Interim Results

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Acal PLC
05 December 2005

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ACAL plc

(Leading pan-European, value-added technology based distributor providing specialist design-in, sales and marketing services)

Unaudited Interim Results for the six months to 30 September 2005
(reported under International Financial Reporting Standards - IFRS)

	2005	2004	Change
Turnover	£129.1m	£124.4m	+4%
EBIT*	£4.7m	£6.1m	-23%
Profit before tax	£3.9m	£5.4m	-28%
Earnings per share	9.2p	13.0p	-29%
Interim Dividend per share	7.2p	7.2p	-

- Overall sales up 4%, with IT Parts Services up 11%
- As previously announced, first half profitability adversely affected by poor trading conditions in Continental European Electronic Components and IT Products
- Unchanged interim dividend of 7.2p
- Promising recent order growth in Electronic Components
- Significant expansion opportunities in Electronic Components and IT Parts Services

(*EBIT - Earnings before interest, tax and the Group's share of profit of associated companies)

For further information:-

Tony Laughton - Chief Executive 01483 544500

Jim Virdee - Finance Director 01483 544500

Brian Coleman-Smith/Nia Thomas 020 7053 6400
Beattie Financial

Notes to Editors:

1 The Acal Group is a leading European, value-added technology based distributor providing specialist design-in, sales and marketing, as well as stock planning and procurement services in the fields of Electronic Components, IT 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, Spain, Scandinavia and the USA. Westech Electronics, an associated company, is based in Singapore and covers the Far East region.

CHAIRMAN'S STATEMENT

As reported in our pre-close trading update, Acal plc's performance in the first half of this year has been disappointing reflecting the continuing tough trading conditions. This has been particularly so in Electronic Components in Continental Europe and in IT Products.

Despite this, overall sales have grown by 4% to £129.1m (2004: £124.4m) with particularly strong growth in the IT Parts Services division. Return on sales fell to 3.6% from 4.9%, reflecting a 23% reduction in EBIT. The Group made an annualised 24% (2004: 28%) return on capital employed (calculated under IFRS) during the half year.

RESULTS

Below is a table showing the results of each of Acal's divisions for the half year ended 30 September 2005.

	2005/06					2004/05		
	Sales		EBIT*			Sales	EBIT	
	£m	% change	£m	% change	% of sales	£m	£m	% of sales
Electronic Components	48.4	-	1.0	-50%	2.1%	48.6	2.0	4.1%
Industrial Controls	10.8	+8%	0.8	-	7.4%	10.0	0.8	8.0%
Components TOTAL	59.2	+1%	1.8	-36%	3.0%	58.6	2.8	4.8%
IT Products	42.7	+4%	0.6	-50%	1.4%	41.2	1.2	2.9%
IT Parts Services	27.2	+11%	2.3	+10%	8.5%	24.6	2.1	8.5%
IT TOTAL	69.9	+6%	2.9	-12%	4.1%	65.8	3.3	5.0%
	129.1	+4%	4.7	-23%	3.6%	124.4	6.1	4.9%

(*EBIT - Earnings before interest, tax and the Group's share of profits of associated companies)

Although sales of the Electronics Components Division were flat, there have been some positive signs with 15% year-on-year order growth in the last quarter. Gross margins have held up well in a competitive environment and the sales mix has moved more towards niche semiconductors, reflecting our strategy. This has been achieved by the continuing process of introducing new suppliers as well as extending geographic coverage for existing suppliers.

The Industrial Controls division continues to perform well, particularly the Air Conditioning and Refrigeration activity, with an 8% growth in total sales.

Although the IT Products Division has shown a small growth in sales, as previously reported, profitability has been further impacted by price and margin pressures, particularly in the Storage Area Networking market.

IT Parts Services has seen excellent growth of 11% in sales and 10% in profits. A major new contract started successfully at the beginning of this half year.

DIVIDEND

The Board has declared an interim dividend of 7.2p net per share, the same as 2004. This is to be paid on 25 January 2006 to shareholders on the register on 16 December 2005.

