Interim Results

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Acal PLC
01 December 2003

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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 30 September 2003

	2003	2002	Change
Turnover	£127.1m	£140.2m	-9%
Group earnings before interest, taxes and goodwill amortisation	£6.7m	£8.1m	-17%
Profit before tax (pre goodwill amortisation)	£5.9m	£7.3m	-19%
Earnings per share (pre goodwill amortisation)	14.1p	18.5p	-24%
Dividend	7.0p	6.7p	+41/2%

- Sound results in a demanding environment
- Gross margins increased in all divisions - over 2 percentage points better overall
- Further growth in dividend: Up 41/2% to 7.0p
- Positive first-time contribution from Computer Parts International acquired in May 2003
- Signs of improvement in order rate
- Well positioned to take advantage of growth opportunities

For further information:-

John Curry - Chairman 01483 544500

Jim Virdee - Finance Director 01483 544500

Brian Coleman-Smith/James Chandler 020 7398 3300
Beattie Financial

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

The demanding environment of the last two years has persisted throughout this half year, with Continental Europe weaker than the UK. Recovery in our industry, which has been seen in the USA and the Far East, has not as yet arrived in Europe.

Our results are sound with a good return on capital employed, although below our targets. In spite of the market pressures year-on-year, we have achieved an increased gross margin in all divisions, giving an overall improvement from 23.6% to 26.4% which has partly compensated for the lower sales level.

Results

Headline sales fell 9% from £140.2m to £127.1m. However, excluding acquisitions and disposals, the underlying fall was 6% (made up of a 2% fall in the UK and 10% in Continental Europe). This pattern of weaker trading in Continental Europe was reflected broadly across all divisions.

Below is a table showing each of the divisions' half-year results.

	2003/4			2002/3		
	Sales	EBITA		Sales	EBITA	
	£m	£m	% of sales	£m	£m	% of sales
Electronic Components	43.7	1.6	3.7%	48.4	1.9	3.9%
Industrial Controls	8.8	0.5	5.7%	9.6	0.5	5.2%
Components TOTAL	52.5	2.1	4.0%	58.0	2.4	4.1%
IT Products	45.4	1.8	4.0%	53.4	3.0	5.6%
IT Parts Services	29.2	2.6	8.9%	28.8	2.5	8.7%
IT TOTAL	74.6	4.4	5.9%	82.2	5.5	6.7%
	127.1	6.5	5.1%	140.2	7.9	5.6%
Associates		0.2			0.2	
	127.1	6.7		140.2	8.1	

Chairman's Statement
Continued. ....

It will be seen that the reduction in profit has occurred mainly in the IT

Division. In IT Products, the results for the previous year included sales of £9.3m relating to the CISCO distribution business sold in October 2002. In the ongoing business, sales and gross margins have been maintained but investments made in people and infrastructure have not yet borne fruit, in hindsight probably because they have been made too early in the cycle. We have had satisfactory growth in the SAN/Fibre Channel part of the division, our difficulties lie in networking and security.

HP/Compaq has changed its service strategy and as a result EAF, the original part of the IT Parts Services division, has suffered a setback. We overcame a similar setback a few years ago and plan to do so again. In the meantime the reduction in like-for-like sales of 13% and profits of 20% have been balanced by the acquisition of Computer Parts International.

On a positive note, UK Electronic Components profits year-on-year have improved marginally in spite of a 5% reduction in sales, but a 14% fall in sales in the same period in Continental Europe has resulted in a decline in profits. It is pleasing to report that a number of major suppliers have either appointed us or increased our geographical coverage across Europe since the beginning of this year.

Dividend

The Board has declared an interim dividend of 7.0p net per share (6.7p), an increase of 4.5%. This will be paid on 26 January 2004 to shareholders on the register on 12 December 2003.

Board Appointment

I am pleased to announce the appointment of Graham Williams as a non-executive director. His early career was entrepreneurially based in the private equity market in the UK and France with Charterhouse and Barclays, followed by an executive director role helping to build Hays plc, an international support services group, into a FTSE 100 company. I know his experience will be invaluable to Acal.

Current Trading

Distribution companies in our sectors with a presence in the USA and the Far East have reported signs of growth in sales. Although not yet reflected in sales, our current order rate is greater than in the early part of the year. At the time of writing, the last quarter (September, October, November) shows signs of monthly bookings being 10% greater than the average rate for the first five months, and above the level for the corresponding quarter last year.

