Half Yearly Report

Released : 29 Nov 2013

RNS Number : 2611U
Acal PLC
29 November 2013

29 NOVEMBER 2013

ACAL plc

Interim results for the six months ended 30 September 2013

Sales growth returning; organic drivers building momentum

Acal plc (LSE: ACL, "Acal" or "the Group"), a leading European specialist electronics supplier, today announces its interim results for the six months ended 30 September 2013.

	H1 2013/14	H1 2012/13	Growth
Revenue	**£113.4m**	£109.8m	3%
Underlying Operating Profit(1)	**£3.8m**	£3.2m	19%
Underlying Profit before Tax(1)	**£3.4m**	£2.9m	17%
Profit before Tax	**£3.3m**	£0.7m	370%
Underlying Diluted EPS(1)	**8.8p**	8.2p	7%
Fully Diluted EPS	**9.1p**	1.7p	430%
Interim Dividend per Share	**2.5p**	2.5p	-

Highlights

- Continuing progress in the Electronics division
  - Electronics orders up 16% CER(2) and up 4% on a like-for-like(3) basis
  - Electronics now 97% of ongoing Group sales
  - Underlying operating margin up 0.5ppts to 3.4%, progressing further towards 5% target
- Organic growth drivers delivering results
  - Cross-selling generated £2m sales in the period
  - Growth in lead generation from new web platform throughout the period
- Continuing to build expertise through selective acquisitions
  - Myrra Group and Young Electronics, both acquired during the period, performing in line with management expectations
  - €4.4m disposal of Supply Chain's European Parts business in November 2013
  - Acquisition of RSG Electronic Components GmbH announced today, for €3.25m

Nick Jefferies, Group Chief Executive, commented:

"The business has made good progress in the first half against challenging markets. Excluding acquisitions, Electronics orders rose 4% and sales, whilst reducing by 1% in the period, returned to growth of 3% in the second quarter. With acquisitions, orders grew by 16% and sales by 12%. Group underlying earnings per share rose 7%, reflecting the positive operational gearing in the business, and making further progress

towards our target operating margin of 5%.

The Myrra Group, acquired at the beginning of this year, has started well with 7% growth in orders and 5% growth in sales. Young Electronics, acquired at the end of August, is due to be integrated into the Group at the end of this financial year, with the resulting synergies expected to deliver a profitable business unit next year.

We are pleased today to announce the acquisition of RSG Electronics, which builds our specialist power capabilities in Germany, and we welcome them to the Group.

Whilst market conditions have improved, growth in the Eurozone is still tentative, as evidenced by recent manufacturing PMI data. Despite this, our second half has started well with further growth in orders in the third quarter, which is expected to lead to steady sales growth through the second half and into next year.

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
Simon Gibbins - Group Finance Director

College Hill
Mark Garraway 020 7457 2020
Helen Tarbet

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 charge relating to a legacy defined benefit scheme. For further information see note 2 to the interim financial statements.

(2) Growth rates at constant exchange rates ("CER"). Unless stated, growth rates refer to the comparable prior year period. Note that, for the average Euro rate against Sterling, the Euro strengthened 6% for H1 2013/14 compared to H1 2012/13. The impact on sales for this period was an increase of 3%.

(3) Like-for-like growth rates are at constant exchange rates, excluding acquisitions (Myrra was acquired on 4 April 2013 and Young Electronics was acquired on 30 August 2013) and excluding disposals (UK Parts was disposed on 3 January 2013). Unless stated, growth rates refer to the comparable prior year period.

Notes to Editors:

Acal is a European leader in advanced technology solutions through two divisions: Electronics and Supply Chain.

The Electronics division provides specialist electronic, photonic and medical products, manufacturing, design, engineering and marketing services to the industrial and healthcare sectors. It is the only such provider with an infrastructure to deliver a broad range of specialist products and bespoke solutions across Europe. The Electronics division has completed seven acquisitions in the last four years, more than trebling its specialist revenues. Acal's strategy is to further enhance its leadership position through organic growth, complementary acquisitions and continued enhancement of its custom service capabilities. The division has operating companies across Europe including the UK, Germany, France, Benelux, Italy, Poland, Spain and the Nordic region as well as in Asia (China and South Korea) and Africa (South Africa). Businesses comprise Acal BFi, Hectronic, MTC, Myrra Group, Stortech, Vertec and Young Electronics Group.

