Final Results

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Acal PLC
19 June 2006

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ACAL plc

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

Announcement of Preliminary Results
for the Year Ended 31 March 2006

£millions	2006	2005 (restated**)	Change
Turnover - Continuing operations	257.0	243.7	+5%
EBIT* - Continuing operations	9.9	11.4	-13%
Profit before tax			
Continuing operations	8.4	9.9	-15%
Including discontinued operations	9.7	11.1	-13%
Basic earnings per share			
Continuing operations	19.1p	23.6p	-19%
Including discontinued operations	22.3p	26.6p	-16%
Dividends per share - relating to period	21.6p	21.6p	-

- Sales of continuing operations up 5.5% at £257m, with growth in all divisions

- EBIT down 13.2% at £9.9m, with the decline almost entirely in the first half, and a recovery to £5.8m in the second half

- Progress continuing in obtaining new product lines and extending geographic coverage of existing ones for Electronic Components

- IT Parts Services benefits from developing trend towards outsourcing of parts procurement and management

- Agreement announced in May 2006 for sale of Air Conditioning and Refrigeration business for an initial consideration of £8m.

- Total dividends for year maintained at 21.6p per share

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

** The restatement of the prior year's figures arises from the adoption of IFRS, the reclassification of the Air Conditioning and Refrigeration activities as discontinued, in the light of their sale, and the reallocation of central costs following that reclassification

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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 Parts Services and IT Solutions. 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 and Scandinavia. Westech Electronics, an associated company, is based in Singapore and covers the Far East region.

CHAIRMAN'S STATEMENT

Having completed my first year as Chairman, I am pleased to report that following a strategic review, in which the Board formulated its plan for developing the business over the medium term, Acal has made good progress during the second half-year.

On 25 May 2006 Acal began the process of rationalising the Group and announced the disposal of its air conditioning and refrigeration business for a consideration of £8m subject to an adjustment based upon the net tangible assets at completion. This business has been treated as discontinued in the accounts.

Year-on-year sales growth of the continuing businesses was 5.5% - the second half showing growth of 7.5% over the corresponding period in the prior year - reflecting second half order growth of 11% over the first. EBIT for the year fell 13.2% to £9.9m. However EBIT for the second half at £5.8m was a significant improvement on the first and down only 2% on the same period last year. The Group's continuing businesses made a 30% return on average capital employed.

Costs have remained under close scrutiny with further selective rationalisation of back office/ logistics functions and continued selective headcount reductions achieved across all businesses. The company has also prepared itself for the introduction of RoHS (Restriction of Hazardous Substances) legislation, which comes into effect in July 2006, minimising risks to the business.

Profit before taxation of the continuing businesses fell from £9.9m to £8.4m.

Dividend

The Board is recommending a final dividend of 14.4p per share, unchanged from last year, payable to shareholders on the register at 30 June 2006. Together with the interim dividend of 7.2p it will make a total of 21.6p for the year, again unchanged from 2005.

Corporate Governance

Acal continues to strive for high standards of governance, details of which will be given in the governance statement included as part of the Annual Reports & Accounts.

Board Composition

As reported last year, Rhys Williams stood down as a Non-executive Director on 20 July 2005. At that time, Eric Barton became Acal's Senior Independent Director and Graham Williams became Chairman of the Remuneration Committee. The Board considers that as currently constituted and for a Company of Acal's size, an appropriate balance of skills is available. For this reason a replacement for Rhys Williams has not been sought.

Employees

Despite the tough competitive environment in which Acal continues to trade, the efforts of its hard working and loyal workforce have been very apparent and much appreciated by the Board.

The Future and Strategy

Acal's Electronic Component activities continued to show sales growth in 2006 with a number of franchise wins during the year in both the UK and Europe. Our strategy for this business is to continue to focus on demand creation and extension of the product range with a view to increasing market share and consolidating Acal's position as the only pan-European demand creation distributor.

The IT Parts Services business has enjoyed a good year with a number of contract wins. With service organisations increasingly outsourcing their parts management, procurement and logistics to third parties, we look to build upon our success and attract more customers to this model.

We have renamed our IT Products business ' IT Solutions' to reflect our marketing philosophy of offering customers business solutions rather than just supplying hardware. The IT market remains highly competitive and our emphasis will be upon maintaining margins and improving profitability coupled with continued enhancement of the product portfolio. This division now includes our small medical imaging and diagnostic equipment business.

