Interim Results

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Acal PLC
04 December 2006

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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 2006

	2006	2005** (restated)	Change
Turnover - ongoing activities***	£122.9m	£119.8m	+3%
EBIT* - ongoing activities	£4.6m	£4.1m	+12%
Profit before tax			
- ongoing activities	£4.2m	£3.4m	+24%
- including disposed activities	£8.8m	£3.9m	
Basic earnings per share			
- ongoing activities	10.2p	7.9p	+29%
- including disposed activities	28.4p	9.2p	
Dividends per share - relating to period	7.2p	7.2p	-

(*EBIT - Earnings before interest, tax, the Group's share of profit of associated companies and exceptional items stated after full allocation of central costs)

(** The restatement of the prior year's figures arises from the reclassification of the Air Conditioning and Refrigeration ("AC&R")activities as discontinued, in the light of their sale, and the reallocation of central costs and the inclusion of the small medical instrumentation business under IT Solutions following that reclassification.)

(***Disposed activities represent the sold AC&R business and ongoing activities represent the remaining business of the Group.)

- Overall sales of ongoing activities up 3% at £122.9m
- EBIT of ongoing activities up 12% at £4.6m and profit before tax of ongoing activities up 24% at £4.2m
- Electronic Components : continuing progress in expanding product portfolio and its geographic coverage
- Parts Services : short-term weakness in demand as a result of "technology refresh" programmes; minority in CPI bought out; longer term opportunity to attract more customers to outsourced model
- IT Solutions : some stability in margins; initial benefits from new product introductions
- Interim dividend unchanged at 7.2p

For further information:-

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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 with three divisions: Electronic Components, 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

As indicated in our pre-close Trading Update in September, Acal's profit before tax from ongoing activities for the half year ending 30 September 2006 shows an improvement over the corresponding period in the prior year. The disposed activities represent the Air Conditioning and Refrigeration business, the sale of which was announced in May and completed in July 2006.

Based on the ongoing activities, overall sales have grown by 3% to £122.9m (2005: £119.8m) and profit before tax by 24% to £4.2m (2005: £3.4m). The Group made an annualised return on capital employed of 36% (2005: 22%).

Results

The performance of Acal's divisions in each of the half years ended 30 September 2006 and 2005 is set out below:

	2006/7				2005/6 (restated)**			
	Sales		EBIT*		Sales		EBIT*	
	£m	as % of Group	£m	as % of Sales	£m	as % of Group	£m	as % of Sales
Electronic Components	51.9	42%	1.7	3.3%	48.4	40%	1.0	2.1%
Parts Services	25.0	20%	1.5	6.0%	27.2	23%	2.3	8.5%
IT Solutions	46.0	38%	1.4	3.0%	44.2	37%	0.8	1.8%
	122.9	100%	4.6	3.7%	119.8	100%	4.1	3.4%

* 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 reclassification of the Air Conditioning and Refrigeration activities as discontinued, in the light of their sale, and the reallocation of central costs and the inclusion of the small medical instrumentation business under IT Solutions following that reclassification.

Electronic Components

The growth in sales and profits reflects the initial benefits of our success in expanding our product portfolio of advanced technology products, particularly in the area of semiconductors. This has been achieved with considerable support

from our suppliers and has enabled us to expand our existing semiconductor teams and to begin establishing dedicated teams in both Germany and Italy. A significant contribution to the improvement in performance of this division came from some of our Continental European business units where the expansion of the product portfolio started earlier.

Parts Services

Following record growth last year, both sales and profits have fallen in the first half as a consequence of weaker demand for parts resulting from a number of 'technology-refresh' programmes. Although the second quarter saw some new contracts, these have not been sufficient to offset the shortfall.

There continue to be significant further opportunities for the contracted procurement, supply and management of service parts with a growing trend towards outsourcing of these activities by maintenance and service organisations.

As previously announced, in accordance with the arrangements agreed at the time of its acquisition in May 2003, Acal bought the 28.4% minority interest in CPI in October 2006 for a consideration of approximately £6.7m. Following this acquisition the customer-facing activities of this division are being reorganised so as to present a unified range of services to customers.

IT Solutions

Although there was a small increase in sales over the prior year, profitability increased markedly. The improvement was seen in storage networking and most particularly in networking & security. As previously reported, there are signs that margins are stabilising in this area. This continues to be the case for the majority of products but trading conditions remain competitive and there are still some products which remain under severe price and margin pressure. The division has also seen some early benefits from the expansion of its product range.

Dividend

The Board has declared an interim dividend of 7.2p per share, unchanged from the prior year. This is to be paid on 25 January 2007 to shareholders on the register on 15 December 2006.