OUTLOOK

With the re-organisation of the Electronic Components and IT Products divisions we are now consolidating our logistics, warehousing, back office and support functions to improve efficiency and effectiveness. Although we do not expect market conditions to improve materially in the short term, the order growth seen in the last quarter in Electronic Components as well as the extension of the overall product portfolio in both these divisions will help performance in the second half.

IT Parts Services has benefited from growth in outsourcing of planning, procurement and supply of spare parts and services. We expect this trend to continue.

Richard Moon

5 December 2005

unaudited consolidated income statement
for the six months ended 30 September 2005

Continuing operations	six months ended 30 Sept 2005 £m	six months ended 30 Sept 2004 £m	year ended 31 Mar 2005 £m
Revenue	129.1	124.4	260.7
Operating profit	4.7	6.1	12.6
Share of post-tax profits from associates (note 2)	0.2	0.2	0.4
Finance costs	(1.3)	(1.2)	(2.5)
Finance income	0.3	0.3	0.6
Profit before taxation	3.9	5.4	11.1
Taxation (note 2)	(1.2)	(1.7)	(3.7)
Profit after taxation for the period	2.7	3.7	7.4
Attributable to:			
Equity holders of the parent	2.4	3.5	7.0
Minority interests	0.3	0.2	0.4
	2.7	3.7	7.4
Earnings per share (note 3)			
Basic	9.2p	13.0p	26.6p
Diluted	9.2p	13.0p	26.6p
Dividends			
Dividends per share declared in respect of period	7.2p	7.2p	21.6p
Dividends per share paid in period	14.4p	14.0p	21.2p
Dividends paid in period	£3.8m	£3.7m	£5.6m

unaudited statement of recognised income and expense
for the six months ended 30 September 2005

	six months ended 30 Sept 2005 £m	six months ended 30 Sept 2004 £m	year ended 31 Mar 2005 £m
Decrease in fair value of investments	(0.7)	-	-
Foreign currency translation differences	0.2	0.4	0.3
Deferred tax relating to pension scheme	(0.1)	(0.1)	(0.2)
Income and expense recognised directly in equity	(0.6)	0.3	0.1
Profit for the period	2.7	3.7	7.4
Total recognised income and expense for the period	2.1	4.0	7.5
Attributable to:			
Equity holders of the parent	1.8	3.8	7.1
Minority interests	0.3	0.2	0.4
	2.1	4.0	7.5

unaudited consolidated balance sheet
at 30 September 2005

	at 30 Sept 2005 £m	at 30 Sept 2004 £m Restated *	at 31 Mar 2005 £m
Non-current assets			
Property, plant and equipment	7.0	7.5	6.6
Goodwill	48.8	48.9	48.7
Intangible assets - software	5.2	6.3	5.9
Investments in associates	4.2	4.2	3.9
Other financial assets	1.8	2.2	2.2
Deferred tax assets	2.2	2.3	2.1
	69.2	71.4	69.4
Current assets			
Inventories	25.2	26.3	25.5
Trade and other receivables	55.9	52.4	55.5
Current tax assets	1.8	2.1	1.0
Cash and cash equivalents	12.6	10.9	15.9
	95.5	91.7	97.9
Current liabilities			
Trade and other payables	(50.3)	(49.1)	(55.8)
Short-term borrowings	(10.6)	(11.0)	(8.0)
Current tax payable	(3.4)	(3.5)	(2.0)
	(64.3)	(63.6)	(65.8)
Net current assets	31.2	28.1	32.1
Non-current liabilities			
Long-term borrowings	(20.2)	(20.3)	(20.2)
Pension liability	(6.2)	(6.6)	(6.4)
Deferred tax liabilities	(1.5)	(0.7)	(1.2)
Provisions	(1.0)	(0.7)	(0.9)
	(28.9)	(28.3)	(28.7)
Net assets	71.5	71.2	72.8
Equity			