Across the Group we will continue to strive for more effective and efficient back office, logistics and support functions.

Acal's strategy is to continue to increase its market share and not rely upon improvement in market conditions. We believe this strategy will return Acal to a path of profitable growth with Electronic Components and IT Parts Services as the main contributors.

Richard Moon
19 June 2006

CHIEF EXECUTIVE'S REVIEW

Introduction

The past year has seen an increase in sales in all divisions and for the Company as a whole, up from £260.7m to £275.4m with EBIT down from £12.6m to £11.2m. The continuing businesses increased sales 5.5% from £243.7m to £257.0m with EBIT down from £11.4m to £9.9m. Growth in sales came in the second half of the year which in total was 15% up on the first half, reflecting the execution of our plans to develop major differentiation between Acal and others in our markets: in Electronic Components and IT Solutions we have added a number of new world class suppliers, and in IT Parts Services we have extended our capability to manage outsourced supplies of IT parts and services.

The reduction in EBIT results primarily from increased reorganisation costs, a bad debt and inventory obsolescence arising from the RoHS Directive, amounting in aggregate to £1.7m.

We have begun the process of rationalising the Group with the sale of our Air Conditioning and Refrigeration Components division announced in May.

Performance Review Table

The performance of Acal's continuing divisions in each of the years ended 31 March 2006 and 2005 is set out below:-

	2006	2005 (restated**)

	Sales		EBIT*		Sales		EBIT	
	£m	as % of Group	£m	as % of Sales	£m	as % of Group	£m	as % of Sales
Electronic Components	104.0	41%	2.4	2.3%	100.1	41%	3.4	3.4%
IT Parts Services	56.9	22%	5.2	9.1%	51.3	21%	4.6	9.0%
IT Solutions	96.1	37%	2.3	2.4%	92.3	38%	3.4	3.7%
	257.0	100%	9.9	3.9%	243.7	100%	11.4	4.7%

* EBIT = Earnings before interest, tax, the Group's share of profit of associates and exceptional items, stated after full allocation of central costs.

** The restatement of the prior year's figures arises from the adoption of International Financial Reporting Standards, the reclassification of the Air Conditioning and Refrigeration activities as discontinued, in the light of their sale, and the reallocation of central costs following that reclassification

Electronic Components

"The only 'Pan-European Demand Creation Distributor"

The Electronic Components Division, our largest, continues to develop and grow with sales up 3.9% from £100.1m to £104.0m but a 29% reduction in EBIT from £3.4m to £2.4m. EBIT was affected by a charge of £1.2m, £0.6m by way of RoHS stock provision and £0.6m in increased reorganisation costs. The sales growth was primarily from our technology products which comprise semiconductors, power components, system components and microwave and wireless products. Concentration in this area has led to Acal being appointed by a number of world class manufacturers, including Actel, Linear Technology, Microchip and Vicor, as their partner to develop sales in many European countries. It has also put us in the unique position of being the leading demand creation distributor in Europe.

With an increasing number of suppliers working with Acal across Europe we have commenced centralising our back office and logistics facilities in order to improve efficiency and reduce our cost base. We are however increasing our customer-facing resources to cater for the enlarged product portfolio and growing customer base.

IT Parts Services ('ITPS')

"Europe's premier IT Parts Management Company"

IT Parts Services had an excellent year overall with sales rising 10.9% from £51.3m to £56.9m and EBIT 13% from £4.6m to £5.2m. The growth came from ATM Parts and Computer Parts International which were acquired in 2002 and 2003 respectively. The major areas of expansion for these businesses were largely, as anticipated, the introduction of new product in ATM and CPI's success in attracting more service organisations to outsource procurement and supply of IT parts - a capability that has made ITPS "Europe's premier IT Parts Management Company".

IT Solutions

"Europe's Niche IT Solutions Distributor"

Although we have succeeded in growing sales 4.1% from £92.3m to £96.1m, this has been the most challenging of our businesses. EBIT has declined 32% from £3.4m to £2.3m, having been affected by a £0.2m RoHS stock provision and a £0.3m bad debt provision.

Profit was also reduced by pressure on both price and margin in our storage networking products where unit prices have come down by as much as 30% year-on-year and although now stabilised, show little prospect of improvement in the core host bus adapter market. However, new products for this market from CISCO, who have appointed Acal as an exclusive distributor for their MDS family of products in Europe, recognises our competence and provides an excellent opportunity to return to growth.

