Final Results

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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 2008

£millions	**2008**	2007 (restated**)	**Change**
Turnover - ongoing activities* **	**£159.5m**	£164.5m	**-3.0%**
EBIT* - ongoing activities	**£6.1m**	£5.6m	**+8.9%**
Profit before tax			
• **ongoing activities (excluding exceptionals)**	**£6.1m**	£5.1m	**+19.6%**
• **including disposed activities**	**£33.4m**	£14.8m	
Basic earnings per share			
• **ongoing activities (excluding exceptionals)**	**14.5p**	12.7p	**+14.2%**
• **including disposed activities**	**97.5p**	44.4p	
Dividends per share - relating to year	**21.9p**	21.9p	

(* *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 IT Solutions Business ("ITS") as discontinued, the inclusion of the medical instrumentation business under Electronics following that reclassification and the reallocation of central costs)*

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

Highlights of the Year

- **EBIT of ongoing activities up 8.9% at £6.1m, despite 3.0% lower turnover**
- **Profit before taxation and exceptionals of ongoing activities up 19.6% at £6.1m**
- **EPS of ongoing activities up 14.2% at 14.5p per share**
- **Total dividends for year maintained at 21.9p per share**
- **Strong financial position and cash resources mean Acal is well-placed to take advantage of opportunities to grow and develop**

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For further information:-

Acal plc
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Notes to Editors:

1. Acal is a leading European technology based distributor providing specialist design-in, sales, marketing and other services through two divisions: Electronics and Parts Services. Its value-added philosophy and geographic coverage enable 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, South Africa, Spain and Scandinavia. Westech Electronics, an associated company, is based in Singapore and covers the Far East region.

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Announcement of Preliminary Results
for the Year Ended 31 March 2008

CHAIRMAN'S STATEMENT

The past year has seen the company successfully implement a major element of its strategic plan with the sale of the IT Solutions business to Avnet in December 2007 for £41m cash. This enables us to concentrate on growing the Electronics and Parts Services businesses whilst considerably strengthening the company's balance sheet at a time when there is uncertainty in financial markets.

Sales from our ongoing business activities declined 3.0% to £159.5m reflecting the tough trading environment of the European distribution market. However, EBIT for the year grew by 8.9% to £6.1m as reduction in operating costs continue to benefit the overall profitability of the company. The group made a 31% return on average capital employed, before exceptional items.

Profit before taxation and exceptional items of ongoing activities grew by 19.6% from £5.1m to £6.1m with a reduced net interest charge as a result of the disposal of IT Solutions. The earnings per share of ongoing activities excluding exceptional items were 14.5p.

Dividend

The Board is recommending a final dividend of 14.7p per share payable to shareholders on the register as at 13 June 2008. This, together with the interim dividend of 7.2p will make a total of 21.9p for the year, the same as last year. Although the year's dividend is covered by earnings including discontinued activities, it is not covered by earnings of ongoing activities before exceptional items. The Board will keep Acal's dividend policy under review recognising that, in the longer term, distributions are only sustainable if covered by earnings.

Board Composition and Governance

There have been no changes to the composition of the Board or any of its Committees during the year. The Directors remain of the view that the Board, as currently constituted, is appropriate for a company of Acal's size and incorporates a suitable balance of skills; the matter is, however, kept under review. Acal continues to strive for standards of corporate governance which are high for a company of its size and full details of which are set out in the governance statement included as part of the Annual Report and Accounts.

Employees

The ongoing changes to the structure of the Acal group and the continued challenges in our chosen markets place large demands on our staff. We are fortunate in having a dedicated workforce that is committed to continuous business improvement and I thank them personally and on behalf of the Board for their continued hard work and support.

Strategy and the Future

Whilst we have experienced weak market conditions throughout the year ended 31 March 2008, in recent months there has been some stability in those conditions, although little sign of improvement at this stage.

Our strategy remains as previously stated: to concentrate on Europe, selectively expanding our supplier base in Electronics demand creation distribution whilst extending our offerings to the supply chain in Parts Services.

In Electronics we are seeing the growing success of our newer semiconductor product lines; with a strong "funnel" of new designs and an expanding customer base we remain confident of our ability to succeed in the longer term.

We are winning new business in Parts Services and have recently secured a major new contract which commenced in May 2008 and which will increase the turnover of the division. Work continues on other opportunities although experience shows that it can take time to convert opportunities into contracts.

