Half Yearly Report

Released : 29 Nov 2010

RNS Number : 9270W
Acal PLC
29 November 2010

ACAL plc

Strong first half results following the successful integration of BFi

Acal plc (LSE: ACL, "The Group", "Acal") the pan European specialist provider of technology services, today announces its interim results for the six month period to 30 September 2010.

	H1 2010/11	H1 2009/10
Revenue	**£127.3m**	£71.5m
Underlying Operating Profit/(Loss)[1]	**£2.8m**	£(1.8)m
Underlying Profit/(Loss) before Tax[1]	**£2.6m**	£(2.0)m
Loss before Tax	**£(0.4)m**	£(2.7)m
Underlying diluted EPS[1]	**6.8p**	(8.7)p
Diluted EPS	**(0.7)p**	(10.5)p
Interim Dividend per Share	**2.33p**	2.33p

Highlights

- Like for like Group sales up 25%[2] to £127.3m.
- Continued strong growth in Electronics sales and orders:-
    - Like for like sales up 32%[2]
    - Like for like orders up 50%[2]
- Improving gross margins, up 0.9% to 28.3%.
- Underlying Operating Profitof £2.8m (H1 2009/10 loss: £1.8m, H2 2009/10 profit: £1.1m).
- Maintained working capital efficiency at 12.7% of sales.
- Successful integration of BFi Optilas:-
    - Annualised synergies of £4.4m on track
    - One IT platform since October

- New Group Executive Committee now in place.

Post period end highlights

- Sale of Supply Chain's loss-making ATM Parts business in October for £0.7m cash.
- Trading since the half year end remains encouraging.

1. *Underlying profitability excludes exceptional items, amortisation of acquired intangibles and IAS 19 pension finance charge - see note 2 to the interim results.*
2. *Like for like including acquisitions, compared to H1 prior year - see note 2 to the interim results.*

Nick Jefferies, Group Chief Executive, commented:

"We have had a good first half. The strong growth in the Electronics order book over the last year has flowed through into sales which, combined with our operational leverage, has seen profitability more than double since the second half of last year.

Order intake in the first half of this year has continued to grow, aided by improving market conditions, and augurs well for the second half. Our specialisation strategy continues to make good progress on all fronts, and has attracted a number of new suppliers during the period.

The integration of BFi Optilas has progressed well and is on track to deliver the planned benefits by the end of the financial year. Since the beginning of October we have operated on one common IT platform across Europe and during December, our three distribution centres will be consolidated into two.

Progress continues to be made in Supply Chain. With the sale of its unprofitable ATM Parts business, it is now fully focused on its core business of supplying IT spares and outsource solutions for technology service companies.

Trading since the half year remains encouraging. Assuming the macroeconomic environment remains unchanged, our strong performance in the first half gives the Board confidence that the Group's full year performance will be further enhanced."

For further information:-

Acal plc 01483 544500
Nick Jefferies - Group Chief Executive
Simon Gibbins - Group Finance Director

Cubitt Consulting 020 7367 5100
Chris Lane/Samantha Boston

Notes to Editors:

The Acal Group is a leading technology-based specialist distributor in Europe providing sales, marketing and other services through three Divisions: Electronics, Supply Chain and Medical. The Electronics Division distributes specialist electronic products to industrial manufacturing and design companies. The Supply Chain Division supplies new and refurbished IT and EPOS spare parts to service providers while the Medical Division supplies advanced medical equipment to public and private healthcare providers. Acal has operating companies in the UK, Netherlands, Belgium, Germany, France, Italy, South Africa, Spain and the Nordic region.

Chairman's Statement

The Group has had a good first half as it continues to build on the operational profitability it achieved in the second half of last year. Increasing operational profitability has been driven by a significant increase in sales, improving gross margins, tight operational control and the successful delivery of planned synergies arising from the acquisition of BFi Optilas ("BFi") in December 2009.

Results

Revenue from continuing operations in the six months to 30 September 2010 increased by 78% to £127.3m (H1 2009/10: £71.5m). On a like for like basis (see note 2), revenue increased by £25.5m (25%) over H1 2009/10 and by £11.7m (10%) over H2 2009/10.

Gross margins improved to 28.3% compared to 27.4% in H1 2009/10 and 27.7% in H2 2009/10.

The Group remains on track to deliver its planned annualised acquisition synergies of £4.4m by the end of the year. In this half, synergies of £1.3m were delivered (annualising to £3.2m). Total synergy savings expected to be delivered for the full financial year are £3.0m (being £1.3m in the first half and £1.7m in the second half; annualising to £4.4m).

Underlying operating profits at £2.8m represent an increase of £4.6m over H1 2009/10 (loss of £1.8m) and £1.7m over H2 2009/10 (profit of £1.1m).

