Interim Results

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ACAL plc

Interim results for the six months ended 30 September 2012

Growth in orders and market share

Acal plc (LSE: ACL, "Acal" or "The Group"), a European leader in advanced technology solutions, today announces its interim results for the six months ended 30 September 2012.

	H1 2012/13	H1 2011/12	CER growth (2)	CER ongoing growth(3)
Revenue	**£109.8m**	£133.7m	-13%	-8%
Gross Profit	**£34.3m**	£39.5m	-9%	-5%
Underlying Operating Profit(1)	**£3.2m**	£4.1m	-13%	
Underlying Profit before Tax(1)	**£2.9m**	£3.6m	-9%	
Profit before Tax	**£0.7m**	£1.9m		
Underlying Diluted EPS(1)	**8.2p**	9.7p	-9%	
Fully Diluted EPS	**1.7p**	5.0p		
Interim Dividend per Share	**2.5p**	2.5p		

Highlights

- Growth in Electronics orders throughout H1 with September orders up 7% on prior year
- Ongoing sales(3) down 8% against record prior year comparators and outperforming market
- Gross margin up 1.7ppts to 31.2% and up 0.3ppts sequentially on H2 last year
- Underlying operating costs down 10% on a like for like basis(4)
- Electronics underlying operating margin maintained at 5.2%
- Group underlying operating margin maintained at c. 3%
- Interim dividend maintained at 2.5p

Post period end highlights

- Growth in Electronics orders of 7% in October and November on prior year
- Successful integration of Compotron into Acal BFi
- New Electronics marketing web platform on track for launch in H2

Nick Jefferies, Group Chief Executive, commented:

"The business has outperformed its core Electronics market with growth in orders throughout the first half. The half year results are in line with our expectations and reflect the growing market share which has minimised sales decline in difficult market conditions. This in turn has been partially offset by a further increase in gross margin as well as a 10% cost reduction programme implemented last year.

Recent order growth trends have continued into October and November as our strategy of electronics specialisation and cross selling continues to drive profitable market share growth, and supports our expectation of sales growth in the second half compared to the first. As a result of the continued challenging economic environment the recovery is taking slightly longer than previously expected to feed through into our results. However, we remain confident that the Group will benefit from continued market share growth as well as any improvement in economic conditions.

Development of the new marketing web platform which was announced last year, remains on track to be launched during the second half of the year. This is a significant development for the Group through which we plan to grow our customer base and over time develop more efficient ways to serve our customers.

The Group remains well positioned to take advantage of both organic growth and acquisition opportunities."

For further information:-

Acal plc
Nick Jefferies - Group Chief Executive 01483 544 500
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Notes:

(1) 'Underlying Operating Profit', 'Underlying Operating Costs', 'Underlying Profit before Tax' and 'Underlying Diluted EPS' are non-IFRS financial measures used by the Directors to assess the underlying performance of the Group. These measures exclude exceptional items, amortisation of acquired intangible assets and an IAS19 pension finance charge relating to a legacy defined benefit scheme. 'Underlying Operating Profit', 'Underlying Profit before Tax' and 'Underlying Diluted EPS' are not defined by or presented in accordance with IFRS and should not be considered as an alternative to Operating Profit, Profit before Tax, Fully Diluted EPS or any other IFRS performance measures. These non-IFRS performance measures are not intended to be a projection or forecast of future results. For further information see note 2 to the interim results.

(2) Growth rates at constant exchange rates ("CER"). Note that, for the average Euro rate against Sterling, the Euro weakened 10% for H1 2012/13 compared to H1 2011/12. The impact on sales for this period is a reduction of 5%.

(3) Ongoing revenue and gross profit growth at constant exchange rates excluding the discontinued non-specialist Electronics division products announced last year.

(4) Like for like growth rates are at constant exchange rates, including acquisitions for the whole of the comparative period (except MTC which was acquired during last year) and excluding any disposals.

Notes to Editors:

Acal is a European leader in advanced technology solutions, providing marketing, engineering, design, manufacturing and other services through two divisions: Specialist Electronics and Supply Chain.

The Electronics division is a leading European specialist electronics supplier and the only such provider with an infrastructure to deliver a broad complementary range of specialist products and bespoke solutions across Europe. The Electronics division has completed four acquisitions in the last three years, more than doubling its underlying Electronics revenues. Acal's long term strategy is to gain significant additional market share through both organic growth and acquisition and to further enhance its value adding capabilities. The Supply Chain division provides inventory optimisation and outsource solutions to leading technology service providers.

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

Chairman's Statement

The Group has continued to make progress this half in developing a higher margin specialist model with specialist sales now representing 87% of ongoing sales (2011/12: 86%). Despite the economic downturn, the Group has maintained its level of underlying operating margins at around 3% by further increasing gross margins, a reflection of the increasingly specialist nature of the business, and through a cost reduction programme announced last year.

Group Results

In the six months to 30 September 2012, revenue (at constant exchange rates) reduced by 8% to £109.8m excluding the discontinued non-specialist product sales announced last year. As detailed in the Operating Review this compares very favourably to the European market which has declined by 15%.

Group gross margin continues to improve increasing 1.7 percentage points ("ppts") to 31.2% over the same period last year (H1 2011/12: 29.5%) and 0.3ppts sequentially (H2 2011/12: 30.9%). Over the last three and a half years, gross margin has grown by around 5ppts reflecting the changing nature of the business from distribution of standard products to a specialist supplier of niche electronics and solutions. For the

first half, at constant exchange rates, gross profit was down 9% and down 5% when excluding discontinued non-specialist products.