On 12 May 2008, I wrote to shareholders with a copy of an announcement about our review of corporate strategy. There is nothing further to report in relation to that at this stage.

Our core businesses of Electronics and Parts Services continue to have opportunities to grow, organically by gaining market share and by acquisition.

Although we remain cautiously optimistic, in the near-term the current general economic uncertainties and the effects of the problems in the credit markets may affect trading conditions in our markets. However, with the disposal of the IT Solutions business we have a strong financial position as well as cash resources, amounting to £25.6m at 31 March 2008, and therefore we are well placed to take advantage of opportunities to grow and develop the business.

Richard Moon

2 June 2008

The Group is a leading distributor of electronic components and IT parts services throughout Europe.

Performance Review Table

The performance of Acal's ongoing activities in each of the years ending 31 March 2008 and 2007 is set out below:

	2008				2007			
	Sales		**EBIT***		Sales		EBIT*	
	£m	**as % of Group**	**£m**	**as % of Sales**	£m	as % of Group	£m	as % of Sales
Electronics	**111.2**	**70%**	**3.3**	**3.0%**	112.6	68%	3.1	2.8%
Parts Services	**48.3**	**30%**	**2.8**	**5.8%**	51.9	32%	2.5	4.8%
	159.5	**100%**	**6.1**	**3.8%**	164.5	100%	5.6	3.4%

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

Our results for the year were affected by weak and demanding conditions in both the Electronics and IT markets. However, although turnover at £159.5m was down 3% from the £164.5m of the prior year, EBIT increased 8.9% from £5.6m to £6.1m as a result of the effective management of gross margins and operating costs.

The implementation of our strategy to narrow our focus and concentration was continued with the successful completion on 17 December 2007 of the sale of our IT Solutions business to Avnet. This followed the sale in 2006 of the Air Conditioning and Refrigeration business.

As a consequence we have significantly strengthened our balance sheet with the proceeds of this sale with the express intention of using the funds to invest in the ongoing Electronics and Parts Services businesses, both organically and by acquisition.

Electronics

The only pan-European Demand Creation Distributor

Sales Down 1% from £112.6m to £111.2m
EBIT Up 6% from £3.1m to £3.3m

The last year has been a difficult one for the European electronics industry in general with statistics showing a double digit percentage reduction in sales year-on-year. Acal in contrast has only been down 1% indicating an improvement in our market share. Our successes in the Netherlands, Belgium, Norway and the UK have unfortunately been offset by poor results in Sweden, France, Germany and Italy where in the latter two countries we had made major investments in people. As a consequence, we have restructured the business and its cost base, largely in Continental Europe with a view to ensuring a significant improvement is made this year.

One of the most gratifying results of the past year has been the growth of our specialist Semiconductor business which now accounts for approximately 32% of total sales, up 6% in the year and a direct result of the demand creation approach now beginning to generate both new sales and increased opportunities for the future.

The centralisation of most of the back-office functions has continued throughout the year and is now almost complete with purchasing, inventory management, logistics and many of the product management and finance functions being carried out centrally. This ensures an efficient and cost effective resource to support all the local sales teams across Europe.

Since the sale of the IT Solutions division, Vertec, our medical instrumentation business, is now reported as part of Electronics. Vertec again put in an excellent performance, particularly in the UK, whilst the South African unit achieved a profitable first full year of trading.

Parts Services

Europe's Premier IT Parts Management Company

Sales Down 7% from £51.9m to £48.3m
EBIT Up 12% from £2.5m to £2.8m

2007/8 proved to be another difficult year with further price erosion affecting all the division's operations and a lack of any significant new contracted business. Not withstanding these difficulties, overheads have been carefully managed to ensure another creditable overall EBIT return of 5.8% after the allocation of central costs.

As a result of much work by key members of the Acal Parts Services management team there are now several outsource contracts that are just coming to fruition. The largest of these, with Torex, is anticipated to generate around £4m of sales per annum when it is fully operational. This contract started in May 2008. It also takes us into a new area, point-of-sale equipment, which is closely allied to our main IT sector and thus provides an ability to grow in this market, thereby leveraging our

knowledge base.

With the 'outsource move' now generating real momentum we are enhancing our implementation team to ensure that we remain in prime position to secure new business. We are working with new and existing customers who are going through this change as well as major logistics companies that are an integral part of delivering effective solutions.

