Acquisition + Analysts' Meeti

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ACAL PLC ("ACAL")

PROPOSED ACQUISITION OF FINANCIÈRE BFI OPTILAS S.A.S. ("BFI OPTILAS")

Acal is pleased to announce that it has agreed to acquire the entire issued share capital of BFi OPTiLAS (the "Acquisition"). BFi OPTiLAS is a private specialised distributor of electronic and photonic components, modules and systems across Europe, as well as supplying value-added calibration and maintenance services. BFi OPTiLAS will be acquired for a consideration of €10 million payable in cash and 2 million Acal ordinary shares to be issued on completion (the "Consideration").

Acquisition highlights:

- The Acquisition represents a key step in executing Acal's group strategy, creating the leading specialist distributor in Europe, with a clearly differentiated market position
- The Directors of Acal expect the Acquisition to be earnings enhancing (before exceptional items) in the financial year to 31st March 2011, and to create long term value for shareholders
- Substantial operational synergies in excess of €5m
- For the twelve months to June 2009, BFi OPTiLAS had revenue of €105.0m (2008: €128.8m), EBITDA before non-current operating income and expenses of €0.7m (2008: €4.4m) and operating profit from current operations of €48,000 (2008: €3.6m)
- The Acquisition is recommended by the Acal Board

Commenting on today's announcement, Nick Jefferies, Chief Executive of Acal said: "I am delighted to announce the acquisition of BFi OPTiLAS, which is a key step in our stated strategy of specialisation. By bringing the two businesses together, we are creating a clearly differentiated specialist, providing electronic and photonic products and services to over 14,000 customers across Europe. This transaction creates the scale required to succeed in the key European markets, and enables substantial operational synergies."

For further information, please contact:

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A meeting for analysts and investors will be held on Thursday 29 October at 9.00am at the offices of J.P. Morgan Cazenove Limited (20 Moorgate, London EC2R 6DA).

Notes to editors:

The Acal Group is a European technology-based distributor providing sales, marketing and other services through three divisions: Electronics, Supply Chain and Medical. The Electronics division distributes electronic products to industrial manufacturing and design companies. The Supply Chain division supplies new and refurbished IT, EPOS and ATM spare parts to service providers while the Medical division supplies hi-tech medical equipment to public and private healthcare providers. Acal has operating companies in

the UK, Netherlands, Belgium, Germany, France, Italy, South Africa, Spain and Scandinavia.

This announcement contains a number of forward-looking statements relating to Acal and BFi OPTiLAS with respect to, amongst others, the following: financial condition; results of operations; economic conditions in which Acal and BFi OPTiLAS operate; the business of Acal and BFi OPTiLAS; future benefits of the transaction and management plans and objectives. Acal considers any statements that are not historical facts as "forward-looking statements". They relate to events and trends that are subject to risks and uncertainties that could cause the actual results and financial position of either Acal or BFi OPTiLAS to differ materially from the information presented in the relevant forward-looking statement. When used in this document the words "estimate", "project", "intend", "aim", "anticipate", "believe", "expect", "should" and similar expressions, as they relate to Acal and/or BFi OPTiLAS or their management, are intended to identify such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this document. Neither Acal nor any member of Acal's group or BFi OPTiLAS undertake any obligation publicly to update or revise any of the forward-looking statements, whether as a result of new information, future events or otherwise, save in respect of any requirement under applicable laws, the Listing Rules, the Disclosure and Transparency Rules and other regulations.

1. Introduction

Today, Acal is pleased to announce that it has entered into a conditional agreement to acquire the entire issued share capital of BFi OPTiLAS, for a consideration of €10 million payable in cash and 2 million ordinary shares in Acal to be issued on Completion.

The Acquisition, because of its size in relation to the Company, is a Class 1 transaction for Acal under the Listing Rules and is therefore conditional, inter alia, upon the approval of the Shareholders. A circular will be sent to shareholders shortly containing information relating to the Acquisition together with a notice convening the General Meeting, to consider and, if thought fit, approve the Acquisition.

2. Background to and reasons for the Acquisition

Acal comprises three divisions: Electronics, Supply Chain and Medical. The Electronics division distributes specialised electronic products to industrial manufacturing and design companies where higher margins can be generated over time.

The Acal Board has stated that it would consider selective acquisitions to accelerate delivery of its strategic goals by adding similar specialised distribution businesses that add scale, strengthen Acal's business across mainland Europe and expand the product portfolio. The acquisition of BFi OPTiLAS is consistent with Acal's stated strategy and, in particular, the strategy of its Electronics division.

