



2 May 2013

Solid State plc
(“Solid State”, the “Group” or the “Company”)
Acquisition & Trading Update

The Board of Solid State plc (AIM: SSP), the AIM listed supplier of industrial/ruggedised computers, specialist electronic components and battery power solutions to the electronics market, is pleased to announce the acquisition of the entire issued share capital of Q-par Angus Ltd (Q-par) for a cash consideration of £900,000, subject to a net asset value adjustment. The consideration will be settled from the Company’s existing resources.

Q-par Angus Ltd is one of Europe’s leading experts in microwave and RF engineering with specialisation in antenna systems including microwave reflectors, horn antennas and antenna positioning; principally for the broadcast, environmental, industrial, medical, security and defence markets. Q-par has a global client list including GCHQ, QinetiQ, the Ministry of Defence, EADS Astrium, Indra, NASA and the US department of Defence. Over 70% of Q-par’s products are exported overseas via a network of specialist sales agents.

Commenting on the acquisition, John Lavery, Managing Director of Steatite Ltd, said:

“Q-Par is an excellent fit for Steatite, offering a broadening of specialist products and services, however, equally importantly, an existing specialist agent network who can further internationalise our existing Steatite product range. We see this as a truly complementary match.”

Established in 1973, Q-par employs 35 security cleared staff based in Leominster, Herefordshire, engaged in product research, design and manufacturing. Q-par is MoD approved for the handling of Government encrypted data. A large proportion of its products are based on proprietary designs where Q-par retains the intellectual property and full design files, resulting in a high degree of client retention and repeat order cycles. This affords considerable barriers to entry for competitors.

The unaudited accounts of Q-par for the 12 months ended 31 May 2012, show a turnover of £2.25m and a profit after tax of £214k. Net assets at the time of purchase are expected to be £805,016. Q-par is a high margin business which is expected to enhance overall Group margins and be earnings enhancing, albeit that there will be some integration costs incurred in the current year.

The acquisition of Q-par strengthens Solid State’s product offering in its existing defence, industrial and environmental markets whilst additionally opening up new markets in the fields of medical, counter terrorism and commercial & military intelligence gathering. The Board is excited by the prospects for these markets, some of which continue to benefit from global political instability and the ever present threat of insurgent and terrorist activity.

Commenting on the acquisition, Gary Marsh, Chief Executive at Solid State, added:

“At Solid State, we believe that the application of our engineering expertise strengthens both the business, through development of intellectual property, and our client relationships through the customisation of client solutions to wholly match their needs. In Q-par we have found a business with the same philosophy. Their inclusion will undoubtedly add strength and depth to the Group.

“The acquisition of Q-par is our 6th acquisition in the past 11 years and follows the hugely successful acquisition of Blazepoint in October 2011. This demonstrates the continued commitment to our acquisition strategy for our computing, components and batteries businesses and our ambition for the future prospects of Solid State.”

Trading update

The Board is pleased to issue a trading update ahead of announcing its results for the 12 months to 31 March 2013 in the week commencing 17 June 2013.

Sales and pre tax profits are expected to be in line with market expectations. Order intake remains strong with the order book at 31 March 2013 standing at £9.4m.

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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 industrial/rugged computing products, battery power solutions and electronic components for use in harsh environments.

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

Headquartered in Redditch, Solid State employs over 130 staff across four sites. Solid State operates through two main divisions: Solid State Supplies and Steatite.

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