Associates

Westech Electronics Ltd, in which we have a 30% shareholding, is the Singapore based, Asia-Pacific electronic component distributor that has been an Associate since our investment in 1995. Its sales and pre-tax profit both continued to grow in the year to 31 March 2008 with sales up 32% to S$423m (approximately £143m) and PBT up 15% to S$9.0m (approximately £3.0m).

Appreciation

On behalf of the Board I would like to thank the management and staff of your company who have risen to the challenges of both these tough times and the many changes to our processes. Their commitment, hard work and dedication are, and will continue to be, so important in achieving success.

Tony Laughton

2 June 2008

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FINANCE DIRECTOR'S REVIEW

Disposals and Ongoing Activities

Acal plc announced the disposal of its IT Solutions business ("ITS") on 27 September 2007. The consideration was £41 million, on a cash and debt free basis. The sale was completed on 17 December 2007 and the consideration received in cash on that date.

In the year ended 31 March 2007, the Group's Air Conditioning and Refrigeration business ("AC&R") was sold. Thus in the financial statements for the year ended 31 March 2008, and the comparative figures for the prior year, ITS and AC&R have been described as "disposed activities" and the remainder of the Group's business as "ongoing activities". Following the disposal of ITS, the Group's medical instrumentation business has been included under the Electronics division for reporting purposes.

Figures for the year ended 31 March 2007 have been restated to reflect the reclassification of ITS as discontinued, in the light of its disposal, the inclusion of the medical instrumentation business under Electronics and the reallocation of central costs.

Results of Ongoing Activities

The Group's ongoing activities have experienced weak market conditions throughout the year under review. Thus, sales of the ongoing activities for the year ended 31 March 2008, at £159.5m, were 3.0% lower than the £164.5m for the prior year. However earnings before interest, tax, the Group's share of associated companies and exceptional items ("EBIT") increased by 8.9% from £5.6m to £6.1m as a result of the effective management of gross margins and operating costs. Further information on the performance of the Group's two divisions is set out in the Chief Executive's Review.

Although most international business in the electronics industry is denominated in US dollars, the principal exchange rate which affects the translation of the results of the Group's non-UK activities is that between the Euro and Sterling. During the year ended 31 March 2008 sterling was on average 4.3% weaker against the Euro and 5.4% stronger against the US dollar. There was a benefit of approximately 2% from movements in exchange rates in the translation of sales for the year but an insignificant effect on profits.

Overall, average gross margin for the Group's ongoing activities was 28.7% for the year ended 31 March 2008 as compared to 29.1% for the year before. Although margins were maintained in Electronics, price erosion in Parts Services led to a small decrease in that division.

Acal's ongoing activities incurred net operating costs, excluding exceptional items, of £39.7m in the year to 31 March 2008 as compared to £42.2m in the prior year, the reduction coming entirely from administration costs. The main contributor to operating costs is people-related costs. In the year under review the average number of people employed in the ongoing activities was 731 having been 757 in the year before. The year to 31 March 2007 saw a major investment in additional resources to support the Group's expanding specialist semiconductor portfolio. In the year ended 31 March 2008 we reduced manning levels in those underperforming areas which are unlikely to show growth in the future and also as a consequence of centralising support functions. Further benefits of these reductions are likely to arise in future periods.

The exceptional item of £0.4m arising from ongoing activities in the year ended 31 March 2007 represented the recovery of a receivable which was previously considered impaired and hence provided against.

The Group's main associated company is Westech Electronics Limited which distributes electronic components in the Asia-Pacific region, excluding Japan, and is head-quartered in Singapore. Westech's sales grew from S$321m (approximately £108m) for the year ended 31 March 2007 to S$423m (approximately £143m) for the year to 31 March 2008. In the corresponding periods, the Group's share of profits of associated companies, which under International Financial Reporting Standards is shown after tax, increased from £0.6m to £0.7m.

Net interest cost for the year was £0.7m (before IAS19 financing cost of £nil) in comparison to the prior year's figure of £0.9m (before IAS19 financing cost of £0.2m). The reduction reflected the receipt of cash following the completion of the sale of the IT Solutions business in December 2007.

The Group's effective tax rate for the year ended 31 March 2008, calculated on the basis of profit before taxation from ongoing activities excluding the Group's share of post-tax profit from associates was 41.9% (2007: 35.2%). The relatively higher rate reflects unrelieved losses in some Continental European companies as well as the adjustment of deferred tax balances to the new lower rate of corporation tax in the United Kingdom.