Underlying profit before tax was £2.6m (H1 2009/10: loss of £2.0m; H2 2009/10: profit of £1.1m).

Exceptional items for the period totalled £2.9m comprising £2.3m for the integration of BFi, £0.4m for the write down of assets relating to the disposal of the ATM Parts business (see note 5) and £0.2m related to other restructuring projects.

Including exceptional items of £2.9m and an IAS19 pension finance charge of £0.1m, IFRS reported losses before tax reduced to £0.4m (H1 2009/10: loss of £2.7m).

The underlying effective tax rate at 23% is lower than the UK tax rate of 27% mainly due to the utilisation of tax losses in certain territories which are now profitable.

Underlying diluted earnings per share were 6.8 pence (H1 2009/10: loss of 8.7 pence). Including underlying adjustments, fully diluted losses per share were 0.7 pence (H1 2009/10: 10.5 pence).

During this first half, working capital increased by £2.9m reflecting the growth in sales. The working capital ratio was the same as in H2 2009/10 at 12.7% (H1 2009/10: 13.8%). At 30 September 2010, the Group's net cash balance was £10.1m (£13.9m at 31 March 2010) and committed facilities were £8.0m.

Integration

The integration of BFi is well on course to be completed by 31 March 2011. Since early October, operations have been on one common infrastructure with a single management information system, common logistics and purchasing, and one principal legal entity in each country, securing long term access to approximately £20m of tax losses. Offices have been rationalised where appropriate, with five closures, and management teams have been combined. In December, central warehouses will be consolidated from three to two.

Exceptional costs for the integration necessary to deliver annualised synergies of at least £4.4m, are expected to be approximately £6m (of which £2.4m arose in 2009/10 and £2.3m in this half year).

Dividend

As stated in the 2009/10 annual report and financial statements, the Board continues to keep dividend policy under review and is cognisant of the importance of dividends to shareholders. In setting future dividends, the Board will take account of available resources, current trading conditions and the level of dividend yield and cover. With this in mind, the Board is recommending that the interim dividend is maintained at 2.33 pence per share (2009: 2.33 pence per share). The dividend is payable on 21 January 2011 to shareholders registered on 31 December 2010.

Strengthened Management Team

As reported at the time, Simon Gibbins joined in July 2010 as Group Finance Director. Prior to joining Acal, Simon was Global Head of Finance and Deputy CFO of Shire plc. Simon's experience in a rapid organic and acquisitive growth, specialist business, positions the Group well to address the risks and opportunities we face as the Group continues to develop.

In addition, the Board of Directors has established a Group Executive Committee to oversee and drive both the operational performance and strategy implementation of the Group. The Group Executive Committee is led by the Group Chief Executive and comprises senior Group management members.

People

This has been a very busy period with both recovery in business levels and a complex integration to manage. Our success on both fronts is due to the commitment of a large number of employees across the organisation, and for that I thank them.

Summary

Managing a successful integration process at the same time that product demand significantly increased has been an outstanding achievement. In addition, the Group has successfully completed the disposal of the loss-making ATM Parts business allowing the Supply Chain division to focus on its core business. The Group now has a very solid platform for future growth.

Richard Moon
Chairman
29 November 2010

Operating Review

Divisional results

The divisional performance in each of the half years ended 30 September 2010 and 2009 and for the half year ended 31 March 2010 are set out below:

H1 2010/11		H1 2009/10		H2 2009/10	
Revenue £m	**Underlying Operating Profit**	Revenue £m	Underlying Operating Profit	Revenue £m	Underlying Operating Profit

		£m		£m		£m
Electronics	**96.5**	**3.5**	39.4	(1.5)	73.0	1.3
Supply Chain	**27.2**	**0.5**	29.2	0.6	32.8	0.7
Medical	**3.6**	**0.5**	2.9	0.3	4.3	0.5
Unallocated costs	**-**	**(1.7)**	-	(1.2)	-	(1.4)
	127.3	**2.8**	71.5	(1.8)	110.1	1.1

Underlying Operating Profit excluding exceptional items, amortisation of acquired intangibles and IAS 19 pension finance charge (see note 2).

Electronics

The Electronics division supplies specialist electronic and photonic (laser) products to industrial manufacturing and design companies across a broad range of market sectors. Revenues have increased by £57.1m over H1 2009/10 and £23.5m over H2 2009/10. Part of this increase relates to the acquisition of BFi Optilas in December 2009. On a like for like basis, growth over H1 2009/10 was £23.6m (up 32%) and over H2 2009/10 was £12.5m (up 15%). Electronics sales now comprise 76% of total group sales (up from 72% on a like for like basis at H1 2009/10 and 73% at H2 2009/10).

