331,511
Charge for the year	30,238	109,237	104,012	243,487
On disposal	(11,800)	(150,116)	(3,650)	(165,566)
31st March 2014	78,630	214,427	1,116,375	1,409,432
Net book value				
31st March 2014	219,769	542,156	297,561	1,059,486
Year ended 31st March 2015				
Cost				
1st April 2014	298,399	756,583	1,413,936	2,468,918
Additions	117,361	237,113	170,444	524,918
Disposals	-	(115,439)	-	(115,439)
31st March 2015	415,760	878,257	1,584,380	2,878,397
Depreciation				
1st April 2014	78,630	214,427	1,116,375	1,409,432
Charge for the year	39,075	160,742	97,800	297,617
On disposal	-	(71,663)	-	(71,663)
31st March 2015	117,705	303,506	1,214,175	1,635,386
Net book value				
31st March 2015	298,055	574,751	370,205	1,243,011

At 31st March 2015, the assets included a motor vehicle held under a finance lease. The net book value was £9,889 (2014: £ 13,185) and the depreciation charge for the year was £3,296 (2014: £700)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st March 2015 (continued)

11. INTANGIBLE ASSETS

	Development Costs	UN Licences £	Computer software £	Goodwill on consolidation £	Other intangible assets £	Total £
Year ended 31st March 2014						
Cost						
1st April 2013	-	9,800	156,099	2,206,278	140,434	2,512,611
Additions	-		7,725	1,302,399	1,333,864	2,643,988
31st March 2014	-	9,800	163,824	3,508,677	1,474,298	5,156,599
Amortisation						
1st April 2013	-	-	73,780	-	42,129	115,909
Charge for the year	-	-	32,765	-	72,425	105,190
31st March 2014	-	-	106,545	-	114,554	221,099
Net book value						
31st March 2014	-	9,800	57,279	3,508,677	1,359,744	4,935,500
Year ended 31st March 2015						
Cost						
1st April 2014	-	9,800	163,824	3,508,677	1,474,298	5,156,599
Additions	503,121	-	157,630	-	-	660,751
31st March 2015	503,121	9,800	321,454	3,508,677	1,474,298	5,817,350
Amortisation						
1st April 2014	-	-	106,545	-	114,554	221,099
Charge for the year	-	-	48,528	-	147,430	195,958
31st March 2015	-	-	155,073	-	261,984	417,057
Net book value						
31st March 2015	503,121	9,800	166,381	3,508,677	1,212,314	5,400,293

The cost of other intangible assets comprise the estimated net present value of customer relationships of Rugged Systems Limited and Q-Par Angus Limited and customer and supplier relationships of 2001 Electronic Components Limited at the date of acquisition.

The development costs relate to the cost of developing a new electronic monitoring unit to enable the Group to extend the operations of its manufacturing division into this new growth area. No amortisation has been charged in the year as the products are still at the development stage and it is anticipated that it will be fully operational for the 2016/17 financial year.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st March 2015 (continued)

12. GOODWILL AND IMPAIRMENT

Details of the carrying amount of goodwill allocated to cash generating units (CGUs) is as follows:

	Goodwill carrying amount 2015 £	2014 £
Steatite Limited	2,206,278	2,206,278
Q-Par Angus Limited	24,332	24,332
Solid State Supplies Limited	1,278,067	1,278,067
	3,508,677	3,508,677

The recoverable amounts of all the above CGUs have been determined from a review of the current and anticipated performance of these units. In preparing the projection, a discount rate of 15% (2014: 15%) has been used based on the weighted average cost of capital and a future growth rate of 2.25% has been assumed beyond the first year for which the projection is based on the budget approved by the board of directors. The future growth rate has been applied for the next four years. It has been assumed investment in capital equipment will equate to depreciation over this period. The discount rate was based on the group's "beta" which is a measure of the volatility of the share price against the market. This amounts to 0.84 (2014: 0.84).

The recoverable amount exceeds the carrying amount by £24,605,000 (2014: £10,176,000). If any one of the following changes were made to the above key assumptions, the carrying amount would still exceed the recoverable amount.