The table below explains the effect of the Group's disposed activities on the results.

	2008			**2007**		
	Before Tax	Tax	After Tax	Before Tax	Tax	After Tax
£m						
Trading profit for the year						
ITS	1.7	(0.8)	0.9	4.7	(1.4)	3.3
AC&R	-	-	-	0.4	(0.2)	0.2
Profit on disposal						
ITS	29.1	(5.4)	23.7	-	-	-
AC&R	-	-	-	6.0	(0.1)	5.9
Provision for retained obligations						
ITS	(3.5)	0.8	(2.7)	-	-	-
AC&R	-	-	-	(1.8)	0.5	(1.3)
	27.3	(5.4)	21.9	9.3	(1.2)	8.1

The provisions for retained obligations referred to in the table above cover certain obligations of the disposed activities which were retained by the Group following their disposal. These obligations represent costs relating to the impairment of IT systems, properties and people. As explained in the circular to shareholders dated 28 September 2007 which sought approval for the disposal of that business, in the case of ITS these are estimated to amount in aggregate to approximately £3.5 million.

The Group purchased the minority interest in Computer Parts International Ltd, which is part of the Parts Services division, in October 2006 and hence the minority interest in the Group's profit ceased to arise from that time onwards.

Acal's earnings per share from ongoing activities before exceptional items, were 14.5p for the year ended 31 March 2008 as compared to 12.7p for the previous year. Basic earnings per share, including disposed activities were 97.5p (2007: 44.4p).

The interim and proposed final ordinary dividends for the year to 31 March 2008 will absorb £5.8m (2007: £5.8m). These are covered 4.4 times (2007: 2.0 times) by basic earnings including disposed activities and 0.7 times (2007: 0.6 times) by earnings from ongoing activities before exceptional items.

Working Capital and Balance Sheet

The Group continues to place particular emphasis on the management of working capital. For this purpose it uses a model which compares each item of trading assets to the three-month moving average of sales (TMMA). The table below shows the target model in comparison to the actual achievement.

Ongoing Activities

	Target TMMA Ratio	31 March 2008 TMMA Ratio	31 March 2007 TMMA Ratio
Trading fixed assets	0.5	0.4	0.6
Current assets			
Stock	1.4	1.3	1.2
Debtors	2.2	2.4	2.2

Current liabilities			
Creditors	(2.0)	(2.5)	(2.2)
Tax	(0.1)	(0.3)	(0.2)
Total trading assets	2.0	1.3	1.6

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

The above table shows, for example, that our target is for stock to represent 1.4 months of sales and the actual level of stock at 31 March 2008 represented 1.3 months (2007: 1.2 months) of sales.

As reported last year the level of working capital at 31 March 2007 had benefited from a number of short-term factors which were not sustainable and reversed in the period after the year-end. This effect was estimated to have amounted to around £4m to £5m and was reflected in the net debt of £5.4m at that time. In the year to 31 March 2008, the TMMA ratio for creditors has increased as a result of provisions, particularly relating to retained obligations of ITS, although the ratio for underlying creditors has reduced. The increase in the ratio for debtors reflects a higher level of sales in the last two months of the year.

The Group's debt is provided principally under bilateral bank facilities negotiated centrally in the UK and locally in the territories where Acal operates. There are committed facilities of £25m available to the Group as well as uncommitted facilities which are used mainly for short-term working capital requirements.

Capital expenditure of the Group's ongoing activities for the year ended 31 March 2008 was £1.1m (2007: £1.4m). The charge to profit in respect of depreciation and amortisation of fixed assets amounted to £4.3m (2007: £2.2m) for the same period, the increase from last year largely representing the exceptional impairment of IT systems arising from the disposal of ITS.

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 31 March 2008 the gross pension liability under IAS19 was £3.8m (2007: £7.4m) and net of the relevant deferred tax was £2.7m (2007: £5.2m). The improvement over the year reflects mainly an increase in bond yields, and hence discount rates, as well as the contributions made.

Shareholders funds at 31 March 2008 amounted to £100.7m (2007: £75.8m), the improvement primarily reflecting the profit on the disposal of the ITS business. On the same date there were net cash balances of £25.6m (2007: net debt of £5.4m) reflecting the receipt of the proceeds of the sale of the ITS business.

Return on Capital Employed

Return on average capital employed of the Group's ongoing activities, which is calculated using operating profit before exceptional items and net assets excluding goodwill and net cash or net debt, was 31% for the year to 31 March 2008 as compared to 29% for the year before.