Underlying operating expenses of £31.1m reduced by 8% at constant exchange rates (10% on a like for like basis), primarily due to the cost reduction programme announced last year. £0.9m of exceptional costs were incurred in the first half related to this restructuring, out of the £1.3m estimated costs for the current year referred to in last year's announcement.

The combination of tight management of operating expenses and improved gross margins has helped mitigate the revenue impact from the economic downturn and led to underlying operating profits reducing by £0.9m to £3.2m (H1 2011/12: £4.1m) but with underlying operating margins maintained at around 3%. At constant exchange rates, underlying operating profit was down £0.5m. A £0.5m reduction in underlying operating profits on sales down £17.0m at constant exchange rates represents only a 3% impact to profitability as a percentage of sales reflecting management's desire to reduce the effects of market cyclicality on earnings.

Underlying profit before tax was £2.9m, £0.7m below last year (H1 2011/12: £3.6m), and down £0.3m at constant exchange rates.

Exceptional items for the period totalled £1.6m. Of this, £0.9m was the flow through of last year's cost reduction programme (as mentioned above) and £0.7m related to further development costs of the Group's new Electronics marketing web platform. Further exceptional costs expected in the second half are £1.2m, being £0.4m for the remainder of the cost reduction programme, £0.6m for the completion of the web platform development and £0.2m for the integration of Compotron into Acal BFI.

Including exceptional items of £1.6m, amortisation of acquired intangibles of £0.4m and an IAS19 legacy pension finance charge of £0.2m, reported profit before tax was £0.7m.

The underlying effective tax rate of 17% is lower than the UK tax rate of 24% mainly due to the utilisation of tax losses and is 2% lower than the underlying rate for the first half last year.

Underlying diluted earnings per share were 8.2p (H1 2011/12: 9.7p), down 0.7p or 9% at constant exchange rates. Including underlying adjustments, fully diluted profit per share was 1.7p (H1 2011/12: fully diluted profit per share of 5.0p).

The Group continues to have a strong balance sheet with net cash of £1.9m and committed working capital facilities at 30 September 2012 of £16m together with additional uncommitted facilities of £12m.

Dividend

The Board is maintaining the interim dividend at 2.5p per share (2011/12: 2.5p per share). The interim dividend is payable on 18 January 2013 to shareholders registered on 28 December 2012.

Board Update

Having served a three year term as a Non-Executive Director of the Group, Ian Fraser will be stepping down from the Board on 31 December 2012. On behalf of the Board, I wish to thank Ian for his valuable contribution and wise counsel during the last three years and wish him well for the future.

Summary

Despite the economic downturn which impacted revenues in the second half of last year and first half of this year, the Electronics business has gained market share and demonstrated some resilience to market conditions. The Group has managed the revenue impact by continuing to improve its gross margins and reduce underlying operating expenses.

While we remain mindful of the current economic conditions, we are confident that the Group has the right strategy and infrastructure to deliver long term earnings growth and value for shareholders, both organically and by acquisition.

Richard Moon
Chairman
30 November 2012

Operating Review

Divisional results

The divisional performance for the half year ended 30 September 2012 and the equivalent period in 2011 is set out below:

	H1 2012/13			H1 2011/12			CER ongoing revenue growth [3]
	Revenue £m	**Underlying operating profit [1] £m**	**Margin %**	Revenue £m	Underlying operating profit £m	Margin % [2]	
Electronics	**86.4**	**4.5**	**5.2%**	108.3	5.6	5.2%	-10%
Supply Chain	**23.4**	**0.6**	**2.6%**	25.4	0.7	2.8%	-4%
Unallocated costs	**-**	**(1.9)**		-	(2.2)		
	109.8	**3.2**	**2.9%**	133.7	4.1	3.1%	-8%

1. Underlying operating profit excludes certain items (see note 2 to the interim statements).
2. Underlying operating margin of 5.2%, 2.5% and 2.9% at constant exchange rates for Electronics, Supply Chain and Group respectively.

3. Ongoing revenue growth excludes revenues from discontinued non specialist products announced last year.

Electronics division

The Electronics division supplies, designs and manufactures specialist electronic products to industrial manufacturing and design companies across a broad range of market sectors.

The divisional underlying operating margin was maintained at 5.2% despite an expected fall in sales, through higher gross margins (up 2.0ppts) and reduced operating costs (down 10% at constant exchange rates). Monthly orders grew throughout the first half, and by September, were 7% higher than last year, and 13% higher than April 2012. The book to bill ratio for the second quarter was 0.99, the highest quarterly book to bill ratio during the last 21 months.

a) Revenues

Revenues at constant exchange rates reduced in the first half by 16% to £86.4m. Of this, 7% related to the general economic downturn in Europe, 3% related to a significant sales weakening in Spain and 6% related to the discontinued non-specialist products.

i) The market environment during the first half was weaker than the first half last year. PMI manufacturing indices are a useful barometer for the industrial markets that Acal sells into. The average European manufacturing PMI reduced from 58 at the start of the last financial year to 45 during this half year (where above 50 is indicative of growth). This fall in manufacturing demand led to a 7% decline in reported revenues (excluding Spain). This compares favourably to the IDEA index for European distribution of electronic components (excluding Spain) which showed that average European electronics sales fell by 15% during the same period, and is a reflection of the increasingly specialist nature of the products now being sold by the Group.