Discount rate: Increase from 15% to 18%
Growth rate: Reduction from 2.25% to 1.75%

13. SUBSIDIARIES

The subsidiaries of Solid State PLC, which have been included in these consolidated financial statements are as follows:

Subsidiary undertakings	Country of Incorporation	Proportion of voting rights and Ordinary share capital held	Nature of business
Solid State Supplies Limited	Great Britain	100%	Distribution of electronic components.
Steatite Limited	Great Britain	100%	Distribution of electronic components and manufacture of electronic equipment.
Q-Par Angus Limited	Great Britain	100%	Manufacture of microwave and RF equipment
2001 Electronic Components Limited	Great Britain	100%	Non trading entity
Wordsworth Technology (Kent) Limited	Great Britain	100%	Non trading entity
Rugged System Limited	Great Britain	100%	Non trading entity
E-merge Electronics Limited	Great Britain	100%	Non trading entity

In all cases the country of operation and of incorporation is England.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st March 2015 (continued)

14. INVENTORIES

	2015 £	2014 £
Finished goods and goods for resale	4,396,154	3,866,506
Work in progress	1,005,408	708,084
	5,401,562	4,574,590

There is no material difference between the replacement cost of inventories and the amount stated above.

15. TRADE AND OTHER RECEIVABLES

	2015 £	2014 £
Trade receivables	7,312,177	9,885,717
Other receivables	81,841	159,545
Prepayments	1,479,629	392,897
	8,873,647	10,438,159

Group trade receivables include £Nil (2014: £1,500,000) which are subject to an invoice discounting agreement. Under this agreement, borrowing equal to 85% of the relevant book debts can be taken with interest charged at 2% over bank base rate and an administration fee of 0.175% of the gross value of the debts per month. At 31st March 2015 borrowing under the agreement of £Nil (2014: £1,500,000) was available of which £Nil (2014: £1,143,758) was taken up. Interest charges in the year amounted to £7,265 (2014: £24,332) and administration fees to £5,475 (2014: £21,156). The invoice discounting agreement ceased on 31st July 2014.

16. TRADE AND OTHER PAYABLES (CURRENT)

	2015 £	2014 £
Trade payables	3,640,425	5,434,475
Other taxes and social security taxes	738,539	1,175,893
Amounts due under hire purchase agreements	2,753	2,465
Other payables	205,660	134,167
Accruals	582,283	418,124
Deferred income	663,860	324,868
	5,833,520	7,489,992

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st March 2015 (continued)

17. BANK BORROWINGS

	2015 £	2014 £
Amounts due to invoice discounters	-	1,143,758

The bank overdraft is secured by a fixed and floating charge over the assets of the Company and the Group. At the balance sheet date, the Group had an undrawn overdraft facility of £1,425,631 (2014: £1,407,192).

18. TRADE AND OTHER PAYABLES (NON CURRENT)

	2015 £	2014 £
Amounts due under hire purchase agreements	8,516	11,269

19. FINANCIAL INSTRUMENTS

The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance.

The Group's financial instruments comprise cash and cash equivalents and various items such as trade payables and receivables that arise directly from its operations. The Group is exposed through its operations to the following risks:

- Credit risk
- Foreign currency risk
- Liquidity risk
- Cash flow interest rate risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks and consequently the objectives, policies and processes are unchanged from the previous period.

The Board has overall responsibility for the determination of the Group's risk management policies. The objective of the Board is to set policies that seek to reduce the risk as far as possible without unduly affecting the Group's competitiveness and effectiveness. Further details of these policies are set out on the next page:

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st March 2015 (continued)

19. FINANCIAL INSTRUMENTS (continued)

Credit risk
The Group is exposed to credit risk primarily on its trade receivables, which are spread over a range of customers and countries, a factor that helps to dilute the concentration of the risk.

It is Group policy, implemented locally, to assess the credit risk of each new customer before entering into binding contracts. Each customer account is then reviewed on an ongoing basis (at least once a year) based on available information and payment history.

The maximum exposure to credit risk is represented by the carrying value in the statement of financial position as shown in note 15 and in the statement of financial position. The amount of the exposure shown in note 15 is stated net of provisions for doubtful debts.

The credit risk on liquid funds is low as the funds are held at banks with high credit ratings assigned by international credit rating agencies.

Foreign currency risk
Foreign exchange transaction risk arises when individual Group operations enter into transactions denominated in a currency other than their functional currency. The general policy for the Group is to sell to customers in the same currency that goods are purchased in reducing the transactional risk. Where transactions are not matched excess foreign currency amounts generated from trading are converted back to sterling and required foreign currency amounts are converted from sterling and the use of forward currency contracts is considered.

Foreign exchange translation risk arises on translation of the balance sheets of Group operations whose functional currency is different to that of the Group as a whole. The predominant area where this risk applies is US dollars and euros.

Liquidity risk
The Group operates a Group overdraft facility common to all its trading companies and invoice discounting is used on some sales to customers meaning that the UK business can receive immediate payment on its sales.

The Group has approximately a three month visibility in its trading and runs a rolling 3 month cash flow forecast. If any part of the Group identifies a shortfall in its future cash position the Group has sufficient facilities that it can direct funds to the location where they are required. If this situation is forecast to continue into the future remedial action is taken.

