Interim Results

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Acal PLC
3 December 2001

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ACAL plc

(Leading pan-European, value added distributor providing specialist design-in, sales and marketing services for international suppliers)

Unaudited Interim Results for the Six months to 30th September 2001

	2001	2000	Change
Turnover	£145.9m	£151.8m	-4%
Group earnings before interest, taxes and goodwill	£9.6m	£11.4	-15%
Profit before tax (pre goodwill amortisation)	£8.4m	£10.2m	-18%
Earnings per share (pre goodwill amortisation)	21.3p	25.9p	-18%
Dividend	6.1p	5.5p	+11%

* Results broadly in line with statement in Annual Report in June
* Slowdown felt predominantly in Electronic components
* Significant growth in IT Parts Services
* Value added focus has sustained gross margins
* Interest cover 8 times
* Dividend reflects confidence in underlying growth in the business

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Binns & Co. Public Relations

Notes to Editors:

1 The Acal Group is a leading European, value-added distributor providing specialist design-in, sales and marketing services for

international suppliers in the fields of Electronic Components, Information Technology Products, IT Parts Services and Industrial Controls. Its value-added philosophy and geographic coverage enables Acal to provide specialist knowledge and support to customers on a pan-European basis.

2 Design-in is the process by which Acal's sales engineers work with customers and suppliers to procure components which meet the specific technical and performance needs of the customers.

3 Acal has operating companies in the UK, Netherlands, Belgium, Germany, France, Italy, Scandinavia and the USA.

Chairman's Statement

Results

Results in the first half of the current year were broadly in line with my statement in the Annual Report in June when I signalled the slow down in orders, and the excess stock levels of some of our customers. The difficult market conditions have led to a decrease in year-on-year turnover from £151.8m to £145.9m, down 4% on a like-for-like basis, for the first six months of this year. Group earnings before interest, taxes and goodwill amortisation reduced 15% from £11.4m to £9.6m producing profit before taxes and goodwill amortisation of £8.4m (£10.2m). After an effective tax charge of 34.2% (34.5%), the underlying earnings per share before goodwill amortisation is 21.3p (25.9p).

Review of Operations

The economic slowdown which has been extensively reported has been felt across all our divisions except IT Parts Services where we have seen overall growth of approximately 30% year-on-year and double-digit growth in all countries in which we operate. We have been successful in developing our business with all our key original equipment manufacturing brands, both in the PC and printer industry.

The deterioration in sales has taken place predominantly in the Electronic Components Division where turnover has fallen 14% compared to last year, with Continental Europe being affected more than the UK. Book to bill ratios in this division are broadly in line with UK industry statistics at less than one and will only return to above one when the destocking cycle is complete. In September at the Annual Electronic Component Federation Dinner we received the award as the 'Customer Service Company of the Year' for our UK component businesses, which indicates that we are well placed to benefit from any increase in demand.

The very rapid growth in the IT Products Division we saw last year in networking sales, and fibre channel products for storage area networks has come to an end for the time being. Furthermore, the disaster of 11th September has caused some customers to be very cautious with regard to new investment. Nevertheless, our appointment in October as one of the prestigious Cisco Distribution Partners, together with our continued investment across Europe, will provide new impetus.

All divisions have reacted constructively to the changing market climate without diverting us from our underlying growth strategy. The actions taken, coupled with our value-added focus, have sustained the average gross margin - and at the same time produced at this point in the cycle, an acceptable level

of operating profit on sales of 6% and a high return on the capital employed in the trading companies.

Net debt at £24.7m (£28.6m) is down by approximately £4m from the same time last year and with interest cover close to eight times, the Group is not highly geared.

Dividend

The Board has declared an interim dividend of 6.1p per share (5.5p), an increase of 11% to be paid on 25th January 2002 to shareholders on the register on 14th December 2001. In spite of an earnings decrease, your Board has increased the dividend to reflect our confidence in the long term underlying growth in the business.

Prospects

The economic climate is more difficult than most people predicted six months ago, and the trading outlook from a management perspective is indeed challenging with few signs yet of renewed growth. I believe this phase of the economic cycle is being well managed by our team which has worked hard to minimise the impact of weakened markets, while making sure the key elements of our long term strategy are not at risk. We continue to invest in our sales organisation across Europe as well as our IT systems and are well placed to take advantage of opportunities that always arise in difficult times.

John Curry
3rd December 2001

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Unaudited Summary Profit and Loss Account for

Six Months ended 30th September 2001

	Six Months ended 30 September		Year ended 31 March (audited)
	2001 £'000	2000 £'000	2001 £'000
Turnover	145,881	151,758	325,329
Operating Profit			
Excluding goodwill amortisation	8,806	10,363	22,900
Goodwill amortisation	(1,232)	(1,235)	(2,471)
Group Operating Profit (excluding associated undertakings)	7,574	9,128	20,429
Group Share of Operating Profits of Associated Undertakings	847	1,044	2,196
Total Operating Profit (including associated undertakings)			
Excluding goodwill amortisation	9,654	11,408	25,098
Goodwill amortisation	(1,233)	(1,236)	(2,473)
	8,421	10,172	22,625
Net interest payable - group	(1,127)	(1,116)	(2,358)
Net interest payable - associated undertakings	(105)	(49)	(172)
Profit before Taxation:			