Headway, our Document Management and Imaging Product group and the Networking and Security group achieved growth in sales and the latter in particular turned

in an excellent performance meeting our expectations. Both also have new product offerings although it is too early to quantify the timing and benefit in revenue and margin.

Vertec, our small Medical Instrumentation business, which was previously included in Industrial Controls, is now allocated to IT Solutions as a result of the discontinued classification of the AC&R activities which were the dominant part of Industrial Controls.

Air Conditioning and Refrigeration

As previously mentioned this business is being sold to our major supplier, Parker Hannifin Corporation, and I would like to thank all those who will be leaving us and wish them all every success in the future. We had got to know Parker well since 2004 when they acquired Sporlan Valve Co. and I have no doubt that with their breadth of product capability there will be ample scope for further successes.

Acal Infrastructure

Continuing consolidation and centralisation of many 'back office' functions of our Electronic Components and IT Solutions Divisions has resulted in considerable change to our own IT and logistic processes during the past year. I am pleased to report that the changes have increased our efficiency and customer support without any disruption to the service that we provide to our customers.

Acal People

The last three years have seen considerable change in the markets in which we operate and it is to the credit of large numbers of Acal people that we are now successfully executing the strategy which has been developed. I take this opportunity to thank them all.

Tony Laughton
19 June 2006

FINANCE DIRECTOR'S REVIEW

Results for the Year

Acal adopted International Financial Reporting Standards - IFRS - for the first time during the year ended 31 March 2006. The prior year's figures have been restated to reflect this change as well as the reclassification of the Group's Air Conditioning and Refrigeration business as discontinued in the light of its sale, which was announced on 25 May 2006, and the reallocation of central costs following this reclassification.

Sales from continuing activities increased from £243.7m in 2005 to £257.0m in the year ended 31 March 2006, an overall increase of 5.5%, with each of the Group's divisions showing sales growth as compared to the prior year. Earnings before interest, tax, the Group's share of profit of associated companies and exceptional items ("EBIT") reduced from £11.4m in 2005 to £9.9m in the year ended 31 March 2006, an overall decline of 13.2%. This decline arose from a reduction in the average gross margin and an increase in net operating expenses as explained below.

The table below shows the Group's performance in the first and second halves each of the last two years.

	Year Ended 31 March					
	2006			2005 (restated)		
Continuing business	1st Half	2nd Half	Total	1st Half	2nd Half	Total
£m						
Sales	119.8	137.2	257.0	116.1	127.6	243.7
EBIT	4.1	5.8	9.9	5.5	5.9	11.4

This shows that the second half of the year to 31 March 2006 saw a significant recovery which was achieved by growing product coverage and increasing market share, against a generally difficult market background.

Overall the average gross margin during the year to 31 March 2006 was 25.3% (2005: 26.7%). The main reasons for this decline were:

- A higher level of stock provisions, in particular provisions of £0.8m in connection with the RoHS (Restriction of Hazardous Substances) Directive.

- The continuing margin pressure in the Group's IT Solutions business, particularly in relation to Storage Area Networking products.

- The changing "mix" of sales in the Electronic Components business which has seen significant growth in sales of specialist semiconductor products and a reduction, in line with the general market, in sales of higher margin passive and electromechanical components.

Net operating expenses of the Group's continuing business, excluding exceptional items, were £55.2m for the year ended 31 March 2006 (2005: £53.8m). The major factors contributing to the change were an increase of £0.6m in redundancy and reorganisation costs as well as a provision of £0.3m against a receivable. If these two specific factors are excluded the increase was less than 1%. The average number of employees working in the Group's continuing businesses during the year to 31 March 2006 was similar to that in the previous year at 954 (2005: 955). During this period Acal has continued to invest in additional resources to support the strategy of growing its specialist semiconductor product coverage and the winning of new customers in the IT Parts Services business.

There were two exceptional items arising during the year to 31 March 2006: a profit of £0.6m on the sale of an investment and a cost of £0.8m incurred in withdrawing from a part of the IT Solutions business. This activity contributed £2.7m to the sales of the IT Solutions business during the year with no material contribution to profit.

The year under review saw Sterling, on average, marginally (0.1%) stronger against the Euro and 3.9% weaker against the US Dollar as compared to the prior year. Accordingly exchange rates had an insignificant effect on the Group's sales and profits for the year to 31 March 2006 when compared to the prior year.