Cash flow interest rate risk
External Group borrowings are approved centrally. The Board accepts that this neither protects the Group entirely from the risk of paying rates in excess of current market rates nor eliminates fully cash flow risk associated with interest payments. It considers, however, that by ensuring approval of borrowings is made by the Board the risk of borrowing at excessive interest rates is reduced. The Board considers that the rates being paid are in line with the most competitive rates it is possible for the Group to achieve.

Credit risk
The carrying amount of financial assets represents the maximum credit exposure. The Group maintains its cash reserves at reputable banks. The maximum exposure to credit risk at the reporting date was:

	Loans and Receivables	
	2015	**2014**
	£	**£**
Current financial assets		
Trade and other receivables	8,873,647	10,438,159
Cash and cash equivalents	1,737,523	685,401
	10,611,170	11,123,560

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st March 2015 (continued)

19. FINANCIAL INSTRUMENTS (continued)

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	Carrying value 2015 £	Carrying value 2014 £
UK	6,622,131	9,079,574
Non UK	690,046	806,143
	7,312,177	9,885,717

The Group policy is to make a provision against those debts that are overdue, unless there are grounds for believing that all or some of the debts will be collected. During the year the value of provisions made in respect of bad and doubtful debts was £140,695 (2014: £30,109) which represented 0.38% (2014: 0.09%) of revenue. This provision is included within the management and administration costs in the Consolidated Statement of Comprehensive Income.

Trade receivables ageing by geographical segment

Geographical area	**Total** £	**Current** £	**30 days past due** £	**60 days past due** £	**90 days past due** £
2015					
UK	6,717,746	6,001,957	614,235	31,832	69,722
Non UK	703,197	547,102	110,833	19,369	25,893
Total	7,420,943	6,549,059	725,068	51,201	95,615
Less: Provisions	(108,766)	-	-	(13,151)	(95,615)
Total	7,312,177	6,549,059	725,068	38,050	-
2014					
UK	9,216,696	8,276,268	702,849	177,675	59,904
Non UK	806,143	636,951	23,722	8,255	137,215
Total	10,022,839	8,913,219	726,571	185,930	197,119
Less: Provisions	(137,122)				(137,122)
Total	9,885,717	8,913,219	726,571	185,930	59,997

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st March 2015 (continued)

19. FINANCIAL INSTRUMENTS (continued)

The Group records impairment losses on its trade receivables separately from gross receivables. The movements on this allowance account during the year are summarised below:

	2015 £	2014 £
Opening balance	137,122	109,909
Increases in provisions	140,695	30,109
Written off against provisions	(169,051)	(2,896)
Closing balance	108,766	137,122

The main factor used in assessing the impairment of trade receivables is the age of the balances and the circumstances of the individual customer.

As shown in the earlier table, at 31st March 2015 trade receivables of £763,118 which were past their due date were not impaired (2014: £972,498). All of these were less than 90 days past their due date.

Liquidity risk

	Financial liabilities measured at amortised cost	
	2015 £	2014 £
Current financial liabilities		
Trade and other payables	5,833,520	7,489,992
Bank borrowings	-	1,143,758
Bank overdraft	4,200,997	1,894,719
	10,034,517	10,528,469
Non current financial liabilities		
Hire purchase creditors	8,516	11,269

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st March 2015 (continued)

19. FINANCIAL INSTRUMENTS (continued)

The following are maturities of financial liabilities, including estimated contracted interest payments.

	Carrying amount	Contractual cash flow	6 months or less	6 – 12 months	1 or more years
2015					
Secured bank loans	-	-	-	-	-
Bank overdrafts	4,200,997	4,200,997	4,200,997	-	-
Amounts due to invoice discounters	-	-	-	-	-
Trade and other payables	5,830,767	5,830,767	5,830,767	-	-
Hire purchase creditors	11,269	11,269	1,188	1,565	8,516
	10,043,033	10,043,033	10,032,952	1,565	8,516
2014					
Secured bank loans	-	-	-	-	-
Bank overdrafts	1,894,719	1,894,719	1,894,719	-	-
Amounts due to invoice discounters	1,143,758	1,143,758	1,143,758	-	
Trade and other payables	7,487,527	7,487,527	7,487,527		
Hire purchase creditors	13,734	13,734	1,188	1,277	11,269
	10,539,738	10,539,738	10,527,192	1,277	11,269

Interest rate risk
The Group finances its business through a mixture of bank overdrafts and invoice discounting facilities. During the year the Group utilised these facilities at floating rates of interest. On 1st August 2014 Lloyds Bank plc took over the role of Group bankers from HSBC plc.