ii) Trading in Spain, which represents less than 3% of Group sales, continued to weaken with sales reducing by 48% from H1 last year at constant exchange rates. Sequentially, Spanish sales reduced by 33% on H2 last year. Unlike other divisional territories, the Spanish business generates a high proportion of its sales from domestic Spanish demand and infrastructure projects, which have reduced significantly due to the economic difficulties in the country. During the period, order intake levels in Spain stabilised, and operating expenses have been reduced by 43%

iii) As reported last year, the business enhanced its focus on higher margin, specialist products through the discontinuation of lower margin, non-specialist products towards the end of H1 2011/12. Last year, we reported that the impact on this financial year would be a revenue loss of £11m. £7.1m of this loss materialised in this first half, equivalent to a 6% sales reduction compared with last year.

The 10% decline in revenues (at constant exchange rates excluding discontinued non-specialist products) was spread evenly across the Northern, Central and Southern regions of Europe with declines of 9%, 8% and 12% respectively. In Southern Europe, the sharp fall in Spanish sales was offset by a strong performance in France which marginally increased over last year. Excluding Spain, Southern Europe was down only 4% reflecting the stronger performance in France.

Revenues are spread evenly across four technology groups. Components and Communications accounted for 29% of divisional revenues and declined by 10% during the period. Sensing and Connection represented 25% of revenues and grew by 1%, driven by relatively strong demand from sensor products. Power and Control represents 20% of revenue and declined by 16%, whilst Light and Imaging which represents 17% of revenues, declined by 19%, being negatively affected by the drop in demand from Spain.

b) Gross profits

Divisional gross margin increased by 2.0ppts during the period being a reflection of the continuing development of more highly differentiated specialist products and solution sales. Excluding the effects of discontinued products and foreign exchange, gross profit was down only 5%.

c) Operating costs

Last year, in response to weaker market conditions since the end of H1 2011/12, the Group announced and implemented a reduction in operating costs through the following initiatives:-

i) Accelerated integration of Electronics sales and marketing teams in preparation for a single brand Electronics web launch;

ii) Headcount reductions in Electronics associated with the discontinuation of non-specialist products;

iii) Rationalisation of the Spanish Electronics operation;

iv) Cost reductions in Supply Chain's loss making UK Parts business.

Initiatives (i) to (iii) of this programme contributed to operating expenses in the Electronics division reducing by 10% at constant exchange rates compared with the first half last year.

Exceptional costs associated with the whole cost reduction programme were estimated last year to be £3.5m of which £2.2m was incurred last year (of which £1.8m related to the Electronics division) with the balance of £1.3m expected to be incurred this year (all within the Electronics division). £0.9m of this exceptional cost was incurred during this first half with the remaining costs due in the second half. Other than costs announced last year, no new exceptional costs were incurred.

d) Operating profit

Operating margins were maintained at 5.2% despite the reduction in revenues through both gross margin improvements and cost reductions. Underlying operating profit of £4.5m was £1.1m lower than H1 last year (£0.8m lower at constant exchange rates).

e) New Website

Acal's new marketing website remains on track to be launched in the second half across all of our European territories. The website, which will operate under one brand, Acal BFi, will provide the Electronics division with a marketing platform through which to more effectively display

the division's range of products with the aim of reaching new customers. This will be a significant development for the Group and over time will enable the business to develop more efficient ways of serving its customers.

f) Update on acquired companies

Each of the three acquisitions made in the last two years is performing in line with or better than management expectations:-

i) Compotron (design and distribution of RF and microwave components; acquired January 2011), has performed well since the acquisition. At the beginning of the second half, the business was successfully integrated into Acal BFi.

ii) Hectronic (design and manufacture of specialist Microsystems; acquired June 2011) has won three new long term contracts with major customers and as a result continues to see both bookings growth and a positive book to bill ratio.

iii) MTC (design and manufacture of electromagnetic shielding; acquired October 2011) generated 10% sales growth in the first half compared to the second half last year.

All three companies have initiatives underway to sell their products more widely throughout Europe.

Supply Chain division

The Supply Chain division supplies both new and refurbished IT spare parts and outsource solutions to technology service companies. Compared to H1 2011/12, reported revenues declined £2.0m (8%) to £23.4m, or down 4% at constant exchange rates. Both the UK and European businesses were down 4% compared to H1 2011/12 at constant exchange rates. Sequentially, divisional revenues were down 6% at constant exchange rates.

The fall in revenues impacted underlying operating profits for the period which were down £0.1m to £0.6m (flat at constant exchange rates) with the underlying operating margin falling by 0.2ppts to 2.6%.

Net financing costs

Net financing costs comprise interest charges and facility costs and an IAS 19 legacy pension finance charge. For the first half, net financing costs totalled £0.5m, £0.2m lower than last year (H1 2011/12: £0.7m).

Interest charges and facility costs for the period totalled £0.3m, a reduction of £0.2m on last year. This reduction arises from lower average net debt balances throughout the period compared with the first half last year.

The IAS 19 pension finance charge in respect of the Group's legacy defined benefit pension scheme was £0.2m for the period, the same as last year.

Working capital

Working capital at 30 September 2012 was £30.7m down £7.3m from the balance at 30 September 2011 of £38.0m. £3.4m of this reduction related to inventory which has been reduced to reflect current demand levels. Working capital as a percentage of sales reduced marginally to 14.0% of annualised sales.