Acal's main associated company is Westech, which has its head office in Singapore and which distributes electronic components throughout the Far East excluding Japan. Its sales grew from S$119m (approximately £38.5m) for the year ended 31 March 2005 to S$255m (approximately £86.3m). A significant proportion of this increase in sales related to lower margin fulfilment business and therefore the percentage growth in profits was lower. This, together with the sale of the Group's interest in its South African associate towards the end of the prior year, led to Acal's share of profits of associated companies, which under IFRS is reported after tax, being unchanged at £0.4m.

Net interest cost for the year was £1.6m (2005: £1.7m) before IAS19 financing cost of £0.1m (2005: £0.2m), reflecting the slightly lower average level of debt and slightly higher interest rates during the year. The net interest cost was covered 6.2 times (2005: 6.7 times) by operating profit (before exceptional items) from continuing activities.

The Group's effective tax rate for the year to 31 March 2006 was 33.8% (2005: 34.7%) when calculated on profit before taxation excluding the Group's share of post tax profit from associates.

Earnings per share for the year to 31 March 2006 were 22.3p (2005: 26.6p).

The interim and proposed final ordinary dividends for the year will absorb £5.7m (2005: £5.7m) and are covered 1.05 times (2005: 1.23 times).

Working Capital and Balance Sheet

The Group places particular emphasis on the management of working capital. For this purpose Acal uses a model which is based on comparing each item of trading assets to the three-month moving average of sales (TMMA). The table below shows the target model and how the actual position compared with the model.

		31 March	
Continuing Business	Target TMMA ratio	2006 TMMA Ratio	2005 TMMA Ratio
Trading fixed assets	0.5	0.5	0.6
Current assets:			
Stock	1.2	0.9	1.1
Debtors	2.3	2.4	2.5
Current liabilities:			
Creditors	(2.2)	(2.4)	(2.5)
Tax	(0.1)	(0.1)	(0.1)

Total trading assets	1.7	1.3	1.6

(Note: This trading assets model excludes goodwill, investments, non-current tax assets, net debt/cash and long term liabilities).

The table above shows, for example, that our target is for stock to represent 1.2 months of sales and the actual level of stock at 31 March 2006 represented 0.9 months.

The level of working capital at 31 March 2006 benefitted from a number of short-term factors which were not sustainable and will reverse in the period after the year-end. This effect is estimated to have amounted to around £8m to £9m and was reflected in the abnormally low level of net debt, £6.5m (2005: £12.3m) at the year end. There was a similar short-term benefit of around £4m to £5m at 31 March 2005.

The Group's debt is provided principally by bilateral bank facilities negotiated centrally in the UK as well as locally at the operating companies. There are committed long term facilities of around £25m available to the Group in addition to short-term facilities which are used mainly for working capital needs.

Capital expenditure for the year was £2.5m (2005: £2.3m) with depreciation and amortisation of fixed assets amounting to £3.2m (2005: £3.2m). An aggregate amount of £0.4m was paid by way of the final instalment of the consideration for the acquisition of Mecodis SA and the purchase of a small proportion of the minority shareholding in CPI which is part of the Group's IT Parts Services business.

It has always been Acal's policy that its pension schemes should be of the defined contribution type so that the extent of the Group's financial liabilities can be clearly ascertained. However, when Sedgemoor Limited, then a listed public company, was acquired in June 1999, it brought with it certain defined benefit schemes, the principal one of which was the Sedgemoor Group Pension Fund (together "the Sedgemoor Scheme"). Soon after acquisition the Sedgemoor Scheme was curtailed and all future service accrual ceased. A triennial actuarial valuation of the Sedgemoor Scheme was conducted as at 31 March 2006. At that date the gross pension liability under IAS19 was £9.1m (2005: £6.4m) and net of the relevant deferred tax it was £6.4m (2005: £4.5m). The increase in the pension liability has arisen principally from movements in bond yields and the adoption of updated mortality assumptions.

Shareholders funds at 31 March 2006 were £69.9m (2005: £71.3m), the reduction from last year having arisen from the increase in pension liability explained above. Net debt at the same date represented 9.3% of shareholders funds as compared to 17.3% a year earlier.

Return on Capital Employed

Return on average capital employed of the Group's continuing businesses (which is calculated using operating profit before exceptional items and net assets excluding goodwill but adding back net debt) was 30% as compared to 32% in the year before.