Outlook

In Electronic Components, execution of the strategy to expand our range of technology products and their geographical coverage continues to provide considerable optimism for the future. The timing of new contracts in Parts Services is always difficult to predict but the longer term opportunities are clear. The improved performance of our IT Solutions business is expected to be maintained.

Richard Moon
4 December 2006

unaudited consolidated income statement
for the six months ended 30 September 2006

	six months ended 30 Sept 2006				
Continuing operations	Ongoing activities	Disposed activities (note 2)	Total	six months ended 30 Sept 2005	year ended 31 Mar 2006
	£m	£m	£m	£m	£m
Revenue	122.9	-	122.9	119.8	257.0
Operating profit	4.6	(1.8)	2.8	4.1	9.7
Analysed between:					
Operating profit before exceptional items	4.6	-	4.6	4.1	9.9
Exceptional items - provision for retained obligations (note 2)	-	(1.8)	(1.8)	-	-
Exceptional items - profit					

on disposal of investments	-	-	-	-	0.6
Exceptional items - product withdrawal costs	-	-	-	-	(0.8)
Share of post-tax profits from associates (note 3)	0.3	-	0.3	0.2	0.4
Finance costs	(1.0)	-	(1.0)	(1.2)	(2.3)
Finance income	0.3	-	0.3	0.3	0.6
Profit before taxation	4.2	(1.8)	2.4	3.4	8.4
Analysed between:					
Profit before taxation before exceptional items	4.2	-	4.2	3.4	8.6
Exceptional items - provision for retained obligations (note 2)	-	(1.8)	(1.8)	-	-
Exceptional items - profit on disposal of investments	-	-	-	-	0.6
Exceptional items - product withdrawal costs	-	-	-	-	(0.8)
Taxation (note 3)	(1.3)	0.5	(0.8)	(1.0)	(2.7)
Analysed between:					
Taxation before exceptional items	(1.3)		(1.3)		
Exceptional items - taxation credit arising consequent on the disposal (note 3)		0.5	0.5		
Profit after taxation for the period from continuing operations	2.9	(1.3)	1.6	2.4	5.7
Discontinued operations					
Profit for the period from discontinued operations (note 2)	-	6.1	6.1	0.3	0.9
Profit for the period	2.9	4.8	7.7	2.7	6.6
Attributable to:					
Equity holders of the parent			7.5	2.4	6.0
Minority interests			0.2	0.3	0.6
			7.7	2.7	6.6
Earnings per share (note 4)					
Continuing operations					
Basic	10.2p	(4.8p)	5.4p	7.9p	19.1p
Diluted	10.2p	(4.8p)	5.4p	7.9p	19.1p
Including discontinued operations					
Basic			28.4p	9.2p	22.3p
Diluted			28.4p	9.2p	22.3p
Dividends					
Dividends per share declared in respect of period			7.2p	7.2p	21.6p
Dividends per share paid in period			14.4p	14.4p	21.6p
Dividends paid in period			£3.8m	£3.8m	£5.7m

unaudited statement of recognised income and expense
for the six months ended 30 September 2006

	six months ended 30 Sept 2006 £m	six months ended 30 Sept 2005 £m	year ended 31 Mar 2006 £m
Actuarial loss on defined benefit pension scheme	-	-	(3.4)
Deferred tax relating to pension scheme	(0.1)	(0.1)	0.8
Decrease in fair value of investments	-	(0.7)	(0.4)
Foreign currency translation differences	(0.6)	0.2	0.7
Income and expense recognised directly in equity	(0.7)	(0.6)	(2.3)
Profit for the period	7.7	2.7	6.6

Total recognised income and expense for the period	7.0	2.1	4.3
Restatement for the effects of IAS 32 and 39	-	-	0.4
Total recognised income and expense for the period	7.0	2.1	4.7
Attributable to:			
Equity holders of the parent	6.8	1.8	4.1
Minority interests	0.2	0.3	0.6
	7.0	2.1	4.7