The Supply Chain division provides inventory optimisation and outsource solutions to leading technology service providers.

Chairman's Statement

The Group has made good progress in the first half of the year, continuing to develop its position as a leading specialist electronics supplier. The acquisitions of the Myrra Group ("Myrra") and the Young Electronics Group ("YEG") were completed in April and August, respectively. Since the period end, RSG Electronics Components GmbH ("RSG") has been acquired and the disposal of the Supply Chain division's non-core European Parts business was completed in November. Whilst the difficult economic conditions have slowed progress over the last couple of years, these half year results reflect the Group's focus on developing performance with underlying operating profit up 19%, underlying earnings per share up 7% and underlying operating margin up 0.5percentage points ("ppts") to 3.4%.

Group Results

In the six months to 30 September 2013, Group revenue was up 3% to £113.4m compared with the same period in 2012 (and in line with last year on a like-for-like basis).

Group gross margin reduced by 1.1ppts to 30.1% and by 0.6ppts from the second half last year. This reduction resulted from lower gross margins in the Supply Chain division and short term changes in the Electronics division product sales mix. Overall, the gross margin remains in line with the Group's stated goal of 30%. For the first half, gross profit of £34.1m was down 1%.

Underlying operating costs of £30.3m reduced by 3%, and by 1% on a like-for-like basis, as the Group continued to manage its cost base tightly.

Underlying operating profit was up 19% on last year at £3.8m, with underlying profit before tax up 17% at £3.4m, £0.5m higher than last year.

Including exceptional net gains of £0.6m offset by amortisation of acquired intangibles of £0.5m and an IAS19 legacy pension charge of £0.2m, reported profit before tax was £3.3m, £2.6m higher than last year.

Underlying earnings per share was 8.8p, up 7% on last year. Including underlying adjustments, fully diluted profit per share was 9.1p, up 7.4p on last year.

The Group has a strong balance sheet, with net debt of £1.8m and committed working capital and debt facilities at 30 September 2013 totalling £21m.

Dividend

The Board is maintaining its interim dividend at 2.5p per share, with a view to any increase being part of its final dividend as with last year. The Company has increased its annual dividend by 21% since 2010, and aims to maintain a cover of between two and three times underlying earnings on an ongoing basis. The interim dividend is payable on 17 January 2014 to shareholders registered on 27 December 2013.

Summary

Having completed seven electronics acquisitions in the last four years, which, with organic initiatives, has more than trebled specialist electronics revenues, and having made four disposals from the Supply Chain division, Acal is now almost entirely focused on niche, specialist electronic markets. Accordingly, the Group is well positioned to continue to benefit from further organic growth, targeted acquisitions, and any improvement in market conditions.

The Board remains confident that the Group has the right strategy, resource and infrastructure to deliver long term earnings growth and value for shareholders.

Richard Moon
Chairman
29 November 2013

Operating Review

Divisional results

The divisional performance for the half year ended 30 September 2013 and the equivalent period last year are set out below:

	H1 2013/14			H1 2012/13			CER Revenue growth
	Revenue £m	**Underlying operating profit [1] £m**	**Margin**	Revenue £m	Underlying operating profit [1] £m	Margin	
Electronics	**100.4**	**5.0**	**5.0%**	86.4	4.5	5.2%	12%
Supply Chain	**13.0**	**0.8**	**6.2%**	23.4	0.6	2.6%	-46%
Unallocated costs		**(2.0)**			(1.9)		
	113.4	**3.8**	**3.4%**	109.8	3.2	2.9%	0%

1. Underlying operating profit excludes certain items (see note 2 to the interim financial statements).

Electronics division

The Electronics division provides specialist electronic, photonic and medical products, manufacturing, design, engineering and marketing services to the industrial and healthcare sectors. It is the only such provider with an infrastructure to deliver a complementary range of specialist products and bespoke solutions across Europe. The division has operating companies across Europe as well as in Asia (China and South Korea) and Africa (South Africa). Businesses comprise Acal BFi, Hectronic, MTC, Myrra, Stortech, Vertec and YEG of which Acal BFi is the largest. The division now accounts for 97% of ongoing Group sales following the Group's acquisitions during the period and subsequent acquisition and disposal, compared to only 35% of Group sales being specialist electronics five years ago.