BFi OPTiLAS is a similar specialised distributor of electronic and photonic products and in all the geographic areas in which it operates, Acal also has operations. Whereas approximately 50% of Acal's business is in the United Kingdom, the majority of BFi OPTiLAS's business is derived from mainland Europe, a region where Acal has continued to suffer losses. The Board believes that the Acquisition provides Acal with the opportunity to cross-sell certain products of each company, win new supplier distributorships and achieve significant operational cost synergies. The Acquisition will create the leading specialist electronics distributor in Europe. Management expect to achieve in excess of €5 million of synergies with minimal impact on sales and marketing resource, largely through the rationalisation of back office infrastructure, an improved distribution network, a single combined IT platform and operational and logistical efficiencies.

3. Information on BFi OPTiLAS

BFi OPTiLAS is the parent company of the BFi OPTiLAS Group, a privately owned group which can trace its origins back to 1955. It is, like Acal, a specialised distributor of electronic components, modules and systems. BFi OPTiLAS's activities focus on a number of niche technologies and its principal products comprise sensors, connectors, radiofrequency, microwave and fibre optic components, magnetic materials, wireless modules, laser, optical, photonic and imaging products as well as associated test and measurement instrumentation. In addition, BFi OPTiLAS provides value-added services such as calibration and maintenance.

BFi OPTiLAS's head office is located at Evry near Paris, France and its main geographic areas of operation are Germany, France, the United Kingdom, Spain, Italy, the Benelux countries and the Nordic regions. There is a centralised warehouse in Dietzenbach near Frankfurt in Germany which supplies the majority of the group's products.

BFi OPTiLAS was incorporated on 20 April 2006 at the direction of Activa Capital for the purpose of acquiring the entire share capital of BFi OPTiLAS International SAS from Avnet. As part of the consideration due, Avnet elected to receive shares in BFi OPTiLAS. As a consequence, the current shareholders of BFi OPTiLAS are Activa Capital, Avnet and certain BFi OPTiLAS employees (the "Sellers").

The senior management team of BFi OPTiLAS is led by Philippe Gruson who became President of the BFi OPTiLAS Group on June 2008.

Philippe Gruson, 52, joined BFI-IBEXSA in 1989 having spent seven years with Deloitte Haskins & Sells, including two years in Pittsburgh (USA). He has held various positions in finance and operations and was involved in the company's merger and acquisition activities in Europe, Middle East and Asia. Philippe was appointed as co-President of the Company in 2002 and has since focused on the sales and marketing functions. He became President in June 2008.

As at 30 June 2009, BFi OPTiLAS had total assets of €41.2 million and net assets, excluding debt and cash, of €20.0 million. For the twelve months ended 30 June 2009, BFi OPTiLAS's revenue was €105.0 million and it made a loss before tax and interest on convertible bonds of €0.4 million.

4. Information on the Acal Group

The Acal Group is a European technology-based distributor providing sales, marketing and other services through three divisions: Electronics, Supply Chain and Medical. The Electronics division distributes electronic products to industrial manufacturing and design companies. The Supply Chain division supplies new and refurbished IT, EPOS and ATM spare parts to service providers while the Medical division supplies hi-tech medical equipment to public and private healthcare providers.

Acal has operating companies in the UK, Netherlands, Belgium, Germany, France, Italy, South Africa, Spain and Scandinavia.

In its annual report and accounts released on 1 June 2009, Acal reported profit before exceptional items and taxation of £0.5 million for the year ended 31 March 2009 on revenues of £165.4 million. As at 31 March 2009, Acal had net assets of £58.6 million. Acal has a current market capitalisation of £30.6 million and a share price of 116 pence.

5. Principal terms of the Acquisition

Under the terms of the Sale and Purchase Agreement, which was signed on 27 October 2009, Acal has agreed to acquire the entire issued share capital of, warrants issued by and convertible bonds of, BFi OPTiLAS for the consideration of €10 million in cash and 2 million Acal shares to be issued on Completion.

The Sale and Purchase Agreement contains warranties given by the Sellers to Acal which are customary for a transaction of this nature. The Sale and Purchase Agreement also includes certain "locked box" warranties, pursuant to which the Sellers warrant that certain actions have not been taken by BFi OPTiLAS since 30 June 2009, the date of its most recent audited accounts, which might result in a reduction in the value of its business.