Working capital increased by £1.0m over the balance at 31 March 2012 of £29.7m (up 2.0% as a percentage of sales) largely due to inventory levels being proportionately higher relative to current sales to support the increased ordering pattern reported throughout the first half. Normal working capital levels are expected to be lower in the second half as with previous years.

Cash flow

Underlying operating cash flow generated in the year was £4.2m being underlying operating profit of £3.2m adjusted for key non-cash items of £1.0m comprising depreciation of £0.5m, amortisation of £0.2m (excluding amortisation on acquired intangibles of £0.4m) and share based payments of £0.3m. Underlying operating cash was £0.8m lower than last year (H1 2011/12: £5.0m).

£2.0m was invested in working capital during the half, principally in inventory to support planned increased second half demand, (H1 2011/12: working capital investment of £4.1m). Capital expenditure totalled £0.4m which was £0.4m below last year (H1 2011/12: £0.8m). Net interest payments reduced from last year by £0.2m to £0.3m reflecting lower net debt levels throughout the period. Tax payments during this half totalled £0.6m and comprised payments on account in Germany and South Africa (H1 2011/12: £0.3m).

Taking into account the cash impact of working capital, interest and tax, free cash flow in this half totalled £0.9m, up £1.6m on last year (H1 2011/12: outflow of £0.7m). Typically the Group benefits from greater free cash generation in the second half of the year (subject to working capital requirements) with H2 2011/12 generating £11.0m of free cash flow and H2 2010/11 generating £3.9m.

Exceptional cash payments in the period totalled £2.8m (2011/12: £1.3m) and related mainly to the cost reduction programme announced last year and the development cost of the new marketing web platform. A further £2.5m of exceptional cash payments are expected in the second half, principally related to these items. Payments made to the legacy defined benefit scheme increased as expected by £0.3m over last year to £0.7m (2011/12: £0.4m) in line with the previously announced funding plan agreed with the trustees.

While no investment was made in acquisitions during this period (H1 2011/12: £2.2m), deferred consideration of £1.4m will be paid to Compotron management in January 2013. Additionally up to £0.9m of contingent consideration will be paid to MTC management in January 2013 based on their achievement of certain performance targets.

Last year's final dividend of £1.6m was paid during this period (2011/12: £1.5m). Overall net cash outflow for the period was £4.2m (2011/12 net cash out flow: £6.1m) Together with a foreign exchange loss on translation of £0.2m, the Group's net cash reduced by £4.4m from £6.3m

at 31 March 2012 to £1.9m at 30 September 2012.

Net cash at 30 September 2012 was £1.3m higher than net cash at 30 September 2011 comprising £12.1m of pre exceptional free cash flow generated funding £10.5m of acquisitions, exceptional costs, dividends and pension payments (with £0.3m loss on foreign exchange).

Funding

At 30 September 2012, the Group had access to net cash of £1.9m, committed working capital facilities of £16m and additional uncommitted facilities of £12m. These facilities are used from time to time to fund inter-month flows of working capital. Such inter-month flows resulted in net average borrowings across the second quarter of approximately £3.5m.

Net assets

Net assets at 30 September 2012 of £46.6m were £2.5m below the net assets at 31 March 2012. The main impacts included £1.3m related to a 5% weakening of Euro relative to Sterling (with 55% of assets held in Euro currency) and the dividend payment in the period of £1.6m which was partly offset by a profit for the period after tax of £0.5m.

Risks and uncertainties

The global economy remains vulnerable to major shocks such as a further banking crisis or sovereign debt defaults. As a result, the Group's sales and profits could be exposed to worsening global economic conditions and a loss of business confidence.

The other risks and uncertainties which may have the largest impact on performance in the second half of the year are:

- Commercial risks - product demand, loss of major suppliers or customers, technological change, competition, product liability, loss of contracts, supply chain disruption, major damage to premises, loss of IT systems and loss of key personnel.

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

These other risks and uncertainties are described in detail in pages 26 to 28 of the 2012 Annual Report. The Group is well positioned to manage such risks and uncertainties if they arise, with its strong balance sheet and combined net cash and committed facilities of £18m at the end of the period.

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

Outlook

Recent order growth trends have continued into October and November as our strategy of electronics specialisation and cross selling continues to drive profitable market share growth, and supports our expectation of sales growth in the second half compared to the first. As a result of the continued challenging economic environment the recovery is taking slightly longer than previously expected to feed through into our results. However, we remain confident that the Group will benefit from continued market share growth as well as any improvement in economic conditions.

The Group remains well positioned to take advantage of both organic growth and acquisition opportunities.

Nick Jefferies
Group Chief Executive

Simon Gibbins
Group Finance Director

30 November 2012

Condensed consolidated income statement
for the six months ended 30 September 2012

	notes	**Unaudited six months ended 30 Sept 2012 £m**	Unaudited six months ended 30 Sept 2011 £m	Audited year ended 31 Mar 2012 £m
Revenue	3	**109.8**	133.7	257.8
Cost of sales		**(75.5)**	(94.2)	(179.9)
Gross profit		**34.3**	39.5	77.9
Selling and distribution costs		**(19.0)**	(20.7)	(41.1)
Administrative expenses (including exceptional items)		**(14.1)**	(16.2)	(32.9)
Operating profit	3	**1.2**	2.6	3.9
Finance revenue		**0.1**	0.1	0.2
Finance costs		**(0.6)**	(0.8)	(1.4)
Profit before tax		**0.7**	1.9	2.7
Tax expense		**(0.2)**	(0.4)	(0.6)
Profit for the period		**0.5**	1.5	2.1