Share capital	1.3	1.3	1.3
Share premium account	38.0	38.0	38.0
Share capital to be issued	0.1	0.1	0.1
Other reserves	1.6	1.5	1.4
Retained earnings	29.0	29.3	30.8
Equity attributable to equity holders of the parent	70.0	70.2	71.6
Minority interests	1.5	1.0	1.2
Total equity	71.5	71.2	72.8

* see note 1

unaudited reconciliation of movements in shareholders' equity
for the six months ended 30 September 2005

	six months ended 30 Sept 2005 £m	six months ended 30 Sept 2004 £m	year ended 31 Mar 2005 £m
Shareholders' equity at start of period	71.6	69.9	69.9
Opening balance sheet adjustment: IAS 39	0.4	-	-
Total recognised income and expense for the period	1.8	3.8	7.1
Dividends	(3.8)	(3.7)	(5.6)
Share capital issued	-	0.2	0.2
Shareholders' equity at end of period	70.0	70.2	71.6

unaudited consolidated cash flow statement
for the six months ended 30 September 2005

	six months ended 30 Sept 2005 £m	six months ended 30 Sept 2004 £m	year ended 31 Mar 2005 £m
Cash flows from operating activities			
Operating profit	4.7	6.1	12.6
Depreciation of property, plant and equipment	1.1	1.0	2.3
Amortisation of intangible assets - software	0.5	0.5	0.9
Change in provisions	0.2	(0.2)	(0.2)
Gain on disposal of property, plant and equipment	(0.1)	-	(0.4)
Pension scheme funding	(0.3)	(0.3)	(0.7)
Equity-settled share-based payment expense	-	-	0.1
Operating cash flows before changes in working capital	6.1	7.1	14.6
(Increase)/decrease in working capital	(5.6)	(3.5)	2.3
Cash flow from operations	0.5	3.6	16.9
Interest paid	(1.3)	(1.2)	(2.5)
Income taxes paid	(0.5)	(2.0)	(3.9)
Net cash flow from operating activities	(1.3)	0.4	10.5
Cash flows from investing activities			

Acquisition of subsidiary	-	(1.3)	(2.3)
Proceeds from sale of associate	-	-	0.4
Purchases of property, plant and equipment	(1.2)	(0.7)	(1.5)
Proceeds from sale of property, plant and equipment	0.2	0.1	1.0
Purchases of intangible assets	(0.2)	(0.6)	(0.7)
Interest received	0.3	0.3	0.6
Dividends received	0.1	0.1	0.3
Net cash flow from investing activities	(0.8)	(2.1)	(2.2)
Cash flows from financing activities			
Proceeds from issue of ordinary shares	-	0.2	0.2
Repayments of borrowings	(0.1)	(0.1)	(0.1)
Dividends paid to company's shareholders	(3.8)	(3.7)	(5.6)
Dividends paid to minority interests	-	-	(0.1)
Net cash flow from financing activities	(3.9)	(3.6)	(5.6)
Net (decrease)/inc rease in cash and cash equivalents	(6.0)	(5.3)	2.7
Cash and cash equivalents at beginning of period	8.1	5.3	5.3
Effect of exchange rate fluctuations	-	0.1	0.1
Cash and cash equivalents at end of period	2.1	0.1	8.1

notes to the interim report
for the six months ended 30 September 2005

1. Basis of preparation

Acal plc and its subsidiaries (the 'Group') have previously prepared consolidated financial statements under UK Generally Accepted Accounting Principles ('UK GAAP'). From 1 April 2005 the Group is required to prepare consolidated financial statements in accordance with International Financial Reporting Standards ('IFRS') and International Accounting Standards (IAS) adopted by the European Union (EU).

This interim financial report is prepared in accordance with the IFRS accounting policies expected to apply in the Group's first IFRS Annual Report and Accounts for the year ending 31 March 2006. These policies are available at the company's website at www.acalplc.co.uk.

As permitted, this interim report has been prepared in accordance with UK listing rules and not in accordance with IAS 34 'Interim Financial Reporting' and is, therefore, not fully compliant with IFRS. The Directors have anticipated that the amendments to IAS 19 'Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures' which have yet to be formally adopted for use in the EU, will be so adopted in time to be applicable to the next annual financial statements.