The Group bank overdraft with Lloyds Bank plc incurs interest at the rate of 2.0% over the Lloyds Bank base rate. The Group is affected by changes in the UK interest rate.

Details of interest payable under the former invoice discounting agreement are stated in Note 15.

The US Dollar overdraft facility bears the interest rate of 1.0% over the Lloyds Bank US dollar reference rate and is therefore affected by changes in the US interest rate.

The fair value of the Group's financial instruments is not materially different to the book value.

In terms of sensitivity, if the ruling base rate had been 1% higher throughout the year the level of interest payable would have been £19,364 (2014: £14,750) higher and if 1% lower throughout the year the level of interest payable would have been lower by the same amount.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st March 2015 (continued)

19. FINANCIAL INSTRUMENTS (continued)

Foreign currency risk
The Group's main foreign currency risk is the short term risk associated with accounts receivable and payable denominated in currencies that are not the subsidiaries functional currency. The risk arises on the difference in the exchange rate between the time invoices are raised/received and the time invoices are settled/paid. For sales denominated in foreign currencies the Group will try to ensure that the purchases associated with the sale will be in the same currency.

All monetary assets and liabilities of the Group were denominated in sterling with the exception of the following items which were denominated in US dollars, and which are included in the financial statements at the sterling value based on the exchange rate ruling at the statement of financial position date.

The following table shows the net liabilities exposed to exchange rate risk that the Group has at 31st March 2015:

	2015	**2014**
	£	**£**
Trade receivables	1,851,364	5,494,803
Cash and cash equivalents	126,567	110,972
Bank overdraft	-	(190,656)
Trade payables	(1,642,010)	(2,867,299)
	335,921	2,547,820

There were also net assets of £21,444 in euros (2014: net assets of £95,398).

The Group is exposed to currency risk because it undertakes trading transactions in US dollars and euros. The Directors do not generally consider it necessary to enter into derivative financial instruments to manage the exchange risk arising from its operations, but from time to time when the Directors consider foreign currencies are weak and it is known that there will be a requirement to purchase those currencies, forward arrangements are entered into. Details of those outstanding at the statement of financial position date are given later in this note.

The effect of a strengthening of 10% in the rate of exchange in the currencies against sterling at the statement of financial position date would have resulted in an estimated net increase in pre-tax profit for the year and an increase in net assets of approximately £36,000 (2014: £264,000) and the effect of a weakening of 10% in the rate of exchange in the currencies against sterling at the statement of financial position date would have resulted in an estimated net decrease in pre-tax profit for the year and a decrease in net assets of approximately £36,000 (2014: £(264,000)).

There were no forward purchase agreements in place at 31st March 2014 or 31st March 2015.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st March 2015 (continued)

19. FINANCIAL INSTRUMENTS (continued)

Capital under management
The Group considers its capital to comprise its ordinary share capital, share premium account, capital redemption reserve, foreign exchange reserve and accumulated retained earnings.

In managing its capital, the Group's primary objective is to maximise returns for its equity shareholders. The Group seeks to maintain a gearing ratio that balances risks and returns at an acceptable level and also to maintain sufficient funding to enable the Group to meet its working capital and strategic investment need. In making decisions to adjust its capital structure to achieve these aims the Group considers not only its short term position but also its long term operational and strategic objectives.

The Group's gearing ratio at 31st March 2015 is shown below:

	2015	**2014**
	£	**£**
Cash and cash equivalents	(1,737,523)	(685,401)
Bank overdrafts	4,200,997	1,894,719
Invoice discounting advance	-	1,143,758
Hire purchase finance	11,269	13,734
	2,474,743	2,366,810
Share capital	416,580	411,536
Share premium account	3,628,748	3,628,748
Retained earnings	8,654,105	6,362,145
Capital redemption reserve	4,674	4,674
Shares held in treasury	(313,073)	-
	12,391,034	10,407,103
Gearing ratio	0.20	0.23

20. DEFERRED TAX

	2015	**2014**
	£	**£**
Accelerated capital allowances, capitalised development costs and goodwill on acquisition of subsidiaries:		
At 1st April 2014	224,084	51,428
Deferred tax arising on acquisition of subsidiaries	-	134,342
Charge for the year	127,655	36,747
Effect of tax rate change	(5,203)	1,567
At 31st March 2015	346,536	224,084

Deferred tax rates are at 20% (2014: 21%) being the rate substantially enacted.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st March 2015 (continued)

21. PROVISION FOR LIABILITIES

Provision for liabilities on the termination of two building leases. The provision at 31st March 2014 represented the expected economic outflow on the termination of the two leases. Both were paid or released to the statement of comprehensive income in the year ended 31st March 2015.

