



27 July 2011

Solid State plc
(“Solid State”, “the Group” or “the Company”)
Preliminary Results for 12 months to 31 March 2011

The Board of Solid State plc (AIM:SSP), the AIM listed supplier of battery products, specialist electronic components and industrial/rugged computers to the electronics market, is pleased to announce its Preliminary Results for the 12 months ended 31 March 2011.

Highlights include:

Financial:

	2011	2010	Change
• Turnover	£21.17m	£13.51m	+57%
• Profit before tax	£1.243m	£0.53m	+135%
• Earnings per share (basic)	15.7p	6.6p	+138%
• Gross profit margin	27.8%	27.0%	+3%
• Total dividend	6.0p	3.0p	+100%

Operational:

- Acquired, integrated and relocated Rugged Systems Ltd
- Restructured Solid State Supplies Ltd, returning it to profitability
- Relocated Steatite Ltd to new purpose built 26,000 sq. ft. manufacturing facility
- Extension of 18 year franchise agreement with Microsemi Corp. to now include their “system-on-chip” products formerly FPGA firm Actel (post period end)

Commenting on the results, Gary Marsh, Chief Executive of Solid State, said:

“I am very pleased to report record revenues and profits for the year ended 31 March 2011. It is particularly gratifying that this result should be achieved in our 40th anniversary year.

“This has been an exceptionally busy year for the Group. The relocation and restructuring undertaken during this period gives us the necessary platform on which we can significantly grow the business over the coming years.

“The first quarter of the new fiscal year has seen an increase in both revenues and profitability compared to the same period last year, despite the slowdown in the pace of growth of manufacturing in the UK and the implementation of the Government’s austerity measures. With the extension to our franchise agreement with Microsemi, coupled with the potential for several major new contracts in our computer division, the Board remains confident that the step change in profitability achieved this year can be sustained and developed in the new financial year.”

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Solid State plc

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Notes to Editors:

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

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

Headquartered in Paddock Wood in Kent, Solid State employs 80 staff across 3 sites. Solid State operates through three main divisions: Solid State Supplies, Steatite and Rugged Systems.

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

CHAIRMAN'S STATEMENT

Results

I am very pleased to present a set of results which not only represent a record achievement across all key performance indicators but also illustrate a step change in our business and a validation of our growth strategy.

Turnover increased 57% to £21.17m (2010: £13.51m) with profit before tax increasing 135% to £1.243m (2010: £0.53m). Underlying growth for the core business, excluding the recent Rugged Systems Ltd acquisition, grew 28% to £17.26m with profit before tax increasing to £1.142m, up 115%.

Despite margin pressures resulting from broader economic conditions and the inevitable pressures from competitors, Group gross profit margins rose to 27.8% (2010: 27.0%).

These results have been achieved despite significant activities and costs associated with the restructuring and relocation of existing business units and integration of recent acquisitions. This investment of time and capital establishes a sound base for the next stage of our growth.

Dividends

The Directors recommend that a final dividend of 4p per share be paid. An interim dividend of 2p per share was paid in January 2011 giving a total dividend in respect of the year of 6p per share (2010: 3p per share). The final dividend will be paid on 9 September 2011 to shareholders on the register at the close of business on 19 August 2011. The shares will go ex dividend on 17 August 2011.

Business Review

Solid State is a group of companies focussed on the supply and support of specialist electronics equipment which include high tolerance and tailor made battery packs, specialist electronic components and industrial/rugged computers. The market for Solid State'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

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

Solid State Supplies 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, power management and LED lighting.

The financial year to 31 March 2011 saw the successful completion of the restructuring activities reported in previous statements.

Year-on-year bookings growth of 46% and sales growth of 32% demonstrated a positive order to fulfilment ratio. This leaves Solid State Supplies with a very healthy forward order book which stood at £2.234m as at 31 March 2011. All of the Solid State Supplies key performance indicators outperformed those reported by the industry association Electronic Components Supply Network (formerly AFDEC).