Though we do not expect a rapid increase in sales, these limited signs of growth, together with the maintenance of increased gross margin should provide benefits in the second half results.

The business remains financially strong, well positioned and able to take advantage, as it has in the past, of the long term growth opportunities which exist in our industry.

John Curry
1 December 2003

ACAL plc
Unaudited Summary Profit and Loss Account for
Six Months ended 30 September 2003

	Six Months ended 30 September		Year ended 31 March
	2003	2002	2003 (audited)
	£'000	£'000	£'000
Turnover			
Continuing business			
Ongoing activities	122,843	130,947	262,846
Activities sold (note 4)	-	9,295	9,295
Acquisition	4,296	-	-
	127,139	140,242	272,141

Operating Profit			
Continuing business	5,878	7,910	16,710
Goodwill amortisation	(1,400)	(1,373)	(2,774)
	4,478	6,537	13,936
Acquisition	581	-	-
Goodwill amortisation	(89)	-	-
	492	-	-
Group Operating Profit (excluding Associates)	4,970	6,537	13,936
Group Share of Operating Profits of Associates	238	250	440
Total Operating Profit (including Associates)			
Excluding goodwill amortisation	6,698	8,161	17,152
Goodwill amortisation	(1,490)	(1,374)	(2,776)
	5,208	6,787	14,376
Profit on disposal of business	-	-	575
Net interest payable and similar charges - group	(795)	(778)	(1,452)
Net interest payable - associates	(24)	(62)	(108)
Profit before Taxation			
Excluding goodwill amortisation			
Continuing business	5,406	7,321	16,167
Acquisition	473	-	-
	5,879	7,321	16,167
Goodwill amortisation	(1,490)	(1,374)	(2,776)
Profit on Ordinary Activities before Taxation	4,389	5,947	13,391
Tax on Profit on Ordinary Activities			
United Kingdom	(1,807)	(1,535)	(3,400)
Overseas	(95)	(903)	(1,889)
Associates	(98)	(54)	(73)
	(2,000)	(2,492)	(5,362)
Profit after Taxation			
Excluding goodwill amortisation	3,879	4,829	10,805
Goodwill amortisation	(1,490)	(1,374)	(2,776)
Profit on Ordinary Activities after Taxation	2,389	3,455	8,029
Minority Interest	(169)	-	-
Profit Attributable to Ordinary Shareholders	2,220	3,455	8,029
Dividends on Ordinary Shares	(1,844)	(1,752)	(5,262)
Retained Profit for the Period	376	1,703	2,767

Earnings per Share	8.5p	13.2p	30.7p
Diluted Earnings per Share	8.4p	13.1p	30.6p
Earnings per Share Excluding Goodwill Amortisation	14.1p	18.5p	41.3p
Dividends per share	7.0p	6.7p	20.1p

ACAL plc
Unaudited Balance Sheet
as at 30 September 2003

	At 30 September 2003	2002 Restated	At 31 March 2003 (audited)
	£'000	£'000	£'000
FIXED ASSETS			
Intangible assets	49,047	47,681	46,287
Tangible assets	14,698	13,778	13,827
Investments	6,077	5,390	6,028
	69,822	66,849	66,142
CURRENT ASSETS			
Stocks	27,241	28,098	24,443
Debtors	48,180	50,504	53,242
Cash at bank and in hand	9,754	10,641	20,246
	85,175	89,243	97,931
CREDITORS:			
Amounts falling due within one year	(58,366)	(59,835)	(65,413)
NET CURRENT ASSETS	26,809	29,408	32,518
TOTAL ASSETS LESS CURRENT LIABILITIES	96,631	96,257	98,660
CREDITORS:			
Amounts falling due after more than one year	(20,420)	(23,533)	(22,487)
PROVISIONS FOR LIABILITIES AND CHARGES	(595)	(1,067)	(2,279)
NET ASSETS - excluding pension liability	75,616	71,657	73,894
Net pension liability	(5,738)	(1,223)	(5,931)
NET ASSETS - including pension liability	69,878	70,434	67,963
CAPITAL AND RESERVES			
Called up share capital	1,317	1,308	1,309
Share premium account	37,668	37,009	37,109
Revaluation reserve	339	304	334
Profit and loss account and other reserves	29,712	31,813	29,211
EQUITY SHAREHOLDERS' FUNDS	69,036	70,434	67,963
Minority interests (all equity)	842	-	-
TOTAL CAPITAL EMPLOYED	69,878	70,434	67,963