Opening provision	170,000
Paid in year	(163,023)
Released to statement of comprehensive income	(6,977)
Closing provision	£Nil

22. SHARE CAPITAL

	2015 £	2014 £
Allotted issued and fully paid		
8,331,606 (2014: 8,230,722) ordinary shares of 5p each	416,580	411,536

On 6th August 2014, Mr J L Macmichael exercised share options over 18,397 ordinary shares which were issued at an exercise price of 5p.

On 6th August 2014, Mr G S Marsh exercised share options over 41,626 ordinary shares which were issued at an exercise price of 5p.

On 6th August 2014, Mr J M Lavery exercised share options over 40,861 ordinary shares which were issued at an exercise price of 5p.

An Enterprise Management Incentive Scheme was adopted by the company in September 2000 and formally approved at an Extraordinary General Meeting on 12th December 2000.

Details of options granted are set out in Note 5. At 31st March 2015 the number of shares covered by option agreements amounted to 204,000 (2014: 330,000).

23. RESERVES

Full details of movements in reserves are set out in the consolidated statement of changes in equity on page 14.

The following describes the nature and purpose of each reserve within owners' equity.

Reserve	**Description and Purpose**
Share premium	Amount subscribed for share capital in excess of nominal value.
Capital redemption	Amounts transferred from share capital on redemption of issued shares.
Retained earnings	Cumulative net gains and losses recognised in the consolidated income statement.
Shares held in treasury	Shares held by the Group for future staff share plan awards

24. TREASURY SHARES

On 28th November 2014 the group purchased 53,903 shares in Solid State PLC. In January 2015 5,632 were awarded under the All Employee Share Plan. At 31st March 2015 the group held 48,271 shares in treasury with a cost of £313,073. No shares have been cancelled.

The shares were purchased at a price of £6.49 per share.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st March 2015 (continued)

25. LEASING COMMITMENTS

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2015	**2014**
	£	**£**
No later than 1 year	288,980	353,750
Later than 1 year and no later than 5 years	881,937	1,050,063
Later than 5 years	313,500	531,500

26. SHARE BASED PAYMENT

The Group operates an approved Enterprise Management Incentive Scheme whereby Mr G S Marsh, Mr J M Lavery and Mr J L Macmichael have been granted options to purchase shares in Solid State PLC at a subscription price of 5p per share. The options in place at 31st March 2015 all have exercise periods of any time after finalisation of the accounts for the year on which the performance criteria are based. Full details are set out in Note 5 on pages 24 and 25.

The fair value of the options is based on the market value at the date of grant of the number of shares for which the performance criteria have been met for the year less the exercise price of 5p per share. The market value per share at the date of grant was £2.38.

The share based remuneration expenses amount to £210,653 for the year (2014: £235,056).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st March 2015 (continued)

27. 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 comprises Solid State Supplies Limited and the manufacturing division includes Steatite Limited and Q-Par Angus Limited.

Year ended 31st March 2015

	Distribution division £	**Manufacturing division £**	**Head office £**	**Total £**
Revenue				
External	13,806,946	22,752,331	-	36,559,277
Profit/(loss) before tax	660,961	3,388,357	(1,035,579)	3,013,739
Tax expense	140,362	286,590	(304,920)	122,032
Balance sheet				
Assets	7,994,948	13,162,179	1,628,351	22,785,478
Liabilities	2,103,530	3,734,756	4,556,158	10,394,444
Net assets/(liabilities)	5,891,418	9,427,423	(2,927,807)	12,391,034
Other				
Capital expenditure				
- Tangible fixed assets	179,958	344,960	-	524,918
- Intangible fixed assets	81,693	579,058	-	660,751
Depreciation, amortisation and other non cash expenses	208,087	285,488	210,653	704,228
Interest paid	12,827	35,584	-	48,411

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st March 2015 (continued)

27. SEGMENT INFORMATION (continued)

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
Balance sheet				
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
Other				
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

	External revenue by location of customer		Total assets by location of assets		Net tangible capital expenditure by location of assets	
	2015 £	2014 £	2015 £	2014 £	2015 £	2014 £
United Kingdom	32,267,416	28,258,799	22,766,036	21,738,921	524,918	487,769
Rest of Europe	2,733,195	1,977,575	-	-	-	-
Asia	849,410	671,633	-	-	-	-
North America	577,458	1,051,151	-	-	-	-
Australasia	58,010	51,919	-	-	-	-
Africa	56,173	10,213	-	-	-	-
South America	17,615	64,142	-	-	-	-
	36,559,277	32,085,432	22,766,036	21,738,921	524,918	487,769

All the above relate to continuing operations.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st March 2015 (continued)

28. POST BALANCE SHEET EVENT

On 1st April 2015 the Group acquired 100% of the ordinary shares in Signregion Limited and its wholly owned subsidiary Ginsbury Electronics Limited for a cash consideration of £2.125m subject to a net asset adjustment once completion accounts have been finalised. This investment will be incuded in the Group's balance sheet at its fair value at the date of acquisition. Ginsbury Electronics specialises in the supply of high quality display components, monitors panels, signage and power components to the commercial, retail, industrial and military markets throughout the UK and Europe.