Despite continuing competition, gross margins held up well and closed at 27.3% (2010: 27.2%). The company returned to a sustainable net trading profit in the year.

Solid State Supplies exits the year with a highly enthusiastic workforce and very much improved morale, all of which have contributed to the successful outturn of the period.

Going forward, the company expects to see a moderation in the growth curve throughout 2011/12 as austerity measures begin to be implemented and their effects start to be seen. Despite being mindful of this trend, the company continues to plan for expansion both through increased sales on existing franchises, such as the extension to the Microsemi agreement in July 2011, and through the expansion of the franchises available. The market for specialist technical components continues to grow. Solid State Supplies remains optimistic that it will continue to expand its market share

through dedicating its efforts exclusively to the sale and associated technical support of specialist electronic components.

Rugged Systems Ltd

Rugged Systems is the UK's leading provider of rugged mobile computing solutions.

In the first full year of trading since its acquisition in April 2010, sales have increased by 26% compared with the previous year and Rugged Systems has returned to profit. The reorganisation and the relocation of the business have also taken place over this period.

Rugged Systems enters the next financial year with some notable contracts under negotiation and a good outstanding order book but remains alert to market conditions as this sector is the area most likely to be affected by spending reviews.

From 1 April 2011, the assets and operations of Rugged Systems Ltd were transferred to Steatite Ltd where it will run as a separate division and retain its well recognised trading name. The focus of its business will be to deliver greater value added to its product offering thereby enhancing profit margins. The division is targeted at becoming the largest in its sector for the UK market place. Following the transfer Rugged Systems Ltd has become a dormant wholly owned subsidiary.

Steatite Ltd

Steatite designs, manufactures and supplies a range of product solutions that include, battery packs, components and a full range of rugged notebooks, industrial computer hardware and software, with the ability to design and manufacture bespoke units to customers' exact requirements.

The accounts record a strong performance with sales increasing by 29% compared with the previous year. Both the battery and computer divisions performed well, increasing their sales and exceeding margin expectations while outperforming the industry sector.

Given the tragic events of the natural disaster in Japan, to avoid any supply risk, we had to significantly increase stock of certain components to help ensure we met customer delivery requirements. This stock increase is reflected in the year-end inventory level.

The relocation of the business was completed during the December shutdown and was fully operational from the beginning of the new calendar year. This substantial new facility will enable Steatite to further enhance its product offering and capability to its customer base.

Prospects for the year ahead remain positive with a healthy outstanding order book. However, general market conditions remain uncertain as the true extent of government expenditure cuts hit all areas of the UK economy. This will almost certainly impact the double digit growth that Steatite has achieved over the last three years.

Outlook

Solid State differentiates itself from its competitors through the in-depth technical knowledge of its engineers. Manufacturers recognise the benefit to both themselves and the ultimate customers of this consultative and comprehensive approach to the use of specialist products, particularly in the design of bespoke electronic solutions. This ability to work closely with customers acts to attract both new franchises and new clients. We are confident of the organic growth opportunities of this approach, which is distinct in our market.

We enter the new financial year with a record order book and whilst trading conditions are a little more uncertain than this time last year, our strong project pipeline means that we look forward with optimism to the new financial year. The first quarter of the new fiscal year has seen an increase in both revenues and profitability compared to the same period last year, despite the slowdown in the pace of growth of manufacturing in the UK and the implementation of the Government's austerity measures. With the extension to our franchise agreement with Microsemi, coupled with the potential for several major new contracts in our computer division, the Board remains confident that the step change in profitability achieved last year can be sustained and developed in the new financial year.

As stated previously, we continue to seek further complementary acquisition opportunities in the UK electronics industry.

Finally, I would like to thank my fellow Directors and all the staff for their continued support in what has been an outstanding year for the Group.