ACAL plc

Unaudited Summary Cash flow Statement for
Six Months ended 30 September 2003

	Six Months ended 30 September		Year ended 31 March
	2003	2002	2003 (audited)
	£'000	£'000	£'000
OPERATING ACTIVITIES			
Group operating profit	4,970	6,537	13,936
Depreciation and amortisation	3,132	2,870	6,255
Profit on disposal of fixed assets	(25)	(60)	(110)
(Increase)/decrease in working capital	(2,127)	(1,166)	3,493
NET CASH INFLOW FROM OPERATING ACTIVITIES	5,950	8,181	23,574
Dividends from associates	55	78	82
Net interest paid	(795)	(778)	(1,527)
Tax paid	(3,600)	(3,193)	(7,250)
Net expenditure on tangible fixed assets and investments	(2,007)	(2,787)	(4,869)
Net cash flow from acquisitions and disposals	(6,643)	(6,405)	(3,920)
Equity dividends paid	(3,508)	(3,181)	(4,935)
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING	(10,548)	(8,085)	1,155
(Decrease)/ increase in debt and finance leases	(3,693)	7,045	6,570
Issue of share capital	567	227	328
NET (DECREASE)/INCREASE IN CASH	(13,674)	(813)	8,053

Reconciliation of net cash flow to movement in net debt

NET (DECREASE)/INCREASE IN CASH	(13,674)	(813)	8,053
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing			
Issue of loan notes	3,693	(7,045)	(6,570)
Debt acquired with subsidiary	-	-	(1,616)
New finance leases	-	(257)	(257)
Translation differences	-	-	(13)
	(7)	(123)	(123)
MOVEMENT IN NET DEBT	(9,988)	(8,238)	(526)
Net debt at beginning of the period	(13,404)	(12,878)	(12,878)
Net debt at end of the period	(23,392)	(21,116)	(13,404)

Unaudited Statement of Total Recognised Gains and Losses
For Six Months Ended 30 September

	Six Months ended 30 September		Year ended 31 March
	2003	2002	2003 (audited)
	£'000	£'000	£'000
Profit attributable to ordinary shareholders	2,220	3,455	8,029
Actuarial loss on pension scheme	-	-	(7,150)
Deferred tax relating to pension scheme	-	-	1,911
Net gain on currency translation	130	43	1,646
Total recognised gains and losses for the financial period	2,350	3,498	4,436

NOTES:

1. The financial information set out above does not constitute the Company's statutory accounts for the year ended 31 March 2003, but is derived from those accounts. Statutory accounts for 2003 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 and are consistent with those adopted at 31 March 2003.

3. As disclosed in the 2003 Annual Report and Accounts, the Group now accounts for pension costs and retirement benefits in accordance with FRS 17. Accordingly the balance sheet at 30 September 2002 has been restated to reflect a lower net pension liability, resulting in an increase in net assets of £1,227,000. The effect on the Profit and Loss account for the 6 months then ended is not material. A £1,227,000 prior year adjustment was recognised within the 31 March 2002 Statement of Total Recognised Gains and Losses. FRS 17 requires an annual actuarial assessment of the defined benefit pension schemes, which is carried out by independent actuarial advisers. In the six months ended 30 September 2003 the Group has charged the profit and loss account with £77,000 (period ended 30 September 2002: £nil; year ended 31 March 2003: £75,000 credit) of notional interest in respect of defined benefit schemes, all of which are closed schemes and relate to the acquisition of Sedgemoor in 1999, on the basis of the 2003 actuarial assessment. This will be updated during the second half of the year, and any actuarial gains and losses arising on pension assets and liabilities in the balance sheet will be shown in the statement of total recognised gains and losses for the year ending 31 March 2004.

4. Turnover of the Group's Cisco distribution business, which was sold in October 2002, has been shown under "Activities sold".

5. The interim dividend is payable on 26 January 2004 to shareholders on the register on 12 December 2003.

6. Earnings per share for the half year to 30 September 2003 have been calculated on the profit attributable to ordinary shareholders of £2,220,000 using the weighted average number of ordinary shares in issue during the period.

7. The company's interim report is being sent to shareholders by post. Copies will also be available at www.acalplc.co.uk or from:

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

The interim results will not be advertised in any newspaper

Ends

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