For the first half, divisional underlying operating profit increased by £0.5m on revenues up 12% CER.

a) Orders

Divisional orders increased by 16% CER and by 4% on a like-for-like basis. The UK, Germany and France, which accounted for 68% of orders, delivered a combined growth of 11%, offsetting an 8% decline in the other territories. Spain began to recover during the period from its steep decline a year ago, reporting a 13% increase as a result of new products and sales initiatives. As reported at the time, increased order frequency over the last two years was offset by lower order values, reflecting the difficult economic conditions of that period. The first half saw a return to more normal order patterns, led by a number of larger orders with delivery schedules for the second half and into next year.

The backlog of orders for future delivery, mainly covering the second half and next year, increased by 26% to £60m during the period, of which approximately one third related to general order pick up, including a number of particularly large orders, and two thirds related to acquisitions. Order backlog coverage can be a proxy indicator of customer confidence, measuring the level of forward order book compared to current monthly sales. At its peak in 2010, the Acal BFi order backlog at the end of the first half represented 3.9 months of sales, reducing to 3.4 months last year and since increasing to 3.5 months this year.

The book to bill ratio for the period was 1.02 compared to 0.98 for the first half last year.

b) Revenue

First half revenue increased by 12% CER to £100.4m, with first quarter revenue up 8% and second quarter revenue up 17% CER. Like-for-like revenue for the first half was down 1%, with first quarter like-for-like revenue down 4% followed by second quarter like-for-like revenue growth of 3%, gaining market share.
The cross selling initiative launched two years ago generated £2m of incremental sales in the period, compared to the prior year, and represents the first measureable results in this long term initiative to sell a broader range of products to our existing customer base. We expect this to continue to grow as more new projects flow through into production.

c) Gross profit

Divisional gross profit was up 8% CER. This was lower than the corresponding revenue growth rate of 12%, due to a reduction in gross margin. The reduction arose mainly from short term changes in product sales mix and is expected to improve from next year as the economic recovery gathers pace.

d) Operating costs

Divisional underlying operating costs increased by 8% CER, reflecting the addition of the Myrra and YEG cost bases. Like-for-like underlying costs were down 2% as the Group continues to manage its cost base tightly. Underlying costs for the period include £0.5m of web operating costs not included last year. Including these costs for last year, like-for-like underlying operating costs were down 4%.

e) Operating profit and margin

Underlying operating profit of £5.0m was £0.5m higher than last year (£1.0m higher when adjusted for web operating costs not included last year). While underlying operating margins were slightly lower at 5.0%, adjusting last year for these web operating costs reflects an increase in operating margin of 0.3ppts.

f) New website

Acal BFi's new marketing website, which was launched across all European territories last year and the first quarter of this year, is now fully operational in five languages and generating new opportunities as expected. By the end of September, the website was generating 10,000 site visits a week, of which around 70% are potential new customers. This is a significant level of new opportunity development for us, which we expect will lead to further enhanced organic growth rates over the medium to longer term. With design cycles of typically between one and three years, we expect there to be a similar lag between new lead generation and revenue.

Quote volumes are growing rapidly. By the end of September, 3% of all quotes in Acal BFi were being generated via the web, largely from potential new customers, reflecting a desire to interact with us in different ways.

With a comprehensive display of the Group's custom service capabilities, in addition to the display of approximately 100,000 products down to range and attribute level detail, the website provides customers with the most comprehensive range of specialist services and products in Europe today.

g) Custom service capabilities

Custom services refers to the range of bespoke services offered to customers. They range from assembly and configuration capabilities, through to full design, manufacture and testing of bespoke solutions, as well as repair and calibration services across the range of technologies on offer. Currently, there are four service centres in Europe, as well as bespoke engineering and production capabilities in Poland and China.

