SOLID STATE PLC
(the "Company")

PRELIMINARY ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2008

CHAIRMAN'S STATEMENT

Results
The audited profit before tax of the Group was £424,442 (2007: £556,170) on revenue of £10,724,333 (2007: £12,369,904). The basic earnings per share amounted to 5.4p (2007: 7.5p). The pre-tax profit is stated after charging non-recurring costs of the re-organisation at Paddock Wood of £57,863. Following adoption of International Financial Reporting Standards no provision for amortisation of goodwill has been made in these accounts and the results for the previous year have been restated accordingly.

Dividends
The Directors recommend that a final dividend of 1.25p per share be paid. An interim dividend of 0.75p per share was paid in January 2008 giving a total dividend in respect of the year of 2p per share (2007: 3p per share). The final dividend will be paid on 31st October 2008 to shareholders on the register at the close of business on 17th October 2008.

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

Solid State Supplies
Trading conditions were difficult during this financial period with the distribution market contracting as further production moved offshore. However, our programme of introducing new higher value products meant that sales declined only marginally, from £3,719,661 to £3,545,594 and we closed the year with bookings for the year exceeding sales for the year by just over £100,000. As reported previously, during the first quarter we restructured our operations at Paddock Wood and coupled with our focus on improving gross profit margins meant that we were trading profitably by the fourth quarter with the gross profit margin on the distribution business increasing from 26.3% to 27.5%. The outlook for the rest of 2008 and 2009 suggests that trading will again be challenging and to help combat this we are actively seeking new franchise lines and will continue to reduce costs where considered appropriate.

Steatite and Wordsworth Technology
Sales in both companies declined over the previous year, Steatite from £4,558,707 to £3,471,297 and Wordsworth from £4,518,189 to £3,744,339, whilst bookings remained largely flat. However, bookings exceeded sales by £1,020,000 compared with a deficit in the previous year of £90,000, and the combined gross profit rose from 25.4% to 29.4%. The decline in sales being largely due to two major military related contracts that were delayed for both Steatite and Wordsworth.

The integration after acquisition of RZ Pressure SARL and RZ Pressure UK into the Redditch site went well adding to our range of high value lithium batteries and opening European and International markets through a range of UN approved packs.

Our strategy to focus on the creation of value added products has meant margin improvement in both companies giving a 9% return on sales (net profit before tax as a percentage of sales) and a profit figure matching the previous year on a lower sales total. Both businesses are well structured and continue to gain reputation as leading suppliers to their relevant market sectors with new and innovative product offerings along with strong technical support. This means a cautiously optimistic outlook for 2008 with a return to growth in sales along with continuing gross profit margin enhancement in a market that suffers from low cost offshore manufacturing relocation.

Summary
The difficult trading conditions throughout the industry are reflected in the fall in Group revenue of 13.3% compared with the previous year. Close control of gross profit margins and overheads resulted in an overall increase in gross profit margin from 29% to 29.4% and an overall reduction in overheads of £288,002 representing just over 10% of last year's level.

The new financial year has started strongly which contrasts with the very quiet trading period in the corresponding period last year. However, the Directors appreciate that the UK economy is likely to have a disappointing year but are confident that the Group is well placed to increase its market share in its key trading areas. The recent acquisition of RZ Pressure Instrument Supply SARL is leading to enhanced revenue and margins in the battery division of Steatite Limited and the Group continues to look for suitable acquisitions within the electronics industry.

Renewal of authority to purchase the Company's 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 will be put to Annual General Meeting .

Under the terms of the resolution to be proposed at the Annual General Meeting, the maximum number of shares which may be purchased is 923,476 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 20p and the maximum price will be £1. 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.

Your Directors consider that the resolution to be proposed at the meeting is 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 1,796,989 Ordinary shares, representing 29.19% of the Company's issued Ordinary share capital.