Earnings per share				
Basic	7	**1.8p**	5.3p	7.4p
Diluted	7	**1.7p**	5.0p	7.1p

Supplementary income statement information

Underlying Performance Measure	notes	**Unaudited six months ended 30 Sept 2012 £m**	Unaudited six months ended 30 Sept 2011 £m	Audited year ended 31 Mar 2012 £m
Continuing operations				
Operating profit	3	**1.2**	2.6	3.9
Add: Exceptional items	4	**1.6**	1.1	3.4
Amortisation of acquired intangible assets		**0.4**	0.4	0.8
Underlying operating profit		**3.2**	4.1	8.1
Profit before tax		**0.7**	1.9	2.7
Add: Exceptional items	4	**1.6**	1.1	3.4
Amortisation of acquired intangible assets		**0.4**	0.4	0.8
IAS 19 charge for pension finance cost		**0.2**	0.2	0.3
Underlying profit before tax		**2.9**	3.6	7.2
Underlying earnings per share				
Basic	7	**8.4p**	10.2p	20.7p
Diluted	7	**8.2p**	9.7p	19.9p

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 2012

	Unaudited six months ended 30 Sept 2012 £m	Unaudited six months ended 30 Sept 2011 £m	Audited year ended 31 Mar 2012 £m
Profit for the period	**0.5**	1.5	2.1
Actuarial loss on defined benefit pension scheme	**(0.5)**	(1.7)	(1.3)
Deferred tax relating to defined benefit pension scheme	**0.1**	0.4	0.2
Exchange differences on translation of foreign operations	**(1.3)**	(0.5)	(1.6)
Other comprehensive income for the period, net of tax	**(1.7)**	(1.8)	(2.7)
Total comprehensive income for the period, net of tax	**(1.2)**	(0.3)	(0.6)

Condensed consolidated statement of financial position
at 30 September 2012

	notes	**Unaudited at 30 Sept 2012 £m**	Unaudited at 30 Sept 2011 £m	Audited at 31 March 2012 £m
Non-current assets				
Property, plant and equipment		**3.3**	3.9	3.5
Intangible assets - goodwill		**21.4**	19.9	21.6
Intangible assets - other		**3.5**	4.1	4.1
Deferred tax assets		**3.5**	3.0	3.3
		31.7	30.9	32.5
Current assets				
Inventories		**23.8**	27.2	25.7
Trade and other receivables		**42.1**	52.9	49.4
Current tax assets		**-**	0.1	-

Cash and cash equivalents		**7.6**	9.1	12.3
		73.5	89.3	87.4
Total assets		**105.2**	120.2	119.9
Current liabilities				
Trade and other payables		**(35.2)**	(42.1)	(45.4)
Other financial liabilities		**(5.3)**	(7.2)	(5.2)
Current tax liabilities		**(4.3)**	(4.4)	(4.2)
Provisions		**(3.0)**	(2.8)	(4.6)
		(47.8)	(56.5)	(59.4)
Non-current liabilities				
Other financial liabilities		**(0.4)**	(1.3)	(0.8)
Pension liability	10	**(6.5)**	(7.0)	(6.5)
Deferred tax liabilities		**(0.8)**	(0.9)	(1.0)
Provisions		**(3.1)**	(4.7)	(3.1)
		(10.8)	(13.9)	(11.4)
Total liabilities		**(58.6)**	(70.4)	(70.8)
Net assets		**46.6**	49.8	49.1
Equity				
Share capital		**1.4**	1.4	1.4
Share premium account		**40.7**	40.7	40.7
Other reserves		**2.9**	5.3	4.2
Retained earnings		**1.6**	2.4	2.8
Total equity		**46.6**	49.8	49.1

Condensed consolidated statement of changes in equity
for the six months ended 30 September 2012

	Share capital	Share premium	Merger reserve	Currency translation reserve	Retained earnings	Total equity
	£m	£m	£m	£m	£m	£m
At 1 April 2012	1.4	40.7	3.0	1.2	2.8	49.1
Profit for the period	-	-	-	-	0.5	0.5
Other comprehensive income	-	-	-	(1.3)	(0.4)	(1.7)
Total comprehensive income	-	-	-	(1.3)	0.1	(1.2)
Share-based payments	-	-	-	-	0.3	0.3
Dividends	-	-	-	-	(1.6)	(1.6)
At 30 September 2012 - unaudited	**1.4**	**40.7**	**3.0**	**(0.1)**	**1.6**	**46.6**
At 1 April 2011	1.4	40.7	3.0	2.8	3.4	51.3
Profit for the period	-	-	-	-	1.5	1.5
Other comprehensive income	-	-	-	(0.5)	(1.3)	(1.8)
Total comprehensive income	-	-	-	(0.5)	0.2	(0.3)
Share-based payments	-	-	-	-	0.3	0.3
Dividends	-	-	-	-	(1.5)	(1.5)
At 30 September 2011 - unaudited	1.4	40.7	3.0	2.3	2.4	49.8
At 1 April 2011	1.4	40.7	3.0	2.8	3.4	51.3
Profit for the period	-	-	-	-	2.1	2.1
Other comprehensive income	-	-	-	(1.6)	(1.1)	(2.7)
Total comprehensive income	-	-	-	(1.6)	1.0	(0.6)
Share-based payments	-	-	-	-	0.6	0.6
Dividends	-	-	-	-	(2.2)	(2.2)
At 31 March 2012 - audited	1.4	40.7	3.0	1.2	2.8	49.1

Nature and purpose of other reserves:

Merger reserve
The merger reserve arose as a consequence of the acquisition in 1987 of Centre Industries Limited and Acal Auriema Limited.