As allowed by IFRS 1 'First Time Adoption of IFRS', the provisions of IAS 32 'Financial Instruments, Disclosure and Presentation' and IAS 39 'Financial Instruments, Recognition and Measurement' have not been applied to the comparative periods and are applied from 1 April 2005.

IFRS currently in issue and adopted by the EU are subject to interpretation issued from the International Financial Reporting Interpretations Committee ('IFRIC') and are therefore subject to possible change. Further standards or interpretations may also be issued that could be applicable to the full year consolidated financial statements. Therefore, potential changes could result in the need to change the basis of preparation or presentation of certain financial

information from that presented in this document.

The Group's transition date for the application of IFRS is 1 April 2004. The comparative figures for 30 September 2004 and 31 March 2005 have been restated to reflect the transition to IFRS and reconciliations of profit and equity from UK GAAP to IFRS were presented in an announcement published on 28 September 2005, along with a reconciliation of equity at 1 April 2004. A copy of that announcement can be found on the company's website at www.acalplc.co.uk.

The September 2004 comparatives have been restated from those shown in that announcement to reflect the change in accounting policy relating to the deferral of service contract revenue that was adopted in the March 2005 financial statements. The restatement has the impact on the consolidated balance sheet of grossing up Trade and other receivables by £3.5 million and Trade and other payables by £4.5 million and therefore reducing retained earnings by £1.0 million. The impact on the consolidated income statement is immaterial.

The financial information for the year ended 31 March 2005 is extracted from the statutory accounts of the Group for that year, now amended to conform to applicable IFRS as discussed above. Those published accounts, in a form consistent with UK GAAP, were reported on by the auditors without qualification or statement under sections 237 (2) or (3) of the Companies Act 1985 and have been delivered to the Registrar of Companies.

The interim accounts for the six months ended 30 September 2005 and the comparatives to 30 September 2004 do not constitute statutory accounts as defined in S240 of the Companies Act 1985 and are unaudited.

2. Taxation

The £1.2 million tax charge for the six months ended 30 September 2005 (30 September 2004: £1.7 million, 31 March 2005: £3.7 million) comprises a charge of £1.3 million in respect of UK taxation (30 September 2004: £1.6 million, 31 March 2005: £3.4 million) and a credit of £0.1 million in respect of overseas taxation (30 September 2004: charge £0.1 million, 31 March 2005: charge £0.3 million).

In addition, the group's share of post-tax profits from associates includes a tax charge for the six months ended 30 September 2005 of £0.1 million (30 September 2004: £0.1 million, 31 March 2005: £0.1 million).

3. Earnings per share

The weighted average number of Ordinary Shares in issue during the period was 26.4 million (2004: 26.4 million). The weighted average number of Ordinary Shares on a diluted basis was 26.4 million (2004: 26.5 million) after an adjustment for dilutive share options of nil (2004: 0.1 million). Basic earnings per share have been calculated on profit attributable to Shareholders of £2.4 million (2004: £3.5 million).

4. Post balance sheet events - Dividends

An interim dividend of 7.2 pence per share (2004: 7.2 pence) amounting to a dividend of £1.9 million (2004: £1.9 million) has been declared by the Directors. These interim accounts do not reflect this dividend payable.

5. unaudited reconciliation of net cash flow to movements in net borrowings for the six months ended 30 September 2005

	six months ended 30 Sept 2005 £m	six months ended 30 Sept 2004 £m	year ended 31 Mar 2005 £m
Net (decrease)/increase in cash and cash equivalents	(6.0)	(5.3)	2.7
Cash outflow from decrease in debt and lease financing	0.1	0.1	0.1
Translation differences	-	-	0.1
(Increase)/decrease in net borrowings	(5.9)	(5.2)	2.9
Net borrowings at beginning of the period	(12.3)	(15.2)	(15.2)
Net borrowings at end of the period	(18.2)	(20.4)	(12.3)

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6. 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

This information is provided by RNS
The company news service from the London Stock Exchange