The provisional completion accounts show a breakdown of the assets and liabilities of the acquired companies to be as follows:

	£'000
Tangible fixed assets	53
Stock	294
Debtors	641
Cash at bank	977
Creditors	(365)
Net tangible assets	1,600
Excess of cost over net tangible assets	525
Total consideration	£2,125

The consideration paid on completion was £1,600,000 and there will be further payments of £175,000 payable 6, 12 and 18 months after the date of acquisition, subject to a net asset adjustment once the completion accounts have been finalised.

Analysis of the excess of cost over net tangible assets will be carried out to ascertain the value of the intangible fixed assets and the value of goodwill on acquisition.

The acquisition costs of approximately £14,000 will be written off as overheads in the financial year 2015/16.

Company Number: 00771335

COMPANY BALANCE SHEET
at 31st March 2015

	Notes	2015 £	2015 £	2014 £	2014 £
FIXED ASSETS					
Investments	4		5,781,074		5,739,380
CURRENT ASSETS					
Debtors	5	1,894,182		1,932,978	
Cash at bank and in hand		1,610,625		-	
		3,504,807		1,932,978	
CREDITORS: Amounts falling due within one year	6	4,685,836		3,143,838	
NET CURRENT (LIABILITIES)			(1,181,029)		(1,210,860)
NET ASSETS			4,600,045		4,528,520
CAPITAL AND RESERVES					
Called up share capital	7		416,580		411,536
Share premium account	8		3,628,748		3,628,748
Capital redemption reserve	8		4,674		4,674
Profit and loss account	8		863,116		483,562
Shares held in treasury	8		(313,073)		-
SHAREHOLDERS' FUNDS			4,600,045		4,528,520

The financial statements were approved by the Board of Directors and authorised for issue on 7th July 2015.

G S Marsh, *Director* **P Haining**, *Director*

The notes on pages 45 to 48 form part of these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS
For the year ended 31st March 2015

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation
The financial statements have been prepared in accordance with applicable UK accounting standards and under the historical cost convention. The accounts have been prepared on the going concern basis.

Profit and loss account
Under section 408(4) of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account. The loss for the year ended 31st March 2015 is disclosed in Note 8.

Foreign currencies
Assets and liabilities in foreign currencies are translated into sterling at closing rates of exchange.

Investments in subsidiaries
Investments in subsidiaries are stated at cost less amounts provided for impairment.

Other financial liabilities
Other financial liabilities include the following items:

- Amounts owed by group undertakings and other creditors, which are recognised at amortised cost.
- Bank borrowings are initially recognised at the amount advanced net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liabilities carried in the balance sheet. Interest expense in this context includes initial transaction costs and premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Share based payment
Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the profit and loss account over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of options granted. As long as all other vesting conditions are satisfied, a change is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for factors to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the profit and loss account over the remaining vesting period.

Treasury Shares
Shares in Solid State PLC purchased for holding in treasury are held at cost as a separate negative reserve in the capital section of the statement of financial position. Any dividends paid in relation to these shares are cancelled.

2. STAFF COSTS

Staff costs amounted £544,095 (2014: £642,073) and comprised the share based payment expense of £210,653 (2014: £235,056) provision for employer's national insurance on exercise of share options of £29,070 (2014: £32,437) and salary and related costs in respect of Mr G L Comben, Mr W G Marsh, Mr A B Frere, Mr G S Marsh and Mr P Haining. No other remuneration was paid by the Company. Details of directors' emoluments are given in note 5 to the Group financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS
For the year ended 31st March 2015

3. SHARE BASED PAYMENT

The Group operates an approved Enterprise Management Incentive Scheme whereby Mr G S Marsh, Mr J M Lavery and Mr J L Macmichael have been granted options to purchase shares in Solid State PLC at a subscription price of 5p per share. The options in place at 31st March 2015 all have exercise periods of any time after finalisation of the accounts for the year on which the performance criteria are based. Full details are set out in Note 5 on pages 24 and 25.