Jim Virdee

2 June 2008

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consolidated income statement
for the year to 31 March 2008

	Note	**Ongoing activities £m**	**Disposed activities (note 6) £m**	**2008 Total £m**	2007 restated* £m
Continuing operations					
Revenue	3,4	**159.5**	**-**	**159.5**	164.5
Cost of sales		**(113.7)**	**-**	**(113.7)**	(116.7)
Gross profit		**45.8**	**-**	**45.8**	47.8
Selling and distribution costs		**(24.4)**	**-**	**(24.4)**	(24.0)
Administrative expenses		**(15.4)**	**-**	**(15.4)**	(18.4)
Other operating income		**0.1**	**-**	**0.1**	0.6
Other operating expenses		**-**	**(3.5)**	**(3.5)**	(1.8)
Operating profit		**6.1**	**(3.5)**	**2.6**	4.2

Analysed between:					
Ongoing activities:					
Operating profit before exceptional items	3	**6.1**	-	**6.1**	5.6
Exceptional items	5	-	-	-	0.4
Disposed activities:					
Exceptional items	5	-	**(3.5)**	**(3.5)**	(1.8)
Share of post-tax profits from associates		**0.7**	-	**0.7**	0.6
Finance costs		**(1.5)**	-	**(1.5)**	(1.5)
Finance revenue		**0.8**	-	**0.8**	0.4
Profit before tax		**6.1**	**(3.5)**	**2.6**	3.7
Analysed between:					
Ongoing activities:					
Profit before tax before exceptional items		**6.1**	-	**6.1**	5.1
Exceptional items	5	-	-	-	0.4
Disposed activities:					
Exceptional items	5	-	**(3.5)**	**(3.5)**	(1.8)
Taxation		**(2.3)**	**0.2**	**(2.1)**	(1.2)
Analysed between:					
Ongoing activities:					
Taxation before exceptional items		**(2.3)**	-	**(2.3)**	(1.6)
Exceptional items		-	-	-	(0.1)
Disposed activities:					
Exceptional items		-	**0.2**	**0.2**	0.5
Profit after taxation for the year from continuing operations		**3.8**	**(3.3)**	**0.5**	2.5
Discontinued operations					
Profit for the year from discontinued operations	6	-	**25.2**	**25.2**	9.4
Profit for the year		**3.8**	**21.9**	**25.7**	11.9
Attributable to:					
Equity holders of the parent				**25.7**	11.7
Minority interests				-	0.2
				25.7	11.9
Earnings per share	8				
Continuing operations					
Ongoing activities:					
Basic – before exceptional items		**14.5p**			12.7p
Basic – after exceptional items		**14.5p**			13.8p
Diluted – before exceptional items		**14.5p**			12.7p
Diluted – after exceptional items		**14.5p**			13.8p
Including discontinued operations					
Basic				**97.5p**	44.4p
Diluted				**97.5p**	44.4p
Dividends					
Dividends per share declared in respect of year				**21.9p**	21.9p
Dividends per share paid in year				**21.9p**	21.6p
Dividends paid in year				**£5.8m**	£5.7m

* see note 6

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consolidated balance sheet
at 31 March 2008

	Note	**2008 £m**	2007 £m
Non-current assets			
Property, plant and equipment		**4.4**	6.3
Goodwill		**53.4**	53.5
Intangible assets - software		**1.1**	3.9
Investments in associates		**5.7**	5.0

Financial assets		**0.3**	0.3
Deferred tax assets		**3.4**	4.0
		68.3	73.0
Current assets			
Inventories		**19.3**	23.7
Trade and other receivables		**36.0**	58.8
Current tax assets		**0.6**	0.4
Cash and cash equivalents		**35.6**	11.9
		91.5	94.8
Current liabilities			
Trade and other payables		**(34.2)**	(58.9)
Short-term borrowings		**(9.9)**	(7.2)
Current tax liabilities		**(5.2)**	(2.8)
Provisions		**(3.2)**	(2.1)
		(52.5)	(71.0)
Net current assets		**39.0**	23.8
Non-current liabilities			
Long-term borrowings		**(0.1)**	(10.1)
Pension liability		**(3.8)**	(7.4)
Deferred tax liabilities		**(1.2)**	(1.6)
Provisions		**(1.5)**	(1.9)
		(6.6)	(21.0)
Net assets		**100.7**	75.8
Equity			
Share capital	10	**1.3**	1.3
Share premium account	10	**38.0**	38.0
Other reserves	10, 11	**4.9**	1.2
Retained earnings	10	**56.5**	35.3
Total equity	10	**100.7**	75.8