Sales growth was positive across all our electronic markets with particular strength in Speciality Components, RF Communication and Power which all had growth rates in excess of 40%. All European countries returned to growth with particularly strong growth in Germany (in excess of 50%).

Growth in revenues has been driven by a strong order book with orders for the half year of £107m (up 50% on H1 2009/10 and up 15% on H2 2009/10 on a like for like basis). This gives a book to bill ratio for this half of 1.12 (compared to a book to bill ratio in H1 2009/10 of 0.98 and 1.12 in H2 2009/10).

Operating leverage continues to improve with underlying operating profit margin up 1.8% to 3.6% compared with H2 2009/10. This increase is driven by increasing sales volumes and gross margins combined with benefits on operating expenses as the planned synergies from the integration process continue to be delivered (£1.3m synergy savings in this half, equivalent to 1.3% of electronics sales).

Underlying operating profit at £3.5m is £2.2m higher than in H2 2009/10. Electronics underlying operating profit now represents 78% of total group underlying operating profit (excluding unallocated costs), up from 52% in H2 2009/10.

Supply Chain

The Supply Chain division specialises in the supply of both new and refurbished IT spare parts and outsource solutions to technology service companies. Revenues declined £2.0m (7%) on H1 2009/10 to £27.2m. On a like for like basis, (and excluding a large non core contract which was terminated in March 2010), Supply Chain revenue grew by £1.3m over the period (up 5%). UK sales were flat throughout the period, whilst the German business saw growth of 16% and now represents 35% of divisional sales.

Underlying operating profit for the period was down £0.1m to £0.5m. This principally reflects the costs of an investment in a new contracts group of £0.2m.

The loss-making ATM Parts business was sold on 12 October 2010 to Cennox plc, raising £0.7m in cash. The ATM Parts business had sales of £1.8m during this half (£3.3m for FY 2009/10) generating losses of £0.2m (£0.5m for FY 2009/10). Both the ATM Parts business, and the terminated non-core contract referred to above, were significant distractions to the Supply Chain management during the period. With the distractions of ATM Parts and non-core contracts removed, management is focussed on developing long term contracts for spare part management.

Medical

Our Medical division, Vertec, specialises in the supply of high quality radiology, bone densitometry and mammography equipment. Revenues increased by 24% (£0.7m) over H1 2009/10 to £3.6m whilst operating profit improved by £0.2m to £0.5m representing increased operational leverage, up 4% to 14%. The division accounted for 3% of Group revenues and 11% of Group underlying operating profits (excluding unallocated costs). As expected, revenues were, as in previous years, less than those in H2 2009/10 (£4.3m) due to the weighting of NHS spending plans to the second half.

Approximately 50% of the division's revenue this half year was derived in the UK, mainly from NHS customers. Sales in the UK were down slightly on H1 2009/10 due to budget deferrals of capital spending. There remains some uncertainty in the level of second half sales to the NHS, as details of capital spending plans emerge, but trading at present remains stable.

The remaining part of the division's revenue is derived in South Africa mainly from private customers. This part of the business continues to perform strongly with sales up significantly over H1 2009/10.

Cash Flow and Financing

Net interest charge (excluding IAS 19 pension finance charge) was £0.2m, unchanged from 2009. The IAS 19 pension finance charge for the legacy defined benefit pension scheme was £0.1m for the period (H1 2009/10: £0.3m).

Net working capital increased to £32.3m at 30 September 2010 from £30.8m at 31 March 2010. The net increase of £1.5m (comprising a gross increase of £2.9m offset by a foreign exchange movement of -£1.4m), was linked to the increase in sales over H2 2009/10 (£11.7m on a like for like basis). As a percentage of sales, net working capital reduced from 13.8% in H1 2009/10 to 12.7% in H1 2010/11 as management continue to optimise working capital investment.

Underlying operating cash flow generated in the period was £3.7m, being underlying operating profit of £2.8m adjusted for the key non-cash items of depreciation, amortisation and share based payments totalling £0.9m. This was partly used to fund the working capital investment referred to above. Significant other investment and funding cash outflows for the half year were restructuring and integration exceptional costs of £3.4m and dividends of £1.3m. The resulting net cash outflow for the period of £3.6m reduced net cash balances to £10.1m. At 30 September 2010, the Group had access to committed facilities of £8.0m.

Risks and Uncertainties

The risks and uncertainties which may have the largest impact on performance in the second half of the year are the same as those described in detail in pages 13 to 15 of the 2010 Annual Report. In summary these are:

- Commercial risks - product demand, competition, product liability, loss of contracts, supply chain disruption and loss of key personnel.

- Financial risks - liquidity, foreign currency, interest rates and credit risks, retirement benefits funding and acquisitions.