The fair value of the options is based on the market value at the date of grant of the number of shares for which the performance criteria have been met for the year less the exercise price of 5p per share. The market value per share at the date of grant was £2.38.

The share based remuneration expenses amount to £210,653 for the year (2014: £235,056)

4. INVESTMENTS
Company

	Group undertakings £
Cost	
1st April 2014	5,739,380
Amendment to consideration	41,694
Disposals	-
31st March 2015	5,781,074
Net book value	
31st March 2015	5,781,074
31st March 2014	5,739,380

Subsidiary undertakings

The subsidiaries of Solid State PLC are as follows are as follows:

Subsidiary undertakings	**Proportion of voting rights and Ordinary share capital held**	**Nature of business**
Solid State Supplies Limited	100%	Distribution of electronic components
Steatite Limited	100%	Distribution of electronic components and manufacture of electronic equipment
Q-Par Angus Limited	100%	Manufacture of microwave and RF equipment
2001 Electronic Components Limited	100%	Non trading entity
Wordsworth Technology (Kent) Limited	100%	Non trading entity
Rugged System Limited	100%	Non trading entity
E-merge Electronics Limited	100%	Non trading entity

In all cases the country of operation and of incorporation or registration is England.

NOTES TO THE COMPANY FINANCIAL STATEMENTS
For the year ended 31st March 2015 (continued)

5. DEBTORS

	2015 £	2014 £
Amounts owed by Group undertakings	1,876,456	1,887,538
Other debtors	16,601	44,526
Prepayments	1,125	914
	1,894,182	1,932,978

6. CREDITORS: Amounts falling due within one year

	2015 £	2014 £
Bank overdraft (secured)	4,455,465	1,307,680
Amounts owed to Group undertakings	129,678	1,759,055
Other taxes and social security costs	36,270	32,437
Other creditors	57,823	38,666
Accruals	6,600	6,000
	4,685,836	3,143,838

The Company has guaranteed bank borrowings of its subsidiary undertakings, Solid State Supplies Limited, Steatite Limited and Q-Par Angus Limited. At the year end the liabilities covered by those guarantees amounted to £Nil (2014: £573,246). The Company accounts for guarantees provided to Group companies as insurance contracts, recognising a liability only to the extent that it is probable the guarantees will be called upon.

7. SHARE CAPITAL

	2015 £	2014 £
Allotted issued and fully paid		
8,331,606 (2014: 8,230,722) ordinary shares of 5p each	416,580	411,536

On 6th August 2014, Mr J L Macmichael exercised share options over 18,397 ordinary shares which were issued at an exercise price of 5p.

On 6th August 2014, Mr G S Marsh exercised share options over 41,626 ordinary shares which were issued at an exercise price of 5p.

On 6th August 2014, Mr J M Lavery exercised share options over 40,861 ordinary shares which were issued at an exercise price of 5p.

An Enterprise Management Incentive Scheme was adopted by the Company in September 2000 and formally approved at an Extraordinary General Meeting on 12th December 2000.

Details of options granted are set out in Note 5 to the Group financial statements. At 31st March 2015 the number of shares covered by option agreements amounted to 204,000 (2014: 330,000).

At 31st March 2015, 48,271 shares were held in treasury (2014: Nil).

NOTES TO THE COMPANY FINANCIAL STATEMENTS
For the year ended 31st March 2015 (continued)

8. RESERVES

	Share Premium account	Capital redemption reserve	Profit & loss account	Shares held in treasury
1st April 2014	3,628,748	4,674	483,562	-
Issue of shares	-	-	-	-
Profit for the year	-	-	979,301	-
	3,628,748	4,674	1,462,863	-
Add: Share based expense	-	-	210,653	-
	3,628,748	4,674	1,673,516	-
Dividend paid	-	-	(810,400)	-
Repurchase of own shares into treasury	-	-	-	(313,073)
31st March 2015	3,628,748	4,674	863,116	(313,073)

The cumulative amount of goodwill which has been eliminated against reserves at 31st March 2015 is £30,000 (2014: £30,000).

9. OWN SHARES HELD IN TREASURY

On 28th November 2014 the group purchased 53,903 shares in Solid State PLC and in January 2015 5,632 were awarded under the All Employee Share Plan. At 31st March 2015 the group held 48,271 shares in treasury with a cost of £313,073. No shares have been cancelled.