unaudited consolidated balance sheet
at 30 September 2006

	at 30 Sept 2006 £m	at 30 Sept 2005 £m	at 31 Mar 2006 £m
Non-current assets			
Property, plant and equipment	6.6	7.0	6.7
Goodwill	48.7	48.8	48.8
Intangible assets - software	4.5	5.2	4.8
Investments in associates	4.7	4.2	4.7
Other financial assets	0.3	1.8	0.3
Deferred tax assets	4.1	2.2	4.0
	68.9	69.2	69.3
Current assets			
Inventories	23.2	25.2	21.4
Trade and other receivables	49.4	55.9	58.0
Current tax assets	0.7	1.8	1.7
Cash and cash equivalents	10.6	12.6	16.9
	83.9	95.5	98.0
Current liabilities			
Trade and other payables	(48.1)	(50.3)	(58.0)
Short-term borrowings	(7.1)	(10.6)	(11.2)
Current tax liabilities	(2.3)	(3.4)	(3.7)
Provisions	(1.8)	-	(1.0)
	(59.3)	(64.3)	(73.9)
Net current assets	24.6	31.2	24.1
Assets of discontinued operations classified as held for sale	-	-	6.2
Non-current liabilities			
Long-term borrowings	(6.2)	(20.2)	(12.2)
Pension liability	(8.9)	(6.2)	(9.1)
Deferred tax liabilities	(1.9)	(1.8)	(1.8)
Provisions	(1.6)	(1.0)	(0.7)
	(18.6)	(29.2)	(23.8)
Liabilities of discontinued operations classified as held for sale	-	-	(4.1)
Net assets	74.9	71.2	71.7
Equity			
Share capital	1.3	1.3	1.3
Share premium account	38.0	38.0	38.0
Share scheme reserve	0.3	0.1	0.2
Other reserves	1.2	1.6	1.8
Retained earnings	32.2	28.7	28.6
Equity attributable to equity holders of the parent	73.0	69.7	69.9

Minority interests	1.9	1.5	1.8
Total equity	74.9	71.2	71.7

unaudited reconciliation of movements in shareholders' equity
for the six months ended 30 September 2006

	six months ended 30 Sept 2006 £m	six months ended 30 Sept 2005 £m	year ended 31 Mar 2006 £m
Shareholders' equity at start of period	69.9	71.3	71.3
Opening balance sheet adjustment: IAS 39	-	0.4	0.4
Total recognised income and expense for the period	6.8	1.8	3.7
Share-based payments	0.1	-	0.1
Dividends	(3.8)	(3.8)	(5.7)
Movements in associates reserves	-	-	0.1
Shareholders' equity at end of period	73.0	69.7	69.9

unaudited consolidated cash flow statement
for the six months ended 30 September 2006

	six months ended 30 Sept 2006 £m	six months ended 30 Sept 2005 £m	year ended 31 Mar 2006 £m
Profit for the year			
Ongoing activities	2.9	2.4	5.7
Disposed activities	4.8	0.3	0.9
	7.7	2.7	6.6
Taxation expense	1.0	1.2	3.1
Share of results from associates	(0.3)	(0.2)	(0.4)
Net finance costs	0.7	1.0	1.7
Depreciation of property, plant and equipment	1.0	1.1	2.1
Amortisation of intangible assets - software	0.5	0.5	1.1
Change in provisions	1.8	0.2	0.7
Gain on disposal of business	(5.9)	-	-
Gain on disposal of investments	-	-	(0.6)
Gain on disposal of property, plant and equipment	(0.1)	(0.1)	(0.1)
Pension scheme funding	(0.4)	(0.3)	(0.7)
Equity-settled share-based payment expense	0.1	-	0.1
Operating cash flows before changes in working capital	6.1	6.1	13.6
(Increase)/decrease in working capital	(3.7)	(5.6)	2.3
Cash flow from operations	2.4	0.5	15.9
Interest paid	(0.9)	(1.3)	(2.1)
Income taxes paid	(1.5)	(0.5)	(2.9)
Net cash flow from operating activities	0.0	(1.3)	10.9
Cash flows from investing activities			
Acquisition of subsidiaries	-	-	(0.4)

Proceeds from sale of associate	-		-		2.5
Proceeds from sale of subsidiaries	8.3				-
Net overdrafts disposed of with subsidiaries	0.2				
Purchases of property, plant and equipment	(1.1)		(1.2)		(2.2)
Proceeds from sale of property, plant and equipment	0.2		0.2		0.3
Purchases of intangible assets - software	(0.2)		(0.2)		(0.3)
Interest received	0.2		0.3		0.6
Dividends received from associates	0.2		0.1		0.1
Net cash flow from investing activities	7.8		(0.8)		0.6
Cash flows from financing activities					
Repayments of borrowings	(11.0)		(0.1)		(3.1)
Dividends paid to company's shareholders	(3.8)		(3.8)		(5.7)
Dividends paid to minority interests	(0.1)		-		-
Net cash flow from financing activities	(14.9)		(3.9)		(8.8)
Net (decrease)/increase in cash and cash equivalents	(7.1)		(6.0)		2.7
Cash and cash equivalents at beginning of period	10.8		8.0		8.0
Effect of exchange rate fluctuations	-		0.1		0.1
Cash and cash equivalents at end of period	3.7		2.1		10.8

notes to the interim report
for the six months ended 30 September 2006

1. Basis of accounting and preparation

This interim results announcement is prepared in accordance with the IFRS accounting policies expected to apply at 31 March 2007 and which were applied at 31 March 2006.