Acal's risk management processes cover identification, impact assessment, likely occurrence and mitigation actions. Some level of risk, however, will always be present.

Current trading and outlook

Trading since the half year remains encouraging. The Electronics division continues to perform strongly with sales growth in October and November of around 20% and a continuing positive book to bill ratio, indicating continued future growth.

The Supply Chain and Medical divisions continue to trade at stable levels. Therefore assuming the macroeconomic environment remains unchanged, our strong performance in the first half gives the Board confidence that the Group's full year performance will be further enhanced.

Nick Jefferies
Chief Executive
29 November 2010

Independent Review Report to Acal plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2010 which comprises the Condensed Consolidated Income Statement, Condensed Consolidated Statement of Comprehensive income, Condensed Consolidated Balance sheet, Condensed Consolidated Statement of Changes in equity, Condensed Consolidated Cash Flow Statement and related notes 1 to 10. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in ISRE 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2010 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Ernst & Young LLP
London
29 November 2010

Condensed consolidated income statement
for the six months ended 30 September 2010

	notes	**Unaudited six months ended 30 Sept 2010 £m**	Unaudited six months ended 30 Sept 2009 £m	Audited year ended 31 Mar 2010 £m
Revenue	3	**127.3**	71.5	181.6
Cost of sales		**(91.3)**	(51.9)	(131.5)
Gross profit		**36.0**	19.6	50.1
Selling and distribution costs		**(19.3)**	(12.1)	(28.4)
Administrative expenses (including exceptional items)	4	**(16.4)**	(9.5)	(27.2)
Other operating income		**-**	0.2	-
Other operating expenses	4	**(0.4)**	(0.4)	-
Operating loss	3	**(0.1)**	(2.2)	(5.5)
Finance costs		**(0.4)**	(0.6)	(1.2)
Finance revenue		**0.1**	0.1	0.4
Loss before tax		**(0.4)**	(2.7)	(6.3)
Taxation		**0.2**	(0.1)	(0.3)
Loss after taxation for the period		**(0.2)**	(2.8)	(6.6)
Loss per share - Basic and diluted	**8**	**(0.7)p**	(10.5)p	(24.5)p

Underlying Performance Measure		**Unaudited six months ended 30 Sept 2010 £m**	Unaudited six months ended 30 Sept 2009 £m	Audited year ended 31 Mar 2010 £m
Continuing operations				
Operating loss	3	**(0.1)**	(2.2)	(5.5)
Add: Exceptional items	4	**2.9**	0.4	4.7
Amortisation of acquired intangibles		**-**	-	0.1
Underlying operating profit/(loss)		**2.8**	(1.8)	(0.7)
Loss before tax		**(0.4)**	(2.7)	(6.3)
Add: Exceptional items	4	**2.9**	0.4	4.7
Amortisation of acquired intangibles		**-**	-	0.1
IAS 19 charge for pension finance cost		**0.1**	0.3	0.6
Underlying profit/(loss) before tax		**2.6**	(2.0)	(0.9)
Underlying earnings/(loss) per share (diluted)	8	**6.8p**	(8.7)p	(6.3)p

The results for the period and prior periods relate wholly to continuing operations.

Condensed consolidated statement of comprehensive income
for the six months ended 30 September 2010

	Unaudited six months ended 30 Sept 2010 £m	Unaudited six months ended 30 Sept 2009 £m	Audited year ended 31 Mar 2010 £m
Loss for the period	**(0.2)**	(2.8)	(6.6)
Actuarial loss on defined benefit pension scheme	**-**	-	(0.5)
Deferred tax relating to pension scheme	**-**	-	0.1
Foreign currency translation differences	**(0.9)**	(0.7)	(0.6)
Losses on fair value of cash flow hedges	**(0.5)**	-	-
Other comprehensive loss for the period, net of tax	**(1.4)**	(0.7)	(1.0)
Total comprehensive loss for the period, net of tax	**(1.6)**	(3.5)	(7.6)

Dividends			
Dividends per share declared in respect of period	**2.33p**	2.33p	7.0p
Dividends per share paid in period	**4.67p**	3.50p	5.83p
Dividends paid in period	**£1.3m**	£0.9m	£1.6m