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consolidated cash flow statement
for the year to 31 March 2008

	2008 £m	2007 £m
Profit for the year	**25.7**	11.9
Taxation expense (includes £5.5m (2007: £1.7m) from discontinued operations)	**7.6**	2.9
Share of results of associates	**(0.7)**	(0.6)
Net finance costs	**1.0**	1.3
Depreciation of property, plant and equipment	**1.6**	1.9
Amortisation of intangible assets - software	**3.0**	1.2
Change in provisions	**0.3**	2.3
Gain on disposal of investments	**(29.1)**	(6.0)
Loss on disposal of property, plant and equipment	**0.1**	-
Pension scheme funding	**(1.6)**	(1.0)
Equity-settled share-based payment expense	**0.1**	0.1
Operating cash flows before changes in working capital	**8.0**	14.0
Decrease/(increase) in inventories	**0.8**	(2.5)
Decrease/(increase) in trade and other receivables	**3.7**	(1.9)
(Decrease)/increase in trade and other payables	**(5.9)**	1.6
Increase in working capital	**(1.4)**	(2.8)

Cash generated from operations	**6.6**	11.2
Interest paid	**(2.1)**	(1.5)
Income taxes paid	**(5.7)**	(3.4)
Net cash flow from operating activities	**(1.2)**	6.3
Cash flows from investing activities		
Acquisition of shares in subsidiaries	**-**	(6.7)
Proceeds from sale of subsidiaries (net of costs)	**38.5**	8.3
Net overdrafts disposed of with subsidiaries	**-**	0.4
Purchases of property, plant and equipment	**(1.2)**	(1.8)
Proceeds from sale of property, plant and equipment and intangibles	**0.6**	0.2
Purchases of intangible assets - software	**(0.2)**	(0.4)
Interest received	**0.9**	0.4
Dividends received from associates	**0.2**	0.2
Net cash inflow from investing activities	**38.8**	0.6
Cash flows from financing activities		
Repayments of borrowings	**(10.1)**	(7.1)
Dividends paid to company's shareholders	**(5.8)**	(5.7)
Dividends paid to minority interests	**-**	(0.1)
Net cash outflow from financing activities	**(15.9)**	(12.9)
Net increase/(decrease) in cash and cash equivalents	**21.7**	(6.0)
Cash and cash equivalents at 1 April	**4.8**	10.8
Effect of exchange rate fluctuations	**(0.7)**	-
Cash and cash equivalents at 31 March	**25.8**	4.8

Reconciliation to cash and cash equivalents in the balance sheet		
Cash and cash equivalents shown above	**25.8**	4.8
Add back overdrafts	**9.8**	7.1
Cash and cash equivalents shown within current assets in the balance sheet	**35.6**	11.9

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consolidated statement of recognised income and expense
for the year to 31 March 2008

	2008 £m	2007 £m
Actuarial gain on defined benefit pension scheme	**2.0**	0.9
Deferred tax relating to pension scheme	**(0.7)**	(0.5)
Foreign currency translation differences	**1.5**	(0.6)
Net income and expense recognised directly in equity	**2.8**	(0.2)
Profit for the year	**25.7**	11.9
Total recognised income and expense for the year	**28.5**	11.7

Total recognised income and expense attributable to:		
Equity holders of the parent	**28.5**	11.5
Minority interests	**-**	0.2
	28.5	11.7

ACAL plc

Notes to the preliminary statement
for the year to 31 March 2008

1 Publication of non-statutory accounts

The preliminary results were approved by the Board on 2 June 2008. The financial information set out above does not constitute the Company's statutory accounts for the

years ended 31 March 2008 or 2007, but is derived from those accounts. Statutory accounts for 2007 have been delivered to the Registrar of Companies whereas those for 2008 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

The financial information in this statement is prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and as applied in accordance with the provisions of the Companies Act 1985.

3 Segmental analysis

Segmental information is presented in respect of the Group's business segments, which are the primary basis of segmental reporting. This format reflects the Group's management and internal reporting structures. Inter segment revenue is insignificant.

