

Solid State PLC  
19 December 2006

Solid State plc

Unaudited Interim Results for the six months ended 30 September 2006

Chairman's Statement

Results

The unaudited pre-tax profit for the Group for the six months ended 30 September 2006 was £188,000 (2005: £127,000) on a turnover of £6,337,000 (2005: £5,010,000). The basic earnings per share amounted to 2.4p (2005: 1.6p). The pre-tax profit is stated after goodwill amortisation of £45,000 (2005: £22,000).

Trading Review

Solid State Supplies

Our component distribution business has continued to take advantage of the improvement in market conditions that began in March. Our sales order intake has increased by 4% over the same period last year and this is despite the loss of franchises reported previously. Our book to bill ratio remains strong at 1.15:1.00 and this will feed through to sales during the second half of this year.

As outlined in my previous statement I am pleased to confirm that new franchises have been signed in this period. We are in advanced discussions with further lines which together will broaden our product offering and bring significant benefits next fiscal year.

Steatite and Wordsworth Technology

Sales for both companies have continued to improve, whilst the full advantages of the re-organisation continue to have a positive effect on costs and margins.

The focus on demand creation for value added product has led to own brand designs and new product developments. This has increased the long term opportunities for both companies in some of the large blue chip OEMs within the UK. We will continue to develop new products and franchises offering the best in Batteries and Industrial Computing platforms to our expanding customer base.

Summary

The results represent a significant improvement with turnover and profit in excess of expectation at both sites. Turnover for the first half of this year has increased by 15% on a like for like basis over the second half of last year.

Having consolidated Wordsworth Technology into the Redditch site we are now looking for suitable further acquisitions within the electronics industry. The board is confident that the Group will continue to develop from its strong position and that this will be reflected in the results of the current and future periods.

Dividends

No final dividend was paid in respect of the year ended 31 March 2006 meaning that the total dividend in respect of the year was 0.5p per share. The directors are pleased to announce that in the light of the sound result for the first half year, an interim dividend of 1p per share will be paid. The payment date will be 30 January 2007 to shareholders on the register at the close of business on 26 January 2007.

Conclusion

I would like to thank my fellow directors and all the staff of the Group for their support over the past six months.

Peter Haining  
Chairman

19 December 2006

INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT  
for the six months ended 30 September 2006

	Unaudited Six months to 30 Sept 2006 £'000	Unaudited Six months to 30 Sept 2005 £'000 (as restated)	Audited Year to 31 Mar 2006 £'000 (as restated)
Turnover	6,337	5,010	10,452
Cost of sales	(4,669)	(3,525)	(7,543)
Gross profit	1,668	1,485	2,909
Selling expenses and distribution costs	(794)	(619)	(1,216)
Administrative expenses	(636)	(712)	(1,684)
	(1,430)	(1,331)	(2,900)
Operating profit	238	154	9
Other income	1	1	4
Interest payable	(51)	(28)	(81)
Profit/(loss) on ordinary activities before taxation	188	127	(68)
Tax on profit on ordinary activities	(41)	(33)	35
PROFIT/(LOSS) FOR THE FINANCIAL PERIOD	147	94	(33)
RECONCILIATION OF MOVEMENT IN SHARHOLDERS' FUNDS			
Opening shareholders funds	2,019	2,198	2,198
Profit/(loss) for the financial period as previously reported	-	98	(25)
Adjustment re share based payments	-	(4)	(8)
Profit/(loss) for the financial period as restated	147	94	(33)
Dividends paid	-	(122)	(154)
Share based payment expense	4	4	8
Closing shareholders' funds	2,170	2,174	2,019
Earnings per share			
Basic	2.4p	1.6p	(0.4p)
Diluted	2.4p	1.6p	(0.4p)

All amounts relate to continuing operations.

CONSOLIDATED BALANCE SHEET  
as at 30 September 2006

	Unaudited As at 30 Sept 2006 £'000	Unaudited As at 30 Sept 2005 £'000 (as restated)	Audited As at 31 Mar 2006 £'000 (as restated)
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FIXED ASSETS			
Intangible assets	1,616	1,623	1,661
Tangible assets	368	471	374
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	1,984	2,094	2,035
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CURRENT ASSETS			
Stock	1,188	1,483	1,081
Debtors	2,341	1,982	1,864
Cash at bank and in hand	117	117	154
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	3,646	3,582	3,099
	-----	-----	-----
CREDITORS			
Amounts falling due within one year	(3,048)	(2,780)	(2,561)
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NET CURRENT ASSETS	598	802	538
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TOTAL ASSETS LESS CURRENT LIABILITIES	2,582	2,896	2,573
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CREDITORS			
Amounts falling due after more than one year	(412)	(722)	(554)
	-----	-----	-----
	2,170	2,174	2,198
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CAPITAL AND RESERVES			
Share capital	308	308	308
Capital redemption reserve	5	5	5
Share premium account	757	757	757
Profit and loss account	1,100	1,104	949
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SHAREHOLDERS' FUNDS	2,170	2,174	2,019
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CONSOLIDATED CASH FLOW STATEMENT  
for the six months ended 30 September 2006