Condensed consolidated balance sheet
at 30 September 2010

	notes	**Unaudited at 30 Sept 2010 £m**	Unaudited at 30 Sept 2009 £m	Audited at 31 March 2010 £m
Non-current assets				
Property, plant and equipment		**3.6**	3.6	3.9
Goodwill		**14.4**	14.2	14.4
Intangible assets		**1.9**	1.5	2.1
Deferred tax assets		**2.4**	3.0	2.7
		22.3	22.3	23.1
Current assets				
Inventories		**23.4**	19.9	23.3
Trade and other receivables		**56.8**	29.6	53.6
Current tax assets		**0.3**	0.9	0.2
Cash and cash equivalents		**13.9**	28.1	17.3
		94.4	78.5	94.4
Assets classified as held for sale		**1.0**	-	-
Total assets		**117.7**	100.8	117.5
Current liabilities				
Trade and other payables		**(47.9)**	(29.8)	(46.1)
Short-term borrowings		**(3.8)**	(5.1)	(3.4)
Current tax liabilities		**(3.7)**	(3.8)	(2.9)
Provisions		**(4.4)**	(1.0)	(4.2)
		(59.8)	(39.7)	(56.6)
Non-current liabilities				
Pension liability	10	**(5.3)**	(5.4)	(5.5)
Deferred tax liabilities		**(0.1)**	(0.4)	(0.2)
Provisions		**(3.0)**	(1.4)	(3.3)
		(8.4)	(7.2)	(9.0)
Liabilities classified as held for sale		**(0.4)**	-	-
Total liabilities		**(68.6)**	(46.9)	(65.6)

Net assets	**49.1**	53.9	51.9
Equity			
Share capital	**1.4**	1.3	1.4
Share premium account	**40.6**	38.0	40.6
Other reserves	**4.5**	5.8	5.9
Retained earnings	**2.6**	8.8	4.0
Total equity	**49.1**	53.9	51.9

Condensed consolidated statement of changes in equity
For the six months ended 30 September 2010

	Equity attributable to equity holders of the parent								
	Share capital	Share premium	Merger reserve	Currency translation reserve	Hedging reserve	Retained earnings	Total	Non controlling interests	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m	£m
At 1 April 2010	1.4	40.6	3.0	2.9	-	4.0	51.9	-	51.9
Total comprehensive loss	-	-	-	(0.9)	(0.5)	(0.2)	(1.6)	-	(1.6)
Share-based payments	-	-	-	-	-	0.1	0.1	-	0.1
Equity dividends	-	-	-	-	-	(1.3)	(1.3)	-	(1.3)
At 30 September 2010	**1.4**	**40.6**	**3.0**	**2.0**	**(0.5)**	**2.6**	**49.1**	**-**	**49.1**
At 1 April 2009	1.3	38.0	3.0	3.5	-	12.4	58.2	0.4	58.6
Total comprehensive loss	**-**	**-**	**-**	(0.7)	-	(2.8)	(3.5)	-	(3.5)
Share-based payments	-	-	-	-	-	0.1	0.1	-	0.1
Acquisition of non controlling interests	-	-	-	-	-	-	-	(0.4)	(0.4)
Equity dividends	-	-	-	-	-	(0.9)	(0.9)	-	(0.9)
At 30 September 2009	1.3	38.0	3.0	2.8	-	8.8	53.9	-	53.9
At 1 April 2009	1.3	38.0	3.0	3.5	-	12.4	58.2	0.4	58.6
Total comprehensive loss	-	-	-	(0.6)	-	(7.0)	(7.6)	-	(7.6)
Share-based payments	-	-	-	-	-	0.2	0.2	-	0.2
Acquisition of non controlling interests	-	-	-	-	-	-	-	(0.4)	(0.4)
Issue of share capital	0.1	2.6	-	-	-	-	2.7	-	2.7
Equity dividends	-	-	-	-	-	(1.6)	(1.6)	-	(1.6)
At 31 March 2010	1.4	40.6	3.0	2.9	-	4.0	51.9	-	51.9

Condensed consolidated cash flow statement
for the six months ended 30 September 2010

		Unaudited six months ended 30 Sept 2010 £m	Unaudited six months ended 30 Sept 2009 £m	Audited year ended 31 Mar 2010 £m
Cash (absorbed by)/generated from operations	9	**(2.7)**	2.2	5.2
Interest paid		**(0.3)**	(0.3)	(0.6)
Income taxes paid		**1.0**	(2.5)	(3.1)
Net cash flow (outflow)/inflow from operating activities		**(2.0)**	(0.6)	1.5
Cash flows from investing activities				
Acquisition of shares in subsidiaries		**-**	(1.0)	(11.7)
Net overdrafts acquired with subsidiaries		**-**	-	(1.0)
Proceeds from sale of other financial assets		**-**	-	1.0
Purchases of property, plant and equipment		**(0.5)**	(0.4)	(0.7)
Proceeds from sale of property, plant, equipment and intangibles		**0.1**	1.2	1.4
Purchases of intangible assets		**-**	(0.1)	(0.4)
Interest received		**0.1**	0.1	0.4
Net cash flow from investing activities		**(0.3)**	(0.2)	(11.0)
Cash flows from financing activities				
Repayments of borrowings		**-**	(0.1)	(0.2)
Dividends paid to company's shareholders		**(1.3)**	(0.9)	(1.6)
Net cash flow from financing activities		**(1.3)**	(1.0)	(1.8)
Net decrease in cash and cash equivalents		**(3.6)**	(1.8)	(11.3)
Cash and cash equivalents at beginning of period		**13.9**	24.8	24.8
Effect of exchange rate fluctuations		**(0.2)**	0.1	0.4
Cash and cash equivalents at end of period		**10.1**	23.1	13.9
Reconciliation to cash and cash equivalents in the balance sheet				
Cash and cash equivalents shown above		**10.1**	23.1	13.9
Add back overdrafts		**3.8**	5.0	3.4
Cash and cash equivalents shown within current assets in the balance sheet		**13.9**	28.1	17.3