Jim Virdee
19 June 2006

consolidated income statement
for the year to 31 March 2006

	note	2006 £m	2005 £m
Continuing operations			
Revenue	3	257.0	243.7

Operating profit		9.7	11.4
Analysed between:			
Operating profit before exceptional items	3	9.9	11.4
Exceptional items - profit on disposal of investments	5	0.6	-
Exceptional items - product withdrawal costs	5	(0.8)	-
Share of post-tax profits of associates		0.4	0.4
Finance costs		(2.3)	(2.5)
Finance revenue		0.6	0.6
Profit before tax		8.4	9.9
Analysed between:			
Profit before taxation before exceptional items		8.6	9.9
Exceptional items - profit on disposal of investments	5	0.6	-
Exceptional items - product withdrawal costs	5	(0.8)	-
Corporation tax expense:			
United Kingdom taxation		(2.6)	(3.1)
Overseas taxation		(0.1)	(0.2)
		(2.7)	(3.3)
Profit after taxation for the year from continuing operations		5.7	6.6
Discontinued operations			
Profit for the year from discontinued operations	6	0.9	0.8
Profit for the year		6.6	7.4
attributable to:			
Equity holders of the parent		6.0	7.0
Minority interests		0.6	0.4
		6.6	7.4

Dividends proposed per share in respect of the period		
Interim	7.2p	7.2p
Final	14.4p	14.4p
Total	21.6p	21.6p

	2006		2005	
Earnings per share	Continuing operations	Total operations	Continuing operations	Total operations
Basic for profit for the year	19.1p	22.3p	23.6p	26.6p
Diluted for profit for the year	19.1p	22.3p	23.6p	26.6p

consolidated balance sheet
at 31 March 2006

	2006 £m	2005 £m
Non-current assets		
Property, plant and equipment	6.7	6.9

Goodwill	48.8	48.7
Intangible assets - software	4.8	5.7
Investments in associates	4.7	3.9
Other financial assets	0.3	2.2
Deferred tax assets	4.0	2.1
	69.3	69.5
Current assets		
Inventories	21.4	25.5
Trade and other receivables	58.0	55.6
Current tax assets	1.7	0.9
Cash and cash equivalents	16.9	15.9
	98.0	97.9
Current liabilities		
Trade and other payables	(58.0)	(56.0)
Short-term borrowings	(11.2)	(8.0)
Current tax liabilities	(3.7)	(1.9)
Provisions	(1.0)	(0.7)
	(73.9)	(66.6)
Net current assets	24.1	31.3
Assets of discontinued operations classified as held for sale	6.2	-
Non-current liabilities		
Long-term borrowings	(12.2)	(20.2)
Pension liability	(9.1)	(6.4)
Deferred tax liabilities	(1.8)	(1.5)
Provisions	(0.7)	(0.2)
	(23.8)	(28.3)
Liabilities of discontinued operations classified as held for sale	(4.1)	-
Net assets	71.7	72.5
Equity		
Share capital	1.3	1.3
Share premium account	38.0	38.0
Share scheme reserve	0.2	0.1
Other reserves	1.8	1.1
Retained earnings	28.6	30.8
Equity attributable to equity holders of the parent	69.9	71.3
Minority interests	1.8	1.2
Total equity	71.7	72.5

consolidated cash flow statement
for the year to 31 March 2006

	2006 £m	2005 £m
Profit for the year		
Continuing operations	5.7	6.6
Discontinued operations	0.9	0.8
	6.6	7.4
Taxation expense (includes £0.4m (2005: £0.4m) from discontinued operations)	3.1	3.7
Share of results of associates	(0.4)	(0.4)
Net finance costs	1.7	1.9
Depreciation of property, plant and equipment	2.1	2.3