Year to 31 March 2008

	Electronics £m	Parts Services £m	Total ongoing activities £m	Disposed activities £m	Total operations £m
Revenue	111.2	48.3	159.5	67.0	226.5
Segment result	3.3	2.8	6.1	2.0	8.1
Provision for retained obligations			-	(3.5)	(3.5)
Profit on disposal of activities			-	29.1	29.1
Net finance costs			(0.7)	(0.3)	(1.0)
Share of post-tax profits from associates	0.7		0.7	-	0.7
Profit before taxation			6.1	27.3	33.4
Taxation			(2.3)	(5.4)	(7.7)
Profit for the year			3.8	21.9	25.7

The figures for total operations in the table above may be analysed between continuing and discontinued operations as follows:

	Continuing operations £m	Discontinued operations £m	Total operations £m
Revenue	159.5	67.0	226.5
Segment result	6.1	2.0	8.1
Provision for retained obligations	(3.5)	-	(3.5)
Profit on disposal of activities	-	29.1	29.1
Net finance costs	(0.7)	(0.3)	(1.0)
Share of post-tax profits from associates	0.7	-	0.7
Profit before taxation	2.6	30.8	33.4
Taxation	(2.1)	(5.6)	(7.7)
Profit for the year	0.5	25.2	25.7

Year to 31 March 2007

	Electronics £m	Parts Services £m	Total ongoing activities £m	Disposed activities £m	Total operations £m
Revenue	112.6	51.9	164.5	101.7	266.2
Segment result	3.1	2.5	5.6	5.3	10.9
Exceptional item – recovery of impaired receivable			0.4	-	0.4
Provision for retained obligations			-	(1.8)	(1.8)
Profit on disposal of business			-	6.0	6.0
Net finance costs			(1.1)	(0.2)	(1.3)
Share of post-tax profits from associates	0.6		0.6	-	0.6
Profit before taxation			5.5	9.3	14.8

Taxation	(1.7)	(1.2)	(2.9)
Profit for the year	3.8	8.1	11.9

The figures for total operations in the table above may be analysed between continuing and discontinued operations as follows:

	Continuing operations £m	Discontinued operations £m	Total operations £m
Revenue	164.5	101.7	266.2
Segment result	5.6	5.3	10.9
Exceptional item – recovery of impaired receivable	0.4	-	0.4
Provision for retained obligations	(1.8)	-	(1.8)
Profit on disposal of business	-	6.0	6.0
Net finance costs	(1.1)	(0.2)	(1.3)
Share of post-tax profits from associates	0.6	-	0.6
Profit before taxation	3.7	11.1	14.8
Taxation	(1.2)	(1.7)	(2.9)
Profit for the year	2.5	9.4	11.9

The results for the year to 31 March 2007 have been restated to reflect the IT Solutions Business within discontinued operations (see note 6), and the inclusion of the medical instrumentation business within Electronics.

4 Geographic analysis of revenue by destination

	2008 £m	2007 £m
United Kingdom	**73.2**	64.9
Continental Europe	**79.3**	93.6
Rest of the World	**7.0**	6.0
	159.5	164.5

5 Exceptional items

	2008 £m	2007 £m
Other operating income:		
Recovery of impaired receivable	**-**	0.4
Other operating expenses:		
Provision for retained obligations	**(3.5)**	(1.8)

6 Disposed activities

On 27 September 2007, the Company announced that it had conditionally agreed to sell its IT Solutions Business ("ITS") to Avnet, Inc. The sale was completed on 17 December 2007 for a cash consideration of £41 million. The results of ITS have been presented under discontinued operations in the consolidated income statement. The comparative income statements have been restated to show ITS as a discontinued operation.

The results of discontinued operations for the comparative year also include the results of the Air Conditioning and Refrigeration ("AC&R") business which was sold in July 2006.

Profits attributable to the discontinued operations were as follows:

	2008			2007
	ITS	ITS	AC&R	Total
	£m	£m	£m	£m
Revenue	**67.0**	96.4	5.3	101.7
Expenses	**(65.0)**	(91.5)	(4.9)	(96.4)
Profit before financing and tax	**2.0**	4.9	0.4	5.3

Finance costs (net)	**(0.3)**	(0.2)	-	(0.2)
Profit before tax	**1.7**	4.7	0.4	5.1
Income tax expense	**(0.8)**	(1.4)	(0.2)	(1.6)
Profit for the year from trading of discontinued operations	**0.9**	3.3	0.2	3.5
Profit on disposal of business	**24.3**	-	5.9	5.9
Profit for the year from discontinued operations	**25.2**	3.3	6.1	9.4

The profit on disposal of ITS was as follows:

	£m
Sale proceeds	41.0
Net assets sold	(9.1)
Costs of disposal	(2.8)
	29.1
Tax effect of disposal	(4.8)
Profit on disposal	24.3

In addition, a provision of £3.5m 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 the impairment of IT systems.