Removal of age limit on appointment of directors

The notice of the Annual General Meeting includes a Special Resolution to remove the age limit for the appointment of Directors. Section 293 of the Companies Act 1985 (which contains the age limit for Directors) has been repealed by the Companies Act 2006 to be consistent with new age discrimination laws. As the changes brought about by the Companies Act 2006 can, in some cases, be overruled by provisions in the Company's Articles of Association it is necessary to amend the Articles to conform with the new legislation.

Conclusion

I would like to thank my fellow Directors and all the staff of the Group for their continued support.

Peter Haining
Chairman
8th September 2008

MANAGING DIRECTOR'S REVIEW

Principal Activities, Review of the Business and Future Developments
The principal activities of the Group during the year continued to be those of the distribution of electronic components and materials and the manufacturing of electronic equipment.

An overall review of the Group's trading performance and future developments is given in the Chairman's Statement.

The year started quietly for all three trading companies and in June non-recurring costs of restructuring of £57,863 were incurred at Paddock Wood. The resulting fall in overheads has resulted in a return to profitability in the Paddock Wood trading operations.

John Macmichael, in his role as commercial director at Paddock Wood, has been successful in securing new franchises with higher value products which should enable revenue levels to be increased with sound gross profit margins despite the continuing decline in the traditional component distribution market.

At Redditch both companies saw a decline in revenue compared with the previous year. Steatite saw a decline in military business due to contracts being postponed but the acquisition and integration of the RZ Pressure business into the battery division of Steatite is providing a useful boost to revenue and has enabled the company to qualify for lower purchase prices from its principal supplier. The company is actively promoting the new markets available as a result of the UN approved packs acquired as part of the RZ acquisition.

Wordsworth Technology also suffered a loss of revenue in the military sector but it is anticipated that these contracts will be awarded later in the new financial year. The ICP division of the company had a good year with significantly enhanced margins which enabled the company to record an improved net profit despite a 17% fall in revenue compared with the prior year.

The Group has continued to invest in research and development activities at Redditch with expenditure of over £94,000 in the year. The Group has also invested £40,000 in a new customer relation management system at Paddock Wood which will be a useful marketing tool. Continuing improvements have been made to the websites for all divisions and it is noted that there have been increases in use of the websites and receipt of direct orders.

The Group holds or issues financial instruments to finance its operations. Operations are financed by a mixture of retained profits, bank borrowings, invoice discounting facilities and long term loans. Working capital requirements are met principally out of floating rate overdraft and retained profits. In addition, various financial instruments such as trade debtors and trade creditors arise directly from the Group's operations.

The Group is mainly exposed to credit risk from credit sales. It is Group policy to assess the credit risk of new customers and to factor the information from these credit ratings into future dealings with the customers. At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. The directors monitor the liquidity and cash flow risk of the Group carefully. The Group has an agreed overdraft limit with the Group's bankers to help manage fluctuations in cash flow. Cash flow is monitored by the directors on a regular basis and appropriate action is taken where additional funds are required
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Results and Dividends
The consolidated income statement is set out on page 4. The Directors recommend that a final dividend of 1.25p per share is paid. The total dividend for the year is thus 2p per share. The final dividend will be paid on 31st October 2008 to shareholders on the register at the close of business on 17th October 2008.

Gary Marsh
Managing Director
8th September 2008

Enquiries:

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CONSOLIDATED INCOME STATEMENT
For the year ended 31st March 2008

	Notes	2008 £	2007 £
Revenue		10,724,333	12,369,904
Cost of sales		(7,569,347)	(8,784,024)
GROSS PROFIT		3,154,986	3,585,880
Distribution costs		(1,238,794)	(1,356,520)
Administrative expenses		(1,392,107)	(1,562,383)
PROFIT FROM OPERATIONS	3	524,085	666,977
Finance income		397	2,326
Finance costs		(100,040)	(113,133)
PROFIT BEFORE TAXATION		424,442	556,170
Tax expense		(91,362)	(94,865)
PROFIT FOR THE FINANCIAL PERIOD		333,080	461,305
EARNINGS PER SHARE	5		
Basic	5	5.4p	7.5p
Diluted	5	5.4p	7.5p