As permitted, this interim report has been prepared in accordance with UK listing rules and not in accordance with IAS 34 'Interim Financial Reporting'.

Comparative figures at September 2005 have been restated to reflect the following changes in accounting treatment:

- Where operations have subsequently been classified as discontinued, the income statement has been restated to present the income statements of those operations within discontinued operations (see note 2);
- Deferred tax and reserves have been restated to reflect the deferred tax liability that would follow from the distribution of profits by the company's associates.

The financial information for the year ended 31 March 2006 is extracted from the statutory accounts of the Group for that year. Those published accounts 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 2006 and the comparatives to 30 September 2005 do not constitute statutory accounts as defined in S240 of the Companies Act 1985 and are unaudited.

2. Disposed activities

On 25 May 2006, the Company announced the disposal of its air conditioning and refrigeration business. The disposal was completed on 3 July 2006 for a cash consideration of £8.3 million.

The effect of the disposal during the period is as follows:

	£m
Sale proceeds	8.3
Total net assets sold	(2.3)
	6.0
Tax effect of disposal	(0.1)
Profit on disposal	5.9

In addition a provision of £1.8m has been made to cover certain obligations of the disposed activities which have been retained by the Group. These obligations represent costs relating to people, properties and IT systems.

Profit from discontinued operations comprises:

	six months ended 30 Sept 2006 £m	six months ended 30 Sept 2005 £m	year ended 31 Mar 2006 £m
Profit on disposal of discontinued operations	5.9	-	-
Profit for the period from trading of discontinued operations	0.2	0.3	0.9
Profit for the period from discontinued operations	6.1	0.3	0.9

3. Taxation

The £1.3 million tax charge for ongoing activities for the six months ended 30 September 2006 (30 September 2005: £1.0 million, 31 March 2006: £2.7 million) comprises a charge of £1.2 million in respect of UK taxation (30 September 2005: £1.3 million, 31 March 2006: £2.6 million) and a charge of £0.1 million in respect of overseas taxation (30 September 2005: credit £0.3 million, 31 March 2006: charge £0.1 million). A deferred tax asset of £0.5m has been recognised in respect of the provision for retained obligations of the disposed activities referred to in note 2 above.

In addition, the group's share of post-tax profits from associates includes a tax charge for the six months ended 30 September 2006 of £0.1 million (30 September 2005: £0.1 million, 31 March 2006: £0.3 million).

4. Earnings per share

The weighted average number of Ordinary Shares in issue during the period was 26.4 million (2005: 26.4 million). The weighted average number of Ordinary Shares on a diluted basis was 26.4 million (2005: 26.4 million) after an adjustment for dilutive share options of nil (2005: nil million). Basic earnings per share have been calculated on profit attributable to Shareholders of £7.5 million (2005: £2.4 million). Earnings per share on discontinued operations of 23.0p (2005: 1.3p) have been calculated on the discontinued profit attributable to shareholders of Acal plc of £6.1m (2005: £0.3m) and are based on the same weighted average number of ordinary shares as for basic earnings per share.

5. Post balance sheet events

- Dividends

An interim dividend of 7.2 pence per share (2005: 7.2 pence) amounting to a

dividend of £1.9 million (2005: £1.9 million) has been declared by the Directors. These interim accounts do not reflect this dividend payable.

- Acquisition of minority interest

On 13 October 2006, the Company acquired the remaining 28.4% minority interest in Computer Parts International Limited for a consideration of £6.7 million.

6. Unaudited reconciliation of net cash flow to movements in net borrowings

for the six months ended 30 September 2006

	six months ended 30 Sept 2006	six months ended 30 Sept 2005	year ended 31 Mar 2006
	£m	£m	£m
Net (decrease)/increase in cash and cash equivalents	(7.1)	(6.0)	2.7
Cash outflow from decrease in debt and lease financing	11.0	0.1	3.0
Translation differences	(0.1)	-	0.1
Decrease/(increase) in net borrowings	3.8	(5.9)	5.8
Net borrowings at beginning of the period	(6.5)	(12.3)	(12.3)
Net borrowings at end of the period	(2.7)	(18.2)	(6.5)

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

This information is provided by RNS
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