Notes to the interim results
for the six months ended 30 September 2010

1. Corporate information

Acal plc is a company incorporated and domiciled in England and Wales. The Company's ordinary shares are traded on the London Stock Exchange. The condensed interim financial statements consolidate the financial statements of Acal plc and entities controlled by the Company (its subsidiaries).

2. Basis of preparation and accounting policies

The condensed consolidated interim financial statements for the six months to 30 September 2010 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and IAS 34 'Interim Financial Reporting' as adopted by the European Union. They do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year to 31 March 2010, which were prepared in accordance with IFRS as adopted by the European Union. The condensed consolidated interim financial statements are unaudited and were approved by the Board of Directors for issue on 29 November 2010.

The results for the year to 31 March 2010 are based on full audited financial statements prepared in accordance with IFRS as adopted by the European Union. These financial statements were filed with the Registrar of Companies and contain a report of the auditors, which does not contain a statement under section 498 of the Companies Act 2006 and is unqualified. The consolidated financial statements of the Group for the year ended 31 March 2010 are available on request from the Company's registered office or on its website.

Underlying Performance Measures

The Group uses a number of alternative (non Generally Accepted Accounting Practice ("non GAAP") financial measures which are not defined within IFRS. The Directors use these measures in order to assess the underlying operational performance of the Group and as such, these measures are important and should be considered alongside the IFRS measures. The following non GAAP measures are referred to in this Interim Statement.

Underlying operating profit/(loss)

"Underlying operating profit" is defined as IFRS operating profit excluding exceptional items and amortisation of acquired intangibles.

Underlying profit/(loss) before tax

"Underlying profit before tax" is defined as IFRS profit before tax excluding exceptional items, amortisation of acquired intangibles and IAS 19 pension finance charge.

Underlying Effective Tax Rate

"Underlying effective tax rate" is defined as the effective tax rate on IFRS profit before tax excluding the impact of tax on exceptional items, amortisation of acquired intangibles and IAS 19 pension finance charge.

Underlying earnings/(loss) per share

"Underlying earnings/(loss) per share" is calculated as the total of underlying profit before tax reduced by the underlying effective tax rate, divided by weighted average number of ordinary shares (for diluted earnings per share purposes) in issue during the period.

Underlying operating cash flow

"Underlying operating cash flow" is defined as underlying operating profit with depreciation and amortisation added back.

Like for like basis

Reference to 'like for like' basis included in the Chairman's statement and Operational review, means including the acquisition of BFi Optilas in Electronics for the whole of each comparative period, excluding a material non-core contract terminated in the Supply Chain division and at constant exchange rates.

Significant accounting policies

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2010.

3. Segmental reporting

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.

Six months to 30 September 2010

	Electronics £m	**Supply Chain £m**	**Medical £m**	**Unallocated £m**	**Total £m**
Revenue	**96.5**	**27.2**	**3.6**	**-**	**127.3**
Underlying operating profit/(loss)	**3.5**	**0.5**	**0.5**	**(1.7)**	**2.8**
Exceptional item - integration restructuring	(2.3)	-	-	-	(2.3)
Exceptional item - other restructuring	-	(0.2)	-	-	(0.2)
Exceptional item - impairment of assets held for sale	-	(0.4)	-	-	(0.4)
Operating profit/(loss)	**1.2**	**(0.1)**	**0.5**	**(1.7)**	**(0.1)**

Six months to 30 September 2009

	Electronics £m	Supply Chain £m	Medical £m	Unallocated £m	Total £m
Revenue	**39.4**	**29.2**	**2.9**	**-**	**71.5**
Underlying operating (loss)/ profit	**(1.5)**	**0.6**	**0.3**	**(1.2)**	**(1.8)**
Exceptional item - restructuring	-	(0.1)	-	(0.3)	(0.4)
Operating (loss)/profit	**(1.5)**	**0.5**	**0.3**	**(1.5)**	**(2.2)**