The shares were purchased at a price of £6.49 per share.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of Solid State PLC will be held at 2, Ravensbank Business Park, Hedera Road Redditch B98 9EY, on 9th September 2015 at 2.30pm for the following purposes:

ORDINARY RESOLUTIONS

(1) To receive and adopt the accounts for the year ended 31st March 2015, together with the reports of the Directors and auditors thereon. (Resolution 1)

(2) To declare a final dividend of 8p per share. (Resolution 2)

(3) To reappoint Anthony Brian Frere, who retires by rotation, as a Director of the Company in accordance with the Company's Articles of Association. (Resolution 3)

(4) To reappoint Gary Stephen Marsh, who retires by rotation, as a Director of the Company in accordance with the Company's Articles of Association. (Resolution 4)

(5) To reappoint haysmacintyre as auditors of the Company. (Resolution 5)

(6) To authorise the Directors to fix the auditors' remuneration, (Resolution 6)

(7) To pass the following resolution:

That the Directors be generally and unconditionally authorised to allot shares in the Company (**Relevant Securities**):

i) comprising equity securities (as defined by section 560 of the Companies Act 2006) up to an aggregate nominal amount of £137,471.50 (which is 33% of the issued share capital) (such amount to be reduced by the nominal amount of any Relevant Securities allotted under paragraph (ii) below) in connection with an offer by way of a rights issue:

(a) to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and

(b) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

ii) in any other case, up to an aggregate nominal amount of £83,316.00 (which is 20% of the issued share capital) (such amount to be reduced by the nominal amount of any equity securities allotted under paragraph i) above,

provided that this authority shall, unless renewed, varied or revoked by the Company, expire after a period of 18 months from the passing of this resolution or, if earlier, the date of the next annual general meeting of the Company save that the Company may, before such expiry, make offers or agreements which would or might require Relevant Securities to be allotted and the Directors may allot Relevant Securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

This resolution revokes and replaces all unexercised authorities previously granted to the Directors to allot Relevant Securities but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities. (Resolution 7)

SPECIAL RESOLUTIONS

(8) To pass the following resolution:

That the Company is authorised to allot equity securities pursuant to resolution 7 above up to an aggregate nominal amount of £83,316.00, which is 20% of the issued share capital, as if Section 561 of the Companies Act 2006 (existing shareholders – right of pre-emption):

i) did not apply to the allotment; or

ii) applied to the allotment with such modifications as the Directors may determine provided that this authority shall, unless renewed, varied or revoked by the company, expire after a period of 18 months from the passing of this resolution save that the company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted and the Directors may allot equity securities in pursuance of such offer or agreement not withstanding that the authority conferred by the resolution ahs expired. (Resolution 8)

NOTICE OF ANNUAL GENERAL MEETING (continued)

SPECIAL RESOLUTIONS (continued)

(9) To pass the following resolution:
That the Company is, pursuant to Section 701 of the Companies Act 2006, hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 693 of the Companies Act 2006) of ordinary shares of 5p each in the capital of the Company ("ordinary shares") provided that:-

i) the minimum price which may be paid for the ordinary shares is 5p per ordinary share;
ii) the maximum price that may be paid for such shares is, in respect of a share contracted to be purchased on any day , an amount (exclusive of all expenses) equal to 105 per cent of the average middle market quotations of the ordinary shares of the company as derived from the Daily Official List of the London Stock Exchange on the 10 dealing days immediately preceding the day on which the shares are contracted to be purchased;
iii) the authority hereby conferred shall expire after a period of 18 months from the passing of this resolution unless such authority is renewed prior to such expiry;
iv) the authority hereby conferred is in substitution for any existing authority to purchase ordinary shares under the said Section 701;
v) the Company may make a contract to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which will be executed wholly or partly after the expiry of such authority and may make a purchase or purchases of ordinary shares in pursuance of any such contract; and
vi) the maximum number of ordinary shares hereby authorised to be purchased by the Company does not exceed 15 per cent of the issued ordinary share capital of the Company at the date of the passing of this resolution. (Resolution 9)

BY ORDER OF THE BOARD

P Haining FCA
Director
7th July 2015

Registered office: 2 Ravensbank Business Park, Hedera Road, Redditch, B98 9EY

NOTES:

1. Proxies

Only holders of ordinary shares are entitled to attend and vote at this meeting. A member entitled to attend and vote may appoint a proxy or proxies who need not be a member of the Company to attend and to vote instead of him or her. Forms of proxy need to be deposited with the Company's registrar, Capita Group plc, Balfour House, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, not later than 48 hours before the time of the meeting. Completion of a form of proxy will not preclude a member attending and voting in person at the meeting.

2. Documents on Display

The register of Directors' interests in the share capital and debentures of the Company, together with copies of service agreements under which Directors of the Company are employed, are available for inspection at the Company's registered office during normal business hours from the date of this notice until the date of the Annual General Meeting and will also be available for inspection at the place of the Annual General Meeting for at least 15 minutes prior to the meeting.

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