Currency translation reserve
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Condensed consolidated statement of cash flows
for the six months ended 30 September 2012

		Unaudited six months ended 30 Sept 2012 £m	Unaudited six months ended 30 Sept 2011 £m	Audited year ended 31 Mar 2012 £m
Net cash (outflow)/inflow from operating activities	8	**(2.3)**	(1.7)	6.9
Cash flows from investing activities				
Acquisition of shares in subsidiaries		**-**	(1.7)	(4.0)
Net overdrafts acquired with subsidiaries		**-**	(0.5)	-
Purchase of property, plant and equipment		**(0.4)**	(0.7)	(1.0)
Proceeds from disposal of property, plant, equipment and intangible assets		**-**	-	0.1
Purchase of intangible assets - software		**-**	(0.1)	(0.3)
Interest received		**0.1**	0.1	0.2
Net cash outflow from investing activities		**(0.3)**	(2.9)	(5.0)
Cash flows from financing activities				
Repayment of borrowings		**(0.4)**	(0.4)	(0.9)
Dividends paid		**(1.6)**	(1.5)	(2.2)
Net cash outflow from financing activities		**(2.0)**	(1.9)	(3.1)
Net decrease in cash and cash equivalents		**(4.6)**	(6.5)	(1.2)
Cash and cash equivalents at beginning of period		**7.9**	9.4	9.4
Net foreign exchange differences		**(0.2)**	(0.1)	(0.3)
Cash and cash equivalents at end of period		**3.1**	2.8	7.9
Reconciliation to cash and cash equivalents in the condensed consolidated statement of financial position				
Cash and cash equivalents shown above		**3.1**	2.8	7.9
Add bank overdrafts		**4.5**	6.3	4.4
Cash and cash equivalents in the condensed consolidated statement of financial position		**7.6**	9.1	12.3

Notes to the interim condensed consolidated financial statements
for the six months ended 30 September 2012

1. Corporate information

Acal plc ("the Company") is incorporated and domiciled in England and Wales. The Company's shares are traded on the London Stock Exchange. The interim condensed consolidated financial statements consolidate the financial statements of Acal plc and entities controlled by the Company (collectively referred to as "the Group").

The interim condensed consolidated financial statements for the six months ended 30 September 2012 were approved by the Board of Directors for issue on 30 November 2012. They do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006, and are unaudited.

The results for the year ended 31 March 2012 are based on audited statutory 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 were unqualified. The consolidated financial statements of the Group for the year ended 31 March 2012 are available on request from the Company's registered office or on its website.

2. Basis of preparation and accounting policies

The interim condensed consolidated financial statements for the six months to 30 September 2012 have been prepared in accordance with the Disclosure and Transparency Rules (DTR) 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 ended 31 March 2012, which were prepared in accordance with IFRS as adopted by the European Union.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The principal accounting polices adopted in the preparation of these interim condensed consolidated financial statements are included in the consolidated financial statements for the year ended 31 March 2012. These policies have been consistently applied to all periods presented. The significant estimates and judgements made by management in preparing the financial information were consistent with those applied to the consolidated financial statements for the year ended 31 March 2012.

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 these interim condensed consolidated financial statements.

Underlying operating profit

"Underlying operating profit" is defined as operating profit excluding exceptional costs and amortisation of acquired intangible assets.

Underlying operating expenses

"Underlying operating expenses" is defined as operating expenses excluding exceptional costs and amortisation of acquired intangible assets.

Underlying profit before tax

"Underlying profit before tax" is defined as profit before tax excluding exceptional costs, amortisation of acquired intangible assets and IAS 19 pension finance cost.

Underlying effective tax rate

"Underlying effective tax rate" is defined as the effective tax rate on underlying profit before tax excluding the impact of tax on exceptional costs, amortisation of acquired intangible assets and IAS 19 pension finance cost.

Underlying earnings per share

"Underlying earnings per share" is calculated as the total of underlying profit before tax reduced by the underlying effective tax rate, divided by the 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, amortisation and equity settled share based payments expense added back.

Like for like basis

Like for like growth rates are at constant exchange rates, including acquisitions for the whole of the comparative period (except MTC which was acquired during last year) and excluding any disposals.

Free cash flow

"Free cash flow" is defined as net cash flow before exceptionals, payments to legacy pension fund, dividends and the cost of business combinations.

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 2012.

3. Segmental reporting

For management purposes, the Group is organised into two business units based on their products and services and has two reportable operating segments as follows:

- Electronics - specialist distribution of electronic and photonic products to industrial manufacturing and design companies. Also the supply of advanced medical equipment to public and private healthcare providers.
- Supply Chain - service parts, inventory optimisation and outsource solutions to leading IT service providers.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is reported and evaluated based on operating profit or loss earned by each segment without allocation of central administration costs including directors' salaries, investment revenue and finance costs, and income tax expense.