CONSOLIDATED BALANCE SHEET
At 31st March 2008

		2008		2007
	£	£	£	£
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment		288,534		342,838
Intangible assets		2,040,373		1,660,878
TOTAL NON-CURRENT ASSETS		2,328,907		2,003,716
CURRENT ASSETS				
Inventories	1,562,832		1,249,419	
Trade and other receivables	2,043,869		2,365,117	
Cash and cash equivalents	340,190		84,466	
TOTAL CURRENT ASSETS		3,946,891		3,699,002
TOTAL ASSETS		6,275,798		5,702,718
LIABILITIES				
CURRENT LIABILITIES				
Bank overdraft	803,721		555,640	
Trade and other payables	1,826,434		1,645,082	
Bank borrowings	938,893		762,783	
Corporation tax liabilities	106,871		94,865	
TOTAL CURRENT LIABILITIES		3,675,919		3,058,370
NON-CURRENT LIABILITIES				
Bank borrowings	-		217,998	
TOTAL NON-CURRENT LIABILITIES		-		217,998
TOTAL LIABILITIES		3,675,919		3,276,368
TOTAL NET ASSETS		2,599,879		2,426,350
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		52,864		-
Retained earnings		1,477,535		1,356,870
TOTAL EQUITY		2,599,879		2,426,350

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31st March 2008

		2008		2007
	£	£	£	£
OPERATING ACTIVITIES				
Profit before taxation		424,442		556,170
Adjustments for:				
Depreciation		107,794		152,240
Amortisation		641		-
Loss on sale of property, plant and equipment		579		17,847
Share based payment expense		9,753		7,633
Investment income		(397)		(2,326)
Finance costs		100,040		113,133
Profit from operations before changes in working capital and provisions		642,852		844,697
Increase in inventories	(293,042)		(167,921)	
Decrease/(increase) in trade and other receivables	441,248		(543,375)	
Increase in trade payables	159,829		43,685	
		308,035		(667,611)
Cash generated from operations		950,887		177,086
Income taxes paid	(92,352)		(39,955)	
Income taxes repaid	941		42,112	
		(91,411)		2,157
Cash flow from operating activities		859,476		179,243
INVESTING ACTIVITES				
Purchase of property, plant and equipment	(67,310)		(188,808)	
Purchase of computer software	(38,477)		-	
Proceeds of sales from property, plant and equipment	13,499		49,444	
Acquisition of subsidiary, net of cash acquired	(448,710)		-	
Interest received	397		2,326	
		(540,601)		(137,038)
		318,875		42,205
FINANCING ACTIVITIES				
Repayment of bank borrowings	(335,809)		(262,270)	
Invoice discounting finance (net movement)	293,921		(142,730)	
Interest paid	(100,040)		(113,133)	
Dividend paid to equity shareholders	(169,304)		(61,565)	

	(311,232)	(579,698)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	7,643	(537,493)

NOTES TO THE FINANCIAL INFORMATION

For the year ended 31st March 2008

1. ACCOUNTING POLICIES AND CRITICAL ACCOUNTING JUDGEMENTS

The principal accounting policies adopted in the preparation of the financial information in this preliminary announcement are set out below. The policies have been consistently applied to both periods presented, unless otherwise stated.

The financial information has been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards, International Accounting Standards and Interpretations issued by the International Accounting Standards Board as adopted by the European Union (“IFRSs”).

The financial information in this preliminary announcement does not constitute the company’s statutory accounts for the years ended 31st March 2008 or 31st March 2007 but is derived from those accounts. The statutory accounts for 2007, which were prepared under UK GAAP, have been delivered to the Registrar of Companies and those for 2008 prepared in accordance with IFRSs as adopted by the EU, will be delivered following the Company’s annual general meeting. The auditors’ reports on the accounts for both years were 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 1985 s237(2) or (3).