In April, the recently upgraded UK Custom Service Centre was launched, creating additional capacity for growth, as well as improving process efficiency.

h) IT system upgrade

Acal has been operating the JD Edwards Oracle ERP system in the Acal BFi business for 12 years, a highly capable infrastructure upon which to run the business. With the current platform having reached the end of its supplier supported life, its upgrade to the latest supported release commenced in Q4 last year and was successfully completed this month. The upgraded system is expected to provide a platform for the foreseeable future. Capital expenditure associated with the upgrade totalled £0.7m and will be amortised over its expected useful life. The project was completed on-time and on-budget.

i) Update on acquired companies

The two businesses acquired this year are both performing in line with management expectations:-

- Myrra (design and manufacture of custom transformers and inductors for industrial electronic use; acquired 4 April 2013) generated 7% CER growth in first half orders and 5% CER growth in sales. Manufacturing synergies have been achieved, with around one half of Acal's German external custom magnetic production now being manufactured by Myrra. These synergies increase overall production efficiency as well as enhancing raw material purchasing scale. Cross-selling synergies are also underway, with over five hundred products now listed on the Acal BFi website, and promotional activities throughout a number of countries new to Myrra.

- YEG (specialist provider of electronic components, solutions and services in the UK and Ireland; acquired 30 August 2013). While expected to be marginally loss making in the second half as communicated at the time of its acquisition, integration planning is well underway, which is expected to deliver a profitable business unit next year. With Acal BFi's ERP system now successfully upgraded, integration into the Acal BFi UK business is planned to take place at the end of the financial year. Integration will include the combination of YEG and Acal BFi UK located inventories into a new leased warehouse facility. Exceptional costs of integration are expected to total £0.8m, mainly incurred in the final quarter of this year.

Supply Chain division

The Supply Chain division supplies both new and refurbished IT spare parts and outsource solutions to technology service companies. Compared to this period last year, reported revenues declined by £10.4m to £13.0m, down 46% CER. This reduction reflects the disposal of the UK Parts business on 3 January 2013. On a like-for-like basis, the revenues of the remaining businesses were up 2%.

The UK Parts business was marginally loss making during the first half last year and accordingly, its disposal, together with growth in underlying revenues, were the main reasons for the £0.2m rise in underlying operating profits to £0.8m, with underlying operating margin increasing by 3.8ppts to 6.2%.

Since the end of the first half, Acal has completed the disposal of the division's European Parts business for €4.4m (£3.7m), with €4.0m (£3.4m) received on completion and €0.4m (£0.3m) of deferred consideration, due on 31 March 2014.

Exceptional net gains

Exceptional net gains for the period totalled £0.6m, compared to exceptional costs last year of £1.6m. Of this net gain, £1.5m was a gain on acquisition of YEG (being the difference between the net consideration paid and the fair value of net assets acquired). This gain was partially offset by £0.9m of exceptional costs, mainly associated with the acquisitions and disposals during the period and related restructuring and integration costs. Further exceptional costs of £1.2m are expected in the second half, relating to the integration of YEG into Acal BFi's UK business, the acquisition of RSG and the disposal of EAF Germany.

Net financing costs

Net financing costs comprise interest charges, debt facility costs and an IAS 19 legacy pension finance charge. For the first half, net financing costs totalled £0.5m, £0.1m higher than last year.

Of this, interest charges and debt facility costs for the period totalled £0.4m, an increase of £0.1m on last year. This increase mainly relates to the amortised costs associated with the £8m debt facility undertaken last year to part-fund the acquisition of Myrra and the interest costs associated with a net debt balance for the Group during the first half.
The IAS 19 pension finance charge in respect of the Group's legacy defined benefit pension scheme was £0.1m for the period, consistent with last year. The total IAS19 pension charge for this period was £0.2m (including £0.1m of pension administration charges included within operating costs), again consistent with last year. IAS19 (revised) was adopted in the period, more details of which can be found in note 2 to the interim financial statements.

Taxation

The underlying effective tax rate for the first half was 17%, which is lower than the UK tax rate of 24% mainly due to the utilisation of tax losses, and is in line with the underlying rate for the first half last year. The overall tax rate was 9%, reflecting the non-taxable nature of certain exceptionals, in particular the £1.5m gain arising on the acquisition of YEG.

Working capital

Working capital, as a percentage of sales, reduced from 14.0% of annualised sales at 30 September 2012 to 13.0% at 30 September 2013, particularly driven by a higher stock turn during the half. This was the second consecutive year of improvement.

Net debt and cash flow

The Group had net debt at 30 September 2013 of £1.8m, compared to net cash at 31 March of £11.8m, the difference primarily relating to the cost of acquisitions in the period.