Peter Haining

Chairman

27 July 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011

	2011	2010
	£	£
Revenue	21,169,308	13,509,123
Cost of sales	(15,282,648)	(9,865,137)
	<hr/>	<hr/>
GROSS PROFIT	5,886,660	3,643,986
Distribution costs	(1,844,559)	(1,331,452)
Administrative expenses	(2,745,555)	(1,760,052)
	<hr/>	<hr/>
PROFIT FROM OPERATIONS	1,296,546	552,482
Finance income	-	-
Finance costs	(53,150)	(22,697)
	<hr/>	<hr/>
PROFIT BEFORE TAXATION	1,243,396	529,785
Tax expense	(274,912)	(124,150)
	<hr/>	<hr/>
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	968,484	405,635
	<hr/>	<hr/>
OTHER COMPREHENSIVE INCOME/(EXPENSE)	4,708	(3,000)
Translation differences on overseas operations	<hr/>	<hr/>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	973,192	402,635
	<hr/>	<hr/>
EARNINGS PER SHARE		
Basic	15.7p	6.6p
Diluted	15.0p	6.6p

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2011

	Share Capital	Share Premium Reserve	Capital Redemption Reserve	Foreign Exchange Reserve	Retained Earnings	Total
Balance at 31 March 2009	307,826	756,980	4,674	58,126	1,837,390	2,964,996
Total comprehensive income For the year ended 31 March 2010	-	-	-	(3,000)	405,635	402,635
Share based payment expense	-	-	-	-	12,546	12,546
Dividends	-	-	-	-	(184,695)	(184,695)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2010	307,826	756,980	4,674	55,126	2,070,876	3,195,482
Total comprehensive income For the year ended 31 March 2011	-	-	-	4,708	968,484	973,192
Share based payment expense	-	-	-	-	16,188	16,188
Dividends	-	-	-	-	(246,260)	(246,260)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2011	307,826	756,980	4,674	59,834	2,809,288	3,938,602

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 March 2011

	2011		2010	
	£	£	£	£
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment		613,756		299,844
Intangible assets		2,374,618		2,028,946
		<hr/>		<hr/>
TOTAL NON-CURRENT ASSETS		2,988,374		2,328,790
		<hr/>		<hr/>
CURRENT ASSETS				
Inventories	2,765,672		1,787,520	
Trade and other receivables	4,214,693		2,562,387	
Cash and cash equivalents	73,003		343,835	
		<hr/>		<hr/>
TOTAL CURRENT ASSETS		7,053,368		4,693,742
		<hr/>		<hr/>
TOTAL ASSETS		10,041,742		7,022,532
		<hr/>		<hr/>
LIABILITIES				
CURRENT LIABILITIES				
Bank overdraft	481,232		461,627	
Trade and other payables	3,911,120		2,172,882	
Bank borrowings	1,184,964		1,063,703	
Corporation tax liabilities	258,826		118,814	
		<hr/>		<hr/>
TOTAL CURRENT LIABILITIES		5,836,142		3,817,026
		<hr/>		<hr/>
NON CURRENT LIABILITIES				
Borrowings	200,000		-	
Deferred tax liability	66,998		10,024	
		<hr/>		<hr/>
TOTAL NON-CURRENT LIABILITIES		266,998		10,024
		<hr/>		<hr/>
TOTAL LIABILITIES		6,103,140		3,827,050
		<hr/>		<hr/>
TOTAL NET ASSETS		3,938,602		3,195,482
		<hr/>		<hr/>
CAPITAL AND RESERVES				
ATTRIBUTABLE TO EQUITY				
HOLDERS OF THE PARENT				
Share capital		307,826		307,826

Share premium reserve	756,980	756,980
Capital redemption reserve	4,674	4,674
Foreign exchange reserve	59,834	55,126
Retained earnings	2,809,288	2,070,876
	—————	—————
TOTAL EQUITY	3,938,602	3,195,482
	—————	—————