Six months to 30 September 2012

	Electronics £m	Supply Chain £m	Unallocated £m	Total operations £m
Revenue	**86.4**	**23.4**	**-**	**109.8**
Underlying operating profit/(loss)	**4.5**	**0.6**	**(1.9)**	**3.2**
Exceptional items - restructuring	(0.9)	-	-	(0.9)
Exceptional items - web development costs	(0.7)	-	-	(0.7)
Amortisation of acquired intangible assets	(0.3)	(0.1)	-	(0.4)
Operating profit/(loss)	**2.6**	**0.5**	**(1.9)**	**1.2**

Six months to 30 September 2011

	Electronics £m	Supply Chain £m	Unallocated £m	Total operations £m
Revenue	**108.3**	**25.4**	**-**	**133.7**
Underlying operating profit/(loss)	**5.6**	**0.7**	**(2.2)**	**4.1**
Exceptional item - other restructuring	(1.1)	-	-	(1.1)
Amortisation of acquired intangible assets	(0.3)	(0.1)	-	(0.4)
Operating profit/(loss)	**4.2**	**0.6**	**(2.2)**	**2.6**

Year to 31 March 2012

	Electronics £m	Supply Chain £m	Unallocated £m	Total operations £m
Revenue	**207.1**	**50.7**	**-**	**257.8**
Underlying operating profit/(loss)	**10.8**	**1.3**	**(4.0)**	**8.1**
Exceptional items - restructuring	(1.8)	(0.4)	-	(2.2)
Exceptional items - acquisition and related integration costs	(0.7)	-	-	(0.7)
Exceptional items - disposal costs	-	(0.2)	-	(0.2)
Exceptional items - web development costs	(0.3)	-	-	(0.3)
Amortisation of acquired intangible assets	(0.7)	(0.1)	-	(0.8)
Operating profit/(loss)	**7.3**	**0.6**	**(4.0)**	**3.9**

4. Exceptional items

	Six months ended 30 Sept 2012 £m	Six months ended 30 Sept 2011 £m	Year ended 31 Mar 2012 £m
Administrative expenses:			
Electronics restructuring costs	**(0.9)**	(0.7)	(1.8)
Supply Chain and other restructuring costs	**-**	-	(0.4)
Acquisition and related integration restructuring costs	**-**	(0.4)	(0.7)
Disposal costs	**-**	-	(0.2)
Web development	**(0.7)**	-	(0.3)
Net operating exceptional costs	**(1.6)**	(1.1)	(3.4)

As part of last year's cost reduction programme in the Electronics division an expense of £0.9m was recognised in the first half relating principally to staff redundancies.

An expense of £0.7m was incurred in relation to the development cost of our new Electronics marketing web platform.

Details of exceptional items in relation to the full year results for the year ending March 2012 were provided in note 6 on page 59 of the 2012 Annual Report.

5. Taxation

The underlying tax charge for the period was £0.5m (H1 2011/12: £0.7m) giving an underlying effective tax rate on underlying profit before tax of 17% (H1 2011/12: 19%). The underlying effective tax rate is lower than the UK tax rate of 24% (H1 2011/12: 26%) mainly due to the utilisation of tax losses in certain territories, which are now profitable.

The tax credit in respect of the underlying adjustments (namely exceptional items of £1.6m, the amortisation of acquired intangibles of £0.4m and the legacy pension charge of £0.2m) was £0.3m (H1 2011/12: £0.3m). This gives an overall tax charge for the period of £0.2m (H1: 2011/12: £0.4m)

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.

6. Dividends

The Directors have declared an interim dividend of 2.5 pence per share (2011: 2.5 pence) payable on 18 January 2013 to shareholders on the register at 28 December 2012. In accordance with IAS 10, this dividend has not been reflected in the interim results. The total interim dividend is £0.7m (2011: £0.7m).

7. Earnings 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 2012 £m	Six months ended 30 Sept 2011 £m	Year ended 31 Mar 2012 £m
Profit for the period	**0.5**	1.5	2.1
Weighted average number of shares for basic earnings per share	**28,479,804**	28,479,804	28,479,804
Effect of dilution - share options	**736,717**	1,279,707	1,169,748
Adjusted weighted average number of shares for diluted earnings per share	**29,216,521**	29,759,511	29,649,552
Basic earnings per share	**1.8p**	5.3p	7.4p
Diluted earnings per share	**1.7p**	5.0p	7.1p

At the period end there were 2.2 million ordinary share options in issue that could potentially dilute earnings per share in the future, of which 0.7 million are currently dilutive (2011: 1.8 million in issue and 1.3 million dilutive, 31 March 2012: 2.2 million in issue and 1.2 million dilutive).

Underlying earnings per share

Underlying earnings per share are calculated as follows:

	Six months ended 30 Sept 2012 £m	Six months ended 30 Sept 011 £m	Year ended 31 Mar 2012 £m
Profit for the period	**0.5**	1.5	2.1
Exceptional items	**1.6**	1.1	3.4
Amortisation of acquired intangible assets	**0.4**	0.4	0.8
IAS 19 charge for pension finance cost	**0.2**	0.2	0.3
Tax effects on exceptional items, amortisation of acquired intangible assets and IAS 19 charge for pension finance cost	**(0.3)**	(0.3)	(0.7)
Underlying profit for the year	**2.4**	2.9	5.9
Weighted average number of shares for basic earnings per share	**28,479,804**	28,479,804	28,479,804
Effect of dilution - share options	**736,717**	1,279,707	1,169,748
Adjusted weighted average number of shares for diluted earnings per share	**29,216,521**	29,759,511	29,649,552
Underlying earnings per share - basic	**8.4p**	10.2p	20.7p
Underlying earnings per share - diluted	**8.2p**	9.7p	19.9p