Year to 31 March 2010

	Electronics £m	Supply Chain £m	Medical £m	Unallocated £m	Total £m

Revenue	**112.4**	**62.0**	**7.2**	**-**	**181.6**
Underlying operating (loss)/ profit	**(0.2)**	**1.3**	**0.8**	**(2.6)**	**(0.7)**
Exceptional item - goodwill impairment	-	**(0.3)**	**-**	-	(0.3)
Exceptional item - integration restructuring	(2.4)	**-**	**-**	-	(2.4)
Exceptional item - other restructuring	(1.3)	**(0.2)**	**-**	(0.4)	(1.9)
Exceptional item - other	-	**-**	**-**	(0.1)	(0.1)
Amortisation of acquired intangibles	-	**(0.1)**	**-**	-	(0.1)
Operating (loss)/profit	**(3.9)**	**0.7**	**0.8**	**(3.1)**	**(5.5)**

4. Exceptional items

	Six months ended 30 Sept 2010 £m	Six months ended 30 Sept 2009 £m	Year ended 31 Mar 2010 £m
Administrative expenses			
Impairment of goodwill	**-**	-	(0.3)
Integration restructuring costs	**(2.3)**	-	(2.4)
Other restructuring costs	**(0.2)**	-	(1.9)
Adjustment to profit on disposal of other financial asset	**-**	-	(0.1)
	(2.5)	-	(4.7)
Net operating exceptional costs	**(2.5)**	-	(4.7)
Non Operating Costs:			
Impairment of assets held for sale	**(0.4)**	-	-
Other restructuring costs	**-**	(0.4)	-
Total exceptional items	**(2.9)**	(0.4)	(4.7)
Tax on exceptional items	**0.8**	0.1	0.3
Exceptional items (net of tax)	**(2.1)**	(0.3)	(4.4)

Integration restructuring costs of £2.3m are the one-off costs incurred to achieve synergies from integrating the back-office functions and legal structure of the acquired BFi business. The costs primarily relate to staff termination and legal and tax costs. In addition, £0.2m was incurred in respect of other business restructuring projects.

Impairment of assets held for sale of £0.4m relates to the sale of the ATM Parts business. Full details are found in note 5.

5. Post balance sheet events

On 12 October 2010, the Group sold its loss-making subsidiary, ATM Parts Company Limited ("ATM Parts") to Cennox plc for a consideration of £0.7m on a debt free, cash free basis. There will subsequently be a small one-off adjusting settlement for the movement in net assets since 31 March 2010. For the six months ended 30 September 2010, ATM Parts incurred pre-tax losses of £0.2 million on revenues of £1.8m (pre-tax losses of £0.5m on revenues of £3.3m for the year ended 31 March 2010).

As at 30 September 2010, the assets of ATM Parts have been written down to their fair value giving rise to an exceptional charge for the impairment of net assets of £0.4m (see note 4 above). In addition, the assets and liabilities of ATM Parts have been reclassified on the Group balance sheet at 30 September 2010 as assets and liabilities held for resale.

ATM Parts has not been treated as a disposal group and consequently its results have not been treated as discontinued.

6. Taxation

The underlying effective tax rate on underlying profit/(loss) before tax, for the six months to 30 September 2010 is 23.2% (2009: (12.3)%, year to 31 March 2010: (81.6)%. The underlying effective tax rate at 23.2% is lower than the UK tax rate of 27% mainly due to the utilisation of tax losses in certain territories which are now profitable.

The effective rates for the period have been calculated by applying the Group's best estimates of the effective tax rate for the current year.

7. Dividends

The Directors have declared an interim dividend of 2.33 pence per share (2009: 2.33 pence) payable on 21 January 2011 to shareholders on the register at 31 December 2010. In accordance with IAS 10, this dividend has not been reflected in the interim results. The amount of this interim dividend is £0.7 m (2009: £0.6 m).

8. Earnings/(loss) per share

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

	Six months ended 30 Sept 2010 £m	Six months ended 30 Sept 2009 £m	Year ended 31 Mar 2010 £m
Loss for the year attributable to equity holders of the parent	**(0.2)**	(2.8)	(6.6)
Weighted average number of shares for basic earnings per share	**28,418,354**	26,418,354	26,987,847

Effect of dilution - share options	**879,220**	746,101	620,498
Adjusted weighted average number of shares for diluted earnings per share	**29,297,574**	27,164,455	27,608,345

At the period end there were 1.5 million ordinary share options in issue that could potentially dilute earnings per share in the future, of which 0.9 million are currently dilutive (2009: 0.8 million in issue and 0.7 million dilutive, 31 March 2010: 1.3 million in issue and 0.6 million dilutive). No adjustment has been made for the dilutive impact in the current year which would decrease the reported loss per share.