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2011

		2011		2010	
	£	£	£	£	£
OPERATING ACTIVITIES					
Profit before taxation		1,243,396		529,785	
Adjustments for:					
Depreciation		113,193		88,929	
Amortisation		22,080		7,695	
(Profit)/Loss on disposal of property, plant and equipment		(6,179)		4,928	
Share based payment expense		16,188		12,546	
Finance costs		53,150		22,697	
		<hr/>		<hr/>	
Profit from operations before changes in working capital and provisions		1,441,828		666,580	
(Increase) in inventories	(836,550)		(233,491)		
(Increase) in trade and other receivables	(1,268,263)		(342,513)		
Increase in trade and other payables	1,216,980		334,117		
		<hr/>	<hr/>		
		(887,833)		(241,887)	
		<hr/>		<hr/>	
Cash generated from operations		553,995		424,693	
Income taxes paid	(114,439)		(123,982)		
		<hr/>	<hr/>		
		(114,439)		(123,982)	
		<hr/>		<hr/>	
Cash flow from operating activities		439,556		300,711	
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	(483,553)		(158,014)		
Purchase of computer software	(13,777)		(3,835)		
Proceeds of sales from property, plant and equipment	70,466		53,558		
Consideration paid on acquisition of subsidiary	(225,263)		-		
Cash within subsidiary over which contract has been obtained	157,528		-		
		<hr/>	<hr/>		
		(494,599)		(108,291)	
		<hr/>		<hr/>	
		(55,043)		192,420	
FINANCING ACTIVITIES					
Medium term loan received	200,000		-		
Repayment of debt factoring	(255,900)		-		
Repayment of finance lease	(6,053)		-		
Invoice discounting finance (net movement)	121,261		351,664		
Interest paid	(53,150)		(22,697)		
Dividend paid to equity shareholders	(246,260)		(184,695)		
		<hr/>	<hr/>		
		(240,102)		144,272	
		<hr/>		<hr/>	
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(295,145)		336,692	
		<hr/>		<hr/>	

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2011 (continued)

Cash and cash equivalents comprise:

	2011 £	2010 £
Net (decrease)/increase in cash and cash equivalents	(295,145)	336,692
Cash and cash equivalents at beginning of year	(117,792)	(451,484)
Exchange gains on cash and cash equivalents	4,708	(3,000)
	<hr/>	<hr/>
Cash and cash equivalents at end of year	(408,229)	(117,792)
	<hr/>	<hr/>

There were no significant non-cash transactions.

	2011 £	2010 £
Cash available on demand	73,003	343,835
Overdrafts	(481,232)	(461,627)
	<hr/>	<hr/>
	(408,229)	(117,792)
	<hr/>	<hr/>

NOTES TO PRELIMINARY RESULTS

For the year ended 31 March 2011

1. The financial information in the preliminary announcement does not constitute the Company's statutory accounts for the years ended 31 March 2011 or 31 March 2010. The financial information for the year ended 31 March 2010 is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. The auditors reported on those accounts; their report was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their reports and did not contain statements under the Companies Act 2006, s 498 (2) or (3). The financial information for the year ended 31 March 2011 is unaudited. Statutory accounts for that will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the registrar of Companies following the Company's annual general meeting.

2. ACCOUNTING POLICIES AND CRITICAL ACCOUNTING JUDGEMENTS

The financial information in this preliminary announcement has been prepared using the recognition and measurement principles of International Accounting Standards, International Financial Reporting Standards and Interpretations adopted for use in the European Union (collectively Adopted IFRSs). The principal accounting policies used in preparing the preliminary announcement are those the Group will apply in its financial statement for the year ended 31 March 2011 and are unchanged from those disclosed in the Group's Report and Financial Statements for the year ended 31 March 2010.

3. EARNINGS PER SHARE

The earnings per share is based on the following:

	2011	2010
	£	£
Earnings	968,484	405,635
	<hr/>	<hr/>
Weighted average number of shares	6,156,511	6,156,511
Diluted number of shares	6,444,348	6,156,511
Earnings per share	15.7p	6.6p
Diluted earnings per share	15.0p	6.6p

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 6,156,511(2010: 6,156,511).

The Diluted earnings per share is based on 6,444,348 (2010: 6,156,511) ordinary shares which allow for the exercise of all dilutive potential ordinary shares.