	Unaudited Six months to 30 Sept 2006 £'000	Unaudited Six months to 30 Sept 2005 £'000	Audited Year to 31 Mar 2006 £'000
Net cash inflow/(outflow) from operating activities	(112)	907	1,216
Return on investments and servicing of finance:			
Interest received	1	1	4
Interest paid	(51)	(28)	(81)
	-----	-----	-----
Net cash (outflow)	(50)	(27)	(77)
	-----	-----	-----
Taxation:			
Corporation tax paid	-	-	(185)
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Net cash (outflow)	-	-	(185)
	-----	-----	-----
Capital expenditure and financial investment:			
Payments to acquire tangible fixed assets	(114)	(54)	(145)
Receipts from sales of tangible fixed assets	43	7	44
	-----	-----	-----
Net cash (outflow)	(71)	(47)	(101)
	-----	-----	-----
Acquisitions and disposals			
Purchase of business operation	-	(1,833)	(1,833)
Net cash acquired with subsidiary	-	235	235
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Net cash (outflow)	-	(1,598)	(1,598)
	-----	-----	-----
Equity dividend paid	-	(123)	(154)

Net cash (outflow) before financing	(233)	(888)	(899)
Financing:			
Medium term loan received	-	500	500
Repayments of medium term loan	(82)	(56)	(138)
Invoice discounting finance received (net movement)	36	308	501
Net cash inflow/(outflow)	(46)	752	863
(Decrease) in cash	(279)	(136)	(36)

#### NOTES TO THE INTERIM REPORT

##### 1. Basis of preparation of interim financial information

The interim financial statements have been prepared on the basis of accounting policies expected to be adopted in the Financial Statements for the year ending 31 March 2007. The Group has changed its accounting policy for share options granted after 7th November 2002 in accordance with Financial Reporting Standard 20 'Share based payments'. The results for the comparable periods have been restated accordingly (6 months to 30th September 2005: £4,000; year ended 31st March 2006: £8,000). The effects of this change are set out in the Reconciliation of Movement in Shareholders' Funds on page 3. The unaudited financial statements do not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. Statutory accounts for year ended 31 March 2006 have been filed with the Registrar of Companies. The Auditors' Report on these accounts was unqualified.

##### 2. Earnings per share

The earnings per share figures are based on the profit on ordinary activities after taxation as stated in the unaudited profit and loss account and the weighted average number of shares in issue during each period. The weighted average number of shares in issue during the period was 6,156,511 for the six months ended 30 September 2006, 6,156,511 for the year ended 31 March 2006 and 6,156,511 for the six months ended 30 September 2005. The calculation of diluted earnings per share was based on 6,156,511 for the six months ended 30 September 2006, 6,156,511 for the year ended 31 March 2006 and 6,156,511 for the six months ended 30 September 2005.

##### 3. Reconciliation of operating profits to net cash inflow from operating activities

	Unaudited Six months to 30 Sept 2006 £'000	Unaudited Six months to 30 Sept 2005 £'000	Audited Year to 31 Mar 2006 £'000
Operating profit	238	154	9
Share based payment expense	4	4	8
Amortisation of intangible fixed assets	45	22	71
Depreciation charges	72	68	151
Loss on disposal of fixed assets	6	5	17
Decrease/(Increase) in stocks	(107)	(142)	223
Decrease/(increase) in debtors	(477)	648	801
Increase/(decrease) in creditors	107	148	(64)
Net cash inflow/(outflow) from operating activities	(112)	907	1,216

##### 4. Analysis and reconciliation of net cash

Audited 31 Mar 2006	Cash flow	Unaudited 30 Sept 2006
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	£'000	£'000	£'000
Cash at bank and in hand	154	(37)	117
Bank overdrafts	(88)	(242)	(330)
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	66	(279)	(213)
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5. Further copies of this document are available both at the registered office of the Company and from the offices of Charles Stanley Securities, 25 Luke Street, London, EC2A 4AR.