Amortisation of intangible assets - software	1.1	0.9
Change in provisions	0.7	(0.2)
Gain on disposal of investments	(0.6)	-
Gain on disposal of property, plant and equipment	(0.1)	(0.4)
Pension scheme funding	(0.7)	(0.7)
Equity-settled share-based payment expense	0.1	0.1
Operating cash flows before changes in working capital	13.6	14.6
Decrease/(increase) in inventories	2.1	(1.3)
(Increase)/decrease in trade and other receivables	(5.7)	0.6
Increase in trade and other payables	5.9	3.0
Decrease in working capital	2.3	2.3
Cash generated from operations	15.9	16.9
Interest paid	(2.1)	(2.5)
Income taxes paid	(2.9)	(3.9)
Net cash flows from operating activities	10.9	10.5
Cash flows from investing activities		
Acquisition of subsidiary	(0.4)	(2.3)
Proceeds from sale of associate	-	0.4
Proceeds from sale of investments	2.5	-
Purchases of property, plant and equipment	(2.2)	(1.5)
Proceeds from sale of property, plant and equipment	0.3	1.0
Purchases of intangible assets	(0.3)	(0.7)
Interest received	0.6	0.6
Dividends received from associates	0.1	0.3
Net cash inflow/(outflow) from investing activities	0.6	(2.2)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	-	0.2
Repayments of borrowings	(3.1)	(0.1)
Dividends paid to company's shareholders	(5.7)	(5.6)
Dividends paid to minority interests	-	(0.1)
Net cash outflow from financing activities	(8.8)	(5.6)
Net increase in cash and cash equivalents	2.7	2.7
Cash and cash equivalents at 1 April	8.0	5.2
Effect of exchange rate fluctuations	0.1	0.1
Cash and cash equivalents at 31 March	10.8	8.0
Reconciliation to cash and cash equivalents in the balance sheet		
Cash and cash equivalents shown above	10.8	8.0
Add back overdrafts	6.1	7.9
Cash and cash equivalents shown within current assets in the balance sheet	16.9	15.9

consolidated statement of recognised income and expense
for the year to 31 March 2006

	2006 £m	2005 £m
Actuarial loss on defined benefit pension scheme	(3.4)	-
Deferred tax relating to pension scheme	0.8	(0.2)

Investments - cumulative fair value adjustments taken to income statement on disposal	(0.4)	-
Foreign currency translation differences	0.7	0.3
Net income and expense recognised directly in equity	(2.3)	0.1
Profit for the year	6.6	7.4
Total recognised income and expense for the year	4.3	7.5
Restatement for the effects of IAS 32 and 39 (i)	0.4	-
Total recognised income and expense	4.7	7.5
Total recognised income and expense attributable to:		
Equity holders of the parent	4.1	7.1
Minority interests	0.6	0.4
	4.7	7.5

(i) On 1 April 2005, the balance sheet was restated for the effects of IAS 32 and 39.

reconciliation of movements in shareholders' equity
for the year to 31 March 2006

	2006 £m	2005 £m
Shareholders' equity at start of year	71.3	69.6
Total recognised income and expense	4.1	7.1
Dividends	(5.7)	(5.6)
Share capital issued	-	0.2
Share-based payments	0.1	0.1
Movements in associates' reserves	0.1	(0.1)
Shareholders' equity at end of year	69.9	71.3

Notes to the preliminary statement

for the year ended 31 March 2006

1 Publication of non-statutory accounts

The preliminary results were approved by the Board on 19 June 2006. The financial information set out above does not constitute the Company's statutory accounts for the year ended 31 March 2006 or 2005, but is derived from those accounts. Statutory accounts for 2005 have been delivered to the Registrar of Companies whereas those for 2006 will be delivered following the Company's Annual General Meeting. The auditors have reported on those accounts; their reports were unqualified and did not contain a statement under section 237 (2) or (3) of the Companies Act 1985.

2 Basis of preparation

EU law (IAS Regulation EC 1606/2002) requires that the annual consolidated financial statements of the Group, for the year to 31 March 2006, be prepared in accordance with IFRS adopted for use in the EU ('Adopted IFRS'). These results represent the first annual financial statements prepared in accordance with IFRS. The comparative figures for the year to 31 March 2005 have been restated to reflect the transition to IFRS as set out in note 10. The accounting policies adopted are shown on the company's website at www.acalplc.co.uk.

3 Segmental analysis

Year to 31 March 2006

	Electronic components £m	IT Parts Services £m	IT Solutions £m	Unallocated £m	Total continuing operations £m	Discontinued operations £m	Total operations £m
Revenue	104.0	56.9	96.1	-	257.0	18.4	275.4
Segment result	3.5	6.0	3.6	(3.2)	9.9	1.3	11.2
Exceptional items:							
-Profit on disposal of investments	-	-	-	0.6	0.6	-	0.6
-Product withdrawal costs	-	-	(0.8)	-	(0.8)	-	(0.8)
Net finance costs	-	-	-	(1.7)	(1.7)	-	(1.7)
Share of post-tax profits of associates	0.4	-	-	-	0.4	-	0.4
Profit before taxation	3.9	6.0	2.8	(4.3)	8.4	1.3	9.7
Taxation					(2.7)	(0.4)	(3.1)
Profit for the year					5.7	0.9	6.6