7 Dividends

The Directors have proposed a final dividend of 14.7 pence per share, payable on 29 July 2008 to shareholders on the register at 13 June 2008. In accordance with IAS 10, this dividend has not been reflected in the balance sheet at 31 March 2008. The amount of this final dividend is £3.9 million. An interim dividend of 7.2 pence per share was paid in January 2008, and the cost of this dividend was £1.9 million.

8 Earnings per share

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

Diluted earnings per share are 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 year.

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

	2008 £m	2007 £m
Profit for the year from ongoing activities attributable to equity holders of the parent - before exceptionals	3.8	3.3
Exceptional items net of tax - ongoing activities	-	0.3
Profit for the year from ongoing activities attributable to equity holders of the parent	3.8	3.6
Profit for the year from disposed activities attributable to equity holders of the parent	(3.3)	(1.3)
Profit for the year from continuing operations	0.5	2.3
Profit for the year from discontinued operations attributable to equity holders of the parent	25.2	9.4
Profit for the year attributable to equity holders of the parent	25.7	11.7
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

At the year end there were 1.1 million ordinary share options in issue that could potentially dilute earnings per share in the future but are not included in the calculation at the year end because they are currently non-dilutive (2007: 1.0 million).

9 Movements in cash and net debt

	2008 £m	2007 £m
Net increase/(decrease) in cash and cash equivalents	**21.7**	(6.0)
Cash outflow from repayment of borrowings	**10.1**	7.1
Effect of exchange rate fluctuations	**(0.8)**	-

Decrease in net debt	**31.0**	1.1
Net debt at beginning of the year	**(5.4)**	(6.5)
Net cash/(debt) at end of the year	**25.6**	(5.4)

10 Reserves

	Attributable to equity holders of the parent						
	Share capital	Share premium account	Retained earnings	Other reserves	Total	Minority interests	Total equity
	£m	£m	£m	£m	£m	£m	£m
At 1 April 2007	1.3	38.0	35.3	1.2	75.8	-	75.8
Total recognised income and expense	-	-	27.0	1.5	28.5	-	28.5
Share-based payments	-	-	0.1	-	0.1	-	0.1
Equity dividends	-	-	(5.8)	-	(5.8)	-	(5.8)
Goodwill written back on disposal	-	-	-	2.2	2.2	-	2.2
Dilution in associates	-	-	(0.1)	-	(0.1)	-	(0.1)
At 31 March 2008	1.3	38.0	56.5	4.9	100.7	-	100.7

	Attributable to equity holders of the parent						
	Share capital	Share premium account	Retained earnings	Other reserves	Total	Minority interests	Total equity
	£m	£m	£m	£m	£m	£m	£m
At 1 April 2006	1.3	38.0	28.8	1.8	69.9	1.8	71.7
Total recognised income and expense	-	-	12.1	(0.6)	11.5	0.2	11.7
Share-based payments	-	-	0.1	-	0.1	-	0.1
Equity dividends	-	-	(5.7)	-	(5.7)	-	(5.7)
Dividends paid to minority interests	-	-	-	-	-	(0.1)	(0.1)
Acquisition of minority interests	-	-	-	-	-	(1.9)	(1.9)
At 31 March 2007	1.3	38.0	35.3	1.2	75.8	-	75.8

11 Other Reserves

	Merger reserve	Currency Translation reserve	Total
	£m	£m	£m
At 1 April 2007	0.8	0.4	1.2
Total recognised income and expense	-	1.5	1.5
Goodwill written back on disposal	2.2	-	2.2
At 31 March 2008	3.0	1.9	4.9
At 1 April 2006	0.8	1.0	1.8
Total recognised income and expense	-	(0.6)	(0.6)
At 31 March 2007	0.8	0.4	1.2

12 Annual Report and Accounts

The Annual Report and Accounts will be mailed to shareholders on or before 24 June 2008. Copies will also be available at the company's registered office: 2 Chancellor Court, Occam Road, Surrey Research Park, Guildford GU2 7AH. In addition, this report is available on the company's website: www.acalplc.co.uk.

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