8. Reconciliation of cash flow from operating activities

	Six months ended 30 Sept 2012 £m	Six months ended 30 Sept 2011 £m	Year ended 31 Mar 2012 £m
Profit for the period	**0.5**	1.5	2.1
Taxation expense	**0.2**	0.4	0.6
Net finance costs	**0.5**	0.7	1.2
Depreciation of property, plant and equipment	**0.5**	0.6	1.2
Amortisation of intangible assets - other	**0.6**	0.4	1.1
Movement in provisions	**(1.2)**	(0.2)	(0.6)
Pension scheme funding	**(0.7)**	(0.4)	(0.7)
Equity-settled share based payment expense	**0.3**	0.3	0.6
Operating cash flows before changes in working capital	**0.7**	3.3	5.5
Decrease/(increase) in inventories	**1.4**	(1.4)	(0.3)
Decrease in trade and other receivables	**6.0**	7.1	9.9
Decrease in trade and other payables	**(9.4)**	(9.8)	(6.0)
(Increase)/decrease in working capital	**(2.0)**	(4.1)	3.6
Cash (absorbed by)/ generated from operations	**(1.3)**	(0.8)	9.1
Interest paid	**(0.4)**	(0.6)	(1.1)
Net income taxes paid	**(0.6)**	(0.3)	(1.1)
Net cash (outflow)/inflow from operating activities	**(2.3)**	(1.7)	6.9

9. Closing net cash

	At 30 Sept 2012 £m	At 30 Sept 2011 £m	At 31 Mar 2012 £m
Borrowings - current -overdrafts	**(4.5)**	(6.3)	(4.4)
Borrowings - current portion of long term debt	**(0.8)**	(0.9)	(0.8)
Borrowings - non current	**(0.4)**	(1.3)	(0.8)
Cash and cash equivalents	**7.6**	9.1	12.3
Closing net cash	**1.9**	0.6	6.3

Reconciliation of movement in cash and net debt

	Six months ended 30 Sept 2012 £m	Six months ended 30 Sept 2011 £m	Year ended 31 Mar 2012 £m
Net decrease in cash and cash equivalents	**(4.6)**	(6.5)	(1.2)
Repayment of borrowings	**0.4**	0.4	0.9
Decrease in net cash before translation differences	**(4.2)**	(6.1)	(0.3)
Translation differences	**(0.2)**	-	(0.1)
Decrease in net cash	**(4.4)**	(6.1)	(0.4)
Net cash at beginning of the period	**6.3**	6.7	6.7
Net cash at end of the period	**1.9**	0.6	6.3

Supplementary information to the statement of cash flows

Underlying Performance Measure	**Six months ended 30 Sept 2012 £m**	Six months ended 30 Sept 2011 £m	Year ended 31 Mar 2012 £m
Decrease in net cash before translation differences	**(4.2)**	(6.1)	(0.3)
Add: Business combinations	**-**	2.2	4.0
Exceptional cash flow	**2.8**	1.3	3.9
Legacy pension scheme funding	**0.7**	0.4	0.7
Dividends paid	**1.6**	1.5	2.2
Free cash flow	**0.9**	(0.7)	10.5

10. Pension liability

The acquisition of the Sedgemoor Group in June 1999 brought into the Group the Sedgemoor Group Pension Fund ('the Sedgemoor Scheme'). Following the acquisition, the Sedgemoor Scheme was closed to new members. Shortly thereafter employees were given the opportunity to join the Acal Scheme and future service benefits ceased to accrue to members under the Sedgemoor Scheme.

Based on the funding valuation conducted at December 2009, the Fund's Trustees agreed a two year reduction in the funding contributions until 2012 to £0.7m per year (previously £1.3m); then increasing by 3% per annum from a base of £1.45m for this year (H1 2012/13: £0.7m) for a further 10 years.

The valuations used for IAS 19 disclosures have been based on the most recent IAS 19 valuation at 31 March 2012 updated at 30 September 2012.

The IAS 19 liability at 30 September 2012 was £6.5m (31 March 2012: £6.5m).

11. Exchange rates

The profit and loss accounts of overseas subsidiaries are translated into sterling at average rates of exchange for the period and consolidated statement of financial positions are translated at period end rates. The main currencies are the US dollar and the Euro. Details of the exchange rates used are as follows:

	Six months ended 30 Sept		Six months ended 30 Sept		Year ended 31 March	
	2012 Closing rate	2012 Average rate	2011 Closing rate	2011 Average rate	2012 Closing rate	2012 Average rate
US dollar	**1.620**	**1.581**	1.558	1.620	1.602	1.583
Euro	**1.253**	**1.247**	1.154	1.135	1.199	1.158

12. Interim Report

A copy of the interim report will be available for inspection at the company's registered office: 2 Chancellor Court, Occam Road, Surrey Research Park, Guildford, GU2 7AH.

Current regulations permit the company not to send copies of its interim results to shareholders. Accordingly the 2012 interim results published on 30 November 2012 will not be sent to shareholders. The 2012 interim results and other information about Acal plc are available on the company's website at www.acalplc.co.uk

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 names and functions of the Directors of Acal plc are listed in the Company's Annual Report for 2012. There have been no changes during the period.

The Directors confirm that to the best of their knowledge:

- the condensed consolidated 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
30 November 2012

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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