The Acquisition is conditional inter alia, upon obtaining the approval of the Shareholders at the General Meeting and the approval of the French Ministère de l'Economie, des Finances et de l'Emploi. The Sale and Purchase Agreement will terminate if the conditions are not satisfied by 31 December 2009. In addition, in order for Completion to occur, the Consideration Shares must have been admitted to trading on London Stock Exchange plc's main market for listed securities.

6. Listing, dealing and settlement of the Consideration Shares

Application will be made to the UKLA for the Consideration Shares to be admitted to the Official List and application will be made to the London Stock Exchange for the Consideration Shares to be admitted to the London Stock Exchange's Main Market for listed securities. It is expected that Admission will become effective and that dealings for normal settlement in the Consideration Shares will commence on the London Stock Exchange at 8.00 a.m. on Completion.

7. Financial effects of the Acquisition

Pursuant to the Sale and Purchase Agreement, Acal will pay the Consideration upon Completion. In addition, the Company will incur transaction related fees of approximately £1.5 million. It is intended that the cash consideration and transaction related fees will be met from the Company's existing cash reserves. The Acquisition is expected to be earnings enhancing before exceptional items for the financial year to 31 March 2011.

8. Acal current trading and prospects

Since the Interim Management Statement issued on 24th July 2009, market conditions have remained difficult, with limited visibility. This will impact upon the performance of the business for the first half year. However, we have seen a stabilisation of orders received and an improvement in gross margins in the Electronics division. This has resulted in a stabilisation in revenues. Purchasing Manager Indices continue to show some improvement, which supports this trend.

Since the acquisition of Service Source Europe Limited in January, and despite similar revenue pressures, the Supply Chain division has made significant progress; losses on a major contract have been eliminated and back office systems have been integrated with significant cost reductions being realised.

Cash performance has been strong with a net cash balance of £23 million at 30 September 2009. We continue to focus on implementing the specialisation strategy set out in our preliminary results, and managing our cost base and working capital. As a result, we expect to see improvements in performance in the second half of the year as cost reductions and business improvements take effect.

We are also in the process of the triennial pension scheme valuation review which indicates that the scheme funding deficit at the end of August 2009 is around £15 million. Discussions with the pension fund trustees regarding deficit funding arrangements are ongoing.

As stated in the 2009 annual report and accounts, the Board continues to keep dividend policy under review but is cognisant of the importance of dividends to shareholders. The Board would intend to continue to make dividend payments as appropriate. In setting future dividends the Board will take account of available resources, current trading conditions and the prospects of attaining an appropriate level of cover in the foreseeable future.

9. BFi OPTiLAS current trading and prospects

BFi OPTiLAS has been impacted by the deterioration in the electronics market over the past year, and particularly in the last six months of its financial year. Its accounts for the year ended 30 June 2009 showed an operating profit from current operations of €48,000 and EBITDA before non-current operating income and expenses of €0.7m though BFi OPTiLAS was loss-making in the final six months of the financial year. Whilst maintaining in place its strong technical sales resources, cash performance has been strong and BFi OPTiLAS had a positive cash balance at the end of September 2009.

Trading has continued to be difficult during the first quarter of the new financial year during which the group incurred a loss. Nevertheless there are signs of a stabilisation in orders which is expected to lead to a stabilisation in sales and further cost reductions are being implemented. These standalone cost reductions will be augmented by the synergy savings that are expected after completion of the Acquisition.

10. Letters of Intent from Aberforth Partners LLP and Mr J.A.H. Curry

Aberforth Partners LLP and Mr J.A.H. Curry have each signed a letter of intent confirming their respective intentions to vote in favour of the Resolution to be proposed at the General Meeting to approve the Acquisition (representing, in aggregate, 27.8% of Acal's share capital).

11. Shareholder circular and outline timetable

Acal intends to send a circular to shareholders shortly, giving further details of the Acquisition and including notice of the General Meeting to consider, and, if thought fit, approve the Acquisition. A separate announcement will be made in due course to confirm the despatch of the circular and date of the General Meeting. Completion of the Acquisition is expected to occur, subject to shareholder and French ministry approval, shortly after the General Meeting.

J.P. Morgan Cazenove Limited, which is authorised and regulated by the Financial Services Authority, is acting as corporate broker and Financial Advisor for Acal and for no-one else in connection with the matters referred to in this announcement and will not be responsible to anyone other than Acal for providing the protections afforded to customers of J.P. Morgan Cazenove Limited nor for giving advice in relation to the matters referred to in this announcement.

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