Underlying earnings/(loss) per share

Underlying earnings/(loss) per share are calculated as follows:

	Six months ended 30 Sept 2010 £m	Six months ended 30 Sept 2009 £m	Year ended 31 Mar 2010 £m
Loss for the year attributable to equity holders of the parent	**(0.2)**	(2.8)	(6.6)
Exceptional items	**2.9**	0.4	4.7
Amortisation of acquired intangibles	**-**	-	0.1
IAS 19 charge for pension finance cost	**0.1**	0.3	0.6
Tax effects on exceptional items, amortisation of acquired intangibles and IAS 19 charge for pension finance cost	**(0.8)**	(0.2)	(0.5)
Underlying profit/(loss) for the year	**2.0**	(2.3)	(1.7)
Weighted average number of shares for basic earnings per share	**28,418,354**	26,418,354	26,987,847
Effect of dilution - share options	**879,220**	746,101	620,498
Adjusted weighted average number of shares for diluted earnings per share	**29,297,574**	**27,164,455**	**27,608,345**
Underlying earnings/(loss) per share - basic	**7.0p**	(8.7)p	(6.3)p
Underlying earnings/(loss) per share - diluted	**6.8p**	(8.7)p	(6.3)p

No adjustment has been made for the dilutive impact in the previous periods which would decrease the reported loss per share.

9. Reconciliation of cash flow from operating activities

	Six months ended 30 Sept 2010 £m	Six months ended 30 Sept 2009 £m	Year ended 31 Mar 2010 £m
Loss for the period	**(0.2)**	(2.8)	(6.6)
Taxation expense	**(0.2)**	0.1	0.3
Impairment of goodwill and associates	**-**	-	0.3
Net finance costs	**0.3**	0.4	0.8
Depreciation of property, plant and equipment	**0.6**	0.6	1.2
Amortisation of intangible assets	**0.2**	0.1	0.3
Change in provisions	**(0.5)**	(1.6)	1.7
Gain on disposal of property, plant and equipment	**0.1**	(0.3)	(0.3)
Pension scheme funding	**(0.2)**	(0.6)	(1.3)
Equity-settled share-based payment expense	**0.1**	0.1	0.2
Operating cash flows before changes in working capital	**0.2**	(4.0)	(3.4)
(Increase)/decrease in inventories	**(0.6)**	3.7	8.0
(Increase)/decrease in trade and other receivables	**(5.4)**	9.3	4.0
Increase/(decrease) in trade and other payables	**3.1**	(6.8)	(3.4)
(Increase)/decrease in working capital	**(2.9)**	6.2	8.6
Cash (absorbed by)/ generated from operations	**(2.7)**	2.2	5.2

10. Pensions

The pension liability relates to the Sedgemoor Group Pension Fund which was brought into the Group on the acquisition of the Sedgemoor Group in 1999. The fund, which is a defined benefit scheme, is operated as a 'paid up' pension scheme with only pensioners and deferred members.

Following the actuarial valuation as at 31 March 2009, which showed a funding shortfall of £17.4m, the Fund's Trustees, having reviewed its rights under the Scheme, agreed with Sedgemoor Limited ('the Company') a recovery plan based on contributions from the Company aimed at eliminating the shortfall by March 2022 . This recovery plan allowed for the improvement in financial conditions between the valuation date and 1 January 2010.

On 8 July 2010, the Government announced that the Consumer Prices Index ("CPI") would be the inflation measure for statutory defined benefit pension increases instead of the Index of Retail Prices ("RPI").This change applies both to the revaluation of deferred pensions and to the increases applicable to pensions in payment.

Any changes to the obligations of the scheme will be reflected in the year end actuarial valuation at 31 March 2011.

The IAS 19 pension liability at 30 September 2010 was £5.3m (31 March 2010: £5.5m).

STATEMENT OF DIRECTORS' RESPONSIBILITIES

This interim report complies with the Disclosure and Transparency Rules (DTR) of the United Kingdom's Financial Services Authority in respect of the requirements to produce a half yearly financial report. This interim report is the responsibility of, and has been approved by, the Directors of Acal plc.

The Directors confirm that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union;
- the interim report includes a fair review of the information required by DTR 4.2.7 (indication of important events during the first six months of the financial year and a description of the principal risks and uncertainties for the second six months of the financial year); and
- the interim report includes a fair review of the information required by DTR 4.2.8 (disclosure of any material related party transactions and changes therein).

On behalf of the Board

Richard Moon
Chairman
29 November 2010

FORWARD LOOKING STATEMENTS

This report may contain certain statements about the future outlook for Acal plc. Although we believe our expectations are based on reasonable assumptions, any statements about future outlook may be influenced by factors that could cause actual outcomes and results to be materially different.

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

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