Excluding goodwill amortisation	8,422	10,243	22,568
Goodwill amortisation	(1,233)	(1,236)	(2,473)
Profit on Ordinary Activities before Taxation	7,189	9,007	20,095
Tax on Profit on Ordinary Activities:			
United Kingdom	(1,561)	(1,361)	(3,441)
Overseas	(1,112)	(1,855)	(3,782)
Associated undertakings	(205)	(319)	(619)
	(2,878)	(3,535)	(7,842)
Profit on Ordinary Activities after Taxation			
Excluding goodwill amortisation	5,544	6,708	14,726
Goodwill amortisation	(1,233)	(1,236)	(2,473)
Profit Attributable to Ordinary Shareholders	4,311	5,472	12,253
Dividends on Ordinary Shares	(1,588)	(1,427)	(4,294)
Retained Profit for the Period	2,723	4,045	7,959
Earnings per Share	16.6p	21.2p	47.3p
Diluted Earnings per Share	16.5p	21.0p	46.7p
Earnings per Share Excluding Goodwill Amortisation	21.3p	25.9p	56.8p
Dividend per share	6.1p	5.5p	16.5p

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Unaudited Balance Sheet

as at 30th September 2001

	At 30 September		At 31 (audited) March
	2001 £'000	2000 £'000	2001 £'000
FIXED ASSETS			
Intangible assets	43,616	46,152	44,915
Tangible assets	12,274	9,619	10,165
Investments	4,466	3,685	3,995
	60,356	59,456	59,075
CURRENT ASSETS			
Stocks	35,362	34,438	36,223
Debtors	55,619	61,286	67,659
Cash at bank and in hand	7,303	4,505	12,651
	98,284	100,229	116,533
CREDITORS:			
Amounts falling due within one year	(72,687)	(95,360)	(91,997)
NET CURRENT ASSETS	25,597	4,869	24,536
TOTAL ASSETS LESS			
CURRENT LIABILITIES	85,953	64,325	83,611
CREDITORS:			
Amounts falling due after more than one year	(15,669)	(895)	(15,669)
PROVISIONS FOR LIABILITIES			
AND CHARGES	(4,102)	(4,565)	(4,353)
NET ASSETS	66,182	58,865	63,589

CAPITAL AND RESERVES

Called up share capital	1,302	1,298	1,301
Share premium account	36,638	36,290	36,554
Revaluation reserve	300	289	301
Profit and loss account and other reserves	27,942	20,988	25,433
	66,182	58,865	63,589

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Unaudited Summary Cash flow Statement for

Six Months ended 30th September 2001

	Six Months ended 30 September		Year ended 31 March (audited)
	2001	2000	2001
	£'000	£'000	£'000
OPERATING ACTIVITIES			
Group operating profit	7,574	9,128	20,429
Depreciation and amortisation	2,712	2,604	5,305
Increase in working capital	(6,015)	(9,563)	(4,851)
NET CASH INFLOW FROM OPERATING ACTIVITIES	4,271	2,169	20,883
Dividends from associated undertaking	-	-	300
Net interest paid	(1,127)	(1,116)	(2,358)
Equity dividends paid	(2,862)	(2,362)	(3,794)
Tax paid	(2,975)	(2,228)	(6,850)
Net expenditure on tangible fixed assets and investments	(3,735)	(1,905)	(3,730)
Net cash flow from acquisitions and disposals	-	-	222
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING	(6,428)	(5,442)	4,673
Increase/(decrease) in debt and finance leases	125	(2,069)	(7,318)
Issue of share capital	85	713	980
NET DECREASE IN CASH	(6,218)	(6,798)	(1,665)

Reconciliation of net cash flow to movement in net (debt)

NET DECREASE IN CASH	(6,218)	(6,798)	(1,665)
Cash (inflow)/outflow from (increase)/ decrease in debt and lease financing	(125)	2,069	7,318
Translation differences	(37)	106	(73)
MOVEMENT IN NET (DEBT)	(6,380)	(4,623)	5,580
Net (debt) at beginning of the period	(18,358)	(23,938)	(23,938)
Net (debt) at end of the period	(24,738)	(28,561)	(18,358)

UNAUDITED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Six Months ended 30 September		Year ended 31 March (audited)
	2001	2000	2001
	£'000	£'000	£'000
Profit attributable to shareholders	4,311	5,472	12,253
Net (loss)/gain on currency translation	(215)	26	568
Total recognised gains and losses for the financial period	4,096	5,498	12,821

NOTES:

1. The financial information set out above does not constitute the company's statutory accounts for the year ended 31st March 2001, but is derived from those accounts. Statutory accounts for 2001 have been delivered to the Registrar of Companies. The auditors have reported on those accounts; their report was unqualified and did not contain a statement under section 237 (2) or (3) of the Companies Act 1985.

2. These interim results have been prepared in accordance with the accounting policies normally adopted by the company. During the period, Financial Reporting Standard No 18 on Accounting Policies and No 19 on Deferred Tax have been implemented. These had no material effect on the results for the period or the comparative periods.

3. The interim dividend is payable on 25 January 2002 to shareholders on the register on 14 December 2001.

4. Earnings per share for the half year to 30 September 2001 have been calculated on the profit attributable to ordinary shareholders of £ 4,311,000 using the weighted average number of ordinary shares in issue during the period.

5. The company's interim report is being sent to shareholders by post. Copies will also be available from:

2 Chancellor Court, Occam Road, Surrey Research Park, Guildford, Surrey, GU2 7AH

The interim results will not be advertised in any newspaper

Ends