4. DIVIDENDS

	2011	2010
	£	£
Final dividend paid for the prior year of 2p per share (2010: 2p)	123,130	123,130
Interim dividend paid of 2p per share (2010: 1p)	123,130	61,565
	<hr/>	<hr/>
	246,260	184,695
	<hr/>	<hr/>
Final dividend proposed for the year 4p per share (2010: 2p)	271,657	123,130
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The proposed final dividend has not been accrued for as the dividend was declared after the statement of financial position date.

5. SEGMENT INFORMATION

The Group's primary reporting format for segment information is business segments which reflect the management reporting structure in the Group. The distribution division includes Solid State Supplies Limited and the manufacturing division includes Rugged Systems Limited and Steatite Limited which incorporates RZ Pressure and Wordsworth Technology Limited.

Year ended 31 March 2010

	Distribution division £	Manufacturing division £	Head office £	Total £
Revenue				
External	3,544,437	9,964,686	-	13,509,123
Intercompany	-	6,125	-	6,125
	-----	-----	-----	-----
	3,544,437	9,970,811	-	13,515,248
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Profit/(loss) before tax	(40,748)	779,533	(209,000)	529,785
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Balance sheet				
Assets	1,650,165	5,372,367	-	7,022,532
Liabilities	(2,059,313)	(1,708,268)	(49,445)	(3,817,026)
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Net assets/(liabilities)	(409,148)	3,664,099	(49,445)	3,205,506
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Other				
Capital expenditure				
- Tangible fixed assets	69,929	88,082	-	158,011
- Intangible fixed assets	3,835	-	-	3,835
Depreciation, amortisation and other non cash expenses	53,956	67,596	-	121,552
Interest paid	11,565	10,474	658	22,697
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Year ended 31 March 2011

	Distribution division £	Manufacturing division £	Head office £	Total £
Revenue				
External	4,669,690	16,499,618	-	21,169,308
Intercompany	-	237,600	-	237,600
	-----	-----	-----	-----
	4,669,690	16,737,218	-	21,406,908
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Profit/(loss) before tax	244,745	1,495,172	(496,421)	1,243,496
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Balance sheet				
Assets	2,480,900	7,560,842	-	10,041,742
Liabilities	(3,134,021)	(2,836,133)	(132,986)	(6,103,140)
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Net assets/(liabilities)	(653,121)	4,724,709	(132,986)	3,938,602

Other				
Capital expenditure				
- Tangible fixed assets	172,870	318,522	-	491,392
- Intangible fixed assets	-	367,752	-	367,752
Depreciation, amortisation and other non cash expenses	54,666	74,428	-	129,094
Interest paid	32,091	21,059	-	53,150

Included within the manufacturing division is £1,803,000 (2010: £1,864,461) relating to income from a major customer which accounts for greater than 10% of the Group's turnover in the prior year.

	External revenue by location of customer		Total assets by location of assets		Net tangible capital Expenditure by location of assets	
	2011	2010	2011	2010	2011	2010
	£	£	£	£	£	£
United Kingdom	19,892,533	12,351,720	10,029,908	7,007,211	491,392	104,456
Ireland	154,736	109,893	-	-	-	-
Europe	846,851	763,260	11,834	15,321	-	-
North America	89,929	95,930	-	-	-	-
Asia	164,049	159,643	-	-	-	-
Africa	16,000	15,894	-	-	-	-
Australasia	4,646	12,442	-	-	-	-
South America	564	341	-	-	-	-
	<u>21,169,308</u>	<u>13,509,123</u>	<u>10,041,742</u>	<u>7,022,532</u>	<u>491,392</u>	<u>104,456</u>

All the above relate to continuing operations

- The Annual Report will be sent to shareholders shortly and made available to the public at the registered office of the Company at Unit 2, Eastlands lane, Paddock Wood, Kent, TN12 6BU and will also be available to download on the Company's website www.solidstateplc.com.