Year to 31 March 2005

	Electronic components £m	IT Parts Services £m	IT Solutions £m	Unallocated £m	Total continuing operations £m	Discontinued operations £m	Total operations £m
Revenue	100.1	51.3	92.3	-	243.7	17.0	260.7
Segment result	4.7	5.0	4.4	(2.7)	11.4	1.2	12.6
Net finance costs	-	-	-	(1.9)	(1.9)	-	(1.9)
Share of post-tax profits of associates	0.4	-	-	-	0.4	-	0.4
Profit before taxation	5.1	5.0	4.4	(4.6)	9.9	1.2	1.1
Taxation					(3.3)	(0.4)	(3.7)
Profit for the year					6.6	0.8	7.4

4 Geographic analysis of revenue by destination

	2006 £m	2005 £m
United Kingdom	114.0	108.0
Continental Europe	136.8	128.1
Rest of the World	6.2	7.6
	257.0	243.7

5 Exceptional items

	2006 £m	2005 £m
Other operating income:		

Profit on disposal of investments	0.6	-
Other operating expenses:		
Product withdrawal costs	(0.8)	-

6 Discontinued operations

A contract for the disposal of the Air Conditioning and Refrigeration business was signed on 25 May 2006 with completion expected before the end of July 2006. The results of this business have been shown separately under discontinued operations and its assets and liabilities classified as held for sale.

The profit for the year from discontinued operations is derived as follows:

	2006 £m	2005 £m
Revenue	18.4	17.0
Expenses	(17.1)	(15.8)
Profit before financing and tax	1.3	1.2
Finance costs (net)	-	-
Profit before tax	1.3	1.2
Income tax expense	(0.4)	(0.4)
Profit for the year from discontinued operations	0.9	0.8

7 Dividends

The Directors have proposed a final dividend of 14.4 pence per share, payable on 11 August 2006 to shareholders on the register at 30 June 2006. In accordance with IAS 10, this dividend has not been reflected in the balance sheet at 31 March 2006. The amount of this final dividend is £3.8 million. An interim dividend of 7.2 pence per share was paid in January 2006, and the cost of this dividend was £1.9 million.

8 Earnings per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders of by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is the basic and adjusted earnings per share after allowing for the dilutive effect of the conversion into ordinary shares of the weighted average number of options outstanding during the period.

The following reflects the income and share data used in the basic and diluted earnings per share calculations:

	2006 million	2005 million
Weighted average number of shares for basic earnings per share	26.4	26.4
Effect of dilution - share options	-	-
Adjusted weighted average number of shares for diluted earnings per share	26.4	26.4

	2006 £m	2005 £m
Profit attributable to equity holders of the parent	6.0	7.0

9 Reconciliation of net cash flow to movements in net debt

	2006 £m	2005 £m
Net increase in cash and cash equivalents	2.7	2.7
Cash outflow from decrease in debt	3.0	0.1
Effect of exchange rate fluctuations	0.1	0.1
Decrease in net debt	5.8	2.9
Net debt at beginning of the year	(12.3)	(15.2)
Net debt at end of the year	(6.5)	(12.3)

10 Explanation of transition to IFRS

A reconciliation of equity at 1 April 2004, the date of transition to IFRS, and at 31 March 2005 was provided in the IFRS restatement document issued on 28 September 2005. A reconciliation of profit for the year ended 31 March 2005 was also provided within that document. A copy of the restatement document can be found on the Company's website at www.acalplc.co.uk. The comparatives reported are unchanged from that statement except for an IAS 12 adjustment relating to deferred tax on the retained earnings of associates, detailed below, the reclassification of the revaluation reserve to retained earnings and, as required under IFRS, the separate disclosure of the results, assets and liabilities of discontinued operations.

IAS 12 requires that a deferred tax liability be recognised to reflect the tax consequences that would follow from the distribution of profits by the Company's associates. The Company has recognised an additional £0.3 million liability at 1 April 2004 and 31 March 2005. There is no impact on the result for the year to 31 March 2005.

11 Annual Report and Accounts

The Annual Report and Accounts will be mailed to shareholders on or before 7 July 2006. Copies will also be available from: -

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

The results will not be advertised in any newspaper

Ends

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