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.

The only effect of the transition on the reported results has been the elimination of the amortisation of goodwill as a result of the prohibition of this charge imposed by IFRS 3. Consequently the goodwill on consolidation at 31st March 2007 is now carried in the balance sheet at its book value at 31st March 2006 of £1,660,878, and the amortisation charge of £91,553 in the accounts for the year ended 31st March 2007 has been eliminated. The effect has been to reduce administrative expenses and to increase net profit and retained earnings by this amount.

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 information presents 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 information incorporates 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 income statement 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, plus any direct costs of acquisition.

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

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 income statement, 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.

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 (see the section related to critical estimates and judgements below).

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 income statement. Software is amortised over its useful economic life of 5 years, and UN licences are amortised over their expected useful life of 10 years from the date of original grant.

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.

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. The corresponding liability is recognised within provisions.

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 income statement on a straight-line basis over the lease term.

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

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 translated at the rates ruling at the balance sheet date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are similarly recognised immediately in the income statement

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling at the balance sheet 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 sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group is able 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 income statement.

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

None of the development costs during the years ended 31st March 2007 and 31st March 2008 met the conditions necessary for capitalisation.

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 balance sheet at fair value with changes in fair value recognised in the income statement. 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 asset 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 balance sheet at fair value with changes in fair value recognised in the income statement.

*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 balance sheet. "Interest expense" in this context includes initial transaction costs and premia payable on redemption, as well as any interest while the liability is outstanding.

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 income statement 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 failure to achieve a market vesting condition.

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

2. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Reconciliations and explanatory notes on how the transition to IFRS has affected profit and net assets previously reported under UK Generally Accepted Accounting Principles are given below:

Income statement reconciliation for the year ended 31st March 2007

	Sub-note	**UKGAAP £'000**	**Adjustments £'000**	**IFRS £'000**
Revenue		12,369,904	-	12,369,904
Cost of sales		(8,784,024)	-	(8,784.024)
Gross profit		3,585,880	-	3,585,880
Distribution costs		(1,356,520)	-	(1,356,520)
Administrative expenses	i	(1,653,936)	91,553	(1,562,383)
Profit from operations		575,424	91,553	666,977
Finance costs		(113,133)	-	(113,133)
Finance income		2,326	-	2,326
Profit before tax		464,617	91,553	556,170
Tax expense		(94,865)	-	(94,865)
Profit attributable to the equity holders of the parent		369,752	91,553	461,305

Balance sheet reconciliation as at 31st March 2007

	Sub-note	UKGAAP £'000	Adjustments £'000	IFRS £'000
Property, plant and equipment		342,838	-	342,838
Intangible assets	i	1,569,325	91,553	1,660,878
Total non-current assets		1,912,163	91,553	2,003,716
Current assets				
Inventories		1,249,419	-	1,249,419
Trade and other receivables		2,365,117	-	2,365,117
Cash and cash equivalents		84,466	-	84,466
		3,699,002	-	3,699,002
Total assets		5,611,165	91,553	5,702,718
Current liabilities				
Bank overdraft		555,640	-	555,640
Trade and other payables		1,645,082	-	1,645,082
Bank borrowings		762,783	-	762,783
Corporation tax liabilities		94,865	-	94,865
Total current liabilities		3,058,370	-	3,058,370
Non-current liabilities				
Bank borrowings		217,998	-	217,998
Total non-current liabilities		217,998	-	217,998
Total liabilities		3,276,368	-	3,276,368
TOTAL NET ASSETS AND EQUITY		2,334,797	91,553	2,426,350
		-	-	-
		-	-	-

There was no change to the balance sheet at 1st April 2006.

Adjustments

Explanations of the adjustments made to the UK GAAP income statement and balance sheets are as follows:

Sub-note Explanation

i Elimination of amortisation of goodwill as a result of the prohibition of the charge imposed by IFRS 3. The carrying value of capitalised goodwill at 31st March 2006 that arose on business combinations accounted for using the acquisition method under UK GAAP was frozen at this amount and tested for impairment at 1st April 2006.
Ii Expenditure on research and development did not meet the conditions for capitalisation.
iii Business combinations before 1st April 2006 have not been restated.
iv IFRS 2 "Share-based payments" has been applied to employee options granted after 7th November 2002 that had not vested by 1st April 2006.
v IAS 39 permits derivatives to be measured at fair value through the profit and loss account. Under UK GAAP these were previously carried at cost. There is no material impact on the accounts as a result of this change in accounting policy.
vi Under IAS 12 deferred tax is required to be provided in full on all differences between the carrying values for accounts purposes and those for taxation. Under UK GAAP, FRS 19 requires deferred tax to be provided on all timing differences that have originated but not reversed by the balance sheet date. There is no material impact on the accounts as a result of this change of policy.

Cash flow statement for the year ended 31st March 2007

The only changes to the cash flow statement are presentational. The key ones include:

- Presenting a statement showing movements in cash and cash equivalents, rather than just cash. Cash under UK GAAP comprised only amounts accessible in 24 hours without penalty less overdrafts repayable on demand.
- Classifying tax cash flows as relating to operating activities.
- Classifying equity dividends as relating to financing activities.

3. PROFIT FROM OPERATIONS

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

	2008	**2007**
	£	**£**
Staff costs	1,844,172	1,851,928
Employment termination costs (included in staff costs)	57,863	6,127
Depreciation of property, plant and equipment	107,794	152,240
Amortisation of computer software	641	-
Loss on disposal of property, plant and equipment	579	17,847
Goodwill impairment charge	-	-
Auditors' remuneration:		
Audit services	38,670	43,794
Non-audit services	-	8,818
Operating lease rentals:		
Plant and machinery	24,724	26,981
Other	108,140	128,881
Research and development costs	94,422	89,448
Foreign exchange differences	(155,408)	(72,824)

Included in audit fees is an amount of £1,000 (2007: £1,000) in respect of the Company. Additional, non-audit services in relation to the acquisition of RZ Pressure Instruments SARL of £Nil (2007: £8,818) arose and have been capitalised and added to the goodwill figure on consolidation.

4. DIVIDENDS

	2008	2007
	£	£
Final dividend paid for the prior year of 2p per share (2007: Nil)	123,130	-
Interim dividend paid of 0.75p per share (2007: 1p)	46,174	61,565
	169,304	61,565
Final dividend proposed for the year 1.25p per share (2007: 2p)	76,956	123,130

The proposed final dividend has not been accrued for as the dividend was declared after the balance sheet date.

5. EARNINGS PER SHARE

	2008	2007
The earnings per share is based on the following:	£	£
Earnings	330,080	461,305
Weighted average number of shares	6,156,511	6,156,511
Diluted number of shares	6,156,511	6,156,511
Earnings per share	5.4p	7.5p
Diluted earnings per share	5.4p	7.5p

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 (2007: 6,156,511).

The Diluted earnings per share is based on 6,156,511 (2007: 6,156,511) ordinary shares which allow for the exercise of all dilutive potential ordinary shares.

Certain employee options have not been included in the calculation of diluted EPS because their exercise is contingent on the satisfaction of certain criteria that had not been met at the end of the year. In addition, certain employee options have also been excluded from the calculation of diluted EPS as their exercise price is greater than the weighted average share price during the year (ie they are out-of-the-money) and therefore it would not be advantageous for the holders to exercise the options.

`The number of shares included in the option agreement which have not been included in the calculation of the weighted average number of shares was 380,231 (2007: 320,000).

6. 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.sssplc.com