	H1 2013/14
Net cash at 31 March 2013	11.8
Cash flow	(13.5)
Foreign exchange impact	(0.1)
Net debt at 30 Sept 2013	**(1.8)**

Cash flow for the period is summarised as follows:-

	H1 2013/14	**H1 2012/13**	**Last 12 Months**
Underlying EBITDA*	**4.8**	**4.2**	**9.3**
Working capital	(1.9)	(2.0)	2.4
Capital expenditure	(0.6)	(0.4)	(1.5)
Interest and tax	(0.9)	(0.9)	(2.0)
Free cash flow	**1.4**	**0.9**	**8.2**
Exceptional payments	(1.9)	(2.8)	(2.7)
Legacy pension	(0.7)	(0.7)	(1.5)
Dividends	(1.9)	(1.6)	(2.6)
Acquisitions	(10.4)	-	(10.9)
Net cash outflow in the period	**(13.5)**	**(4.2)**	**(9.5)**

* Underlying EBITDA for the first half is the underlying operating profit of £3.8m, as adjusted for key non-cash items: depreciation, amortisation and share based payments of £1.0m.

EBITDA of £4.8m was 14% higher than last year. Similar to last year, £1.9m was invested in working capital (excluding exceptionals in working capital of £0.6m), principally in inventory to support planned increased second half demand. Capital expenditure at £0.6m was £0.2m higher than last year, mainly relating to the upgrade of Acal BFi's ERP system.

Free cash flow in this half totalled £1.4m, up £0.5m on last year. Typically the Group benefits from greater free cash generation in the second half of the year (subject to working capital requirements) with the second half of last year generating £6.8m of free cash flow. Annualised free cash flow was £8.2m, being 111% of operating profit earned in the last 12 months.

Exceptional cash payments in the period totalled £1.9m (£0.9m less than last year), relating mainly to the Myrra acquisition costs (which were largely all accrued last year), YEG acquisition costs and residual payments in respect of last year's cost reduction programme. A further £1.4m of exceptional cash payments are expected in the second half.

Last year's final dividend of £1.9m, paid during this period, was £0.3m higher than last year, reflecting a 9% increase in the final dividend and the 10% equity placing in March. £10.4m was spent on acquisitions, £8.7m for Myrra (£7.8m upfront cost and inherited net debt of £0.9m) and £1.7m on YEG.

Funding

At 30 September 2013, the Group had access to committed debt facilities of £21m, being an £8m acquisition facility for Myrra and £13m of working capital facilities, in total up £5m on last year. These 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 £5.0m.

Net assets

Net assets at 30 September 2013 of £51.7m were marginally higher than at 31 March 2013, with profit after tax for the half year of £3.0m being mainly offset by the payment of last year's final dividend of £1.9m and translational movements on foreign currency net assets of £1.0m.

Risks and uncertainties

The principal risks faced by the Group, which have not changed since the year end, are detailed on pages 23 and 24 of the Group's Annual Report for year ending 31 March 2013, a copy of which is available on the Group's website: www.acalplc.co.uk. These include the economic environment, particularly within Europe, performance of acquired companies, liquidity, major business disruption, exposure to adverse foreign currency movements, obligations in respect of a legacy defined benefit pension scheme, loss of key personnel and operational risks.

Acal's risk management processes cover identification, impact assessment, likely occurrence and mitigation actions. Some level of risk, however, will always be present. The Group is well positioned to manage such risks and uncertainties if they arise, with its strong balance sheet and committed working capital and debt facilities of £21m at the end of the period.

Outlook

Whilst market conditions have improved, growth in the Eurozone is still tentative, as evidenced by recent manufacturing PMI data. Despite this, our second half has started well with further growth in orders in the third quarter, which is expected to lead to steady sales growth through the second half and into next year.

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

29 November 2013

Condensed consolidated income statement
for the six months ended 30 September 2013

	notes	**Unaudited six months ended 30 Sept 2013 £m**	Restated Unaudited six months ended 30 Sept 2012 £m	Restated year ended 31 Mar 2013 £m
Revenue	3	**113.4**	109.8	219.2
Cost of sales		**(79.3)**	(75.5)	(151.3)
Gross profit		**34.1**	34.3	67.9
Selling and distribution costs		**(19.5)**	(19.0)	(37.7)
Administrative expenses (including exceptional items)		**(10.8)**	(14.2)	(27.5)
Operating profit	3	**3.8**	1.1	2.7
Finance revenue		**0.1**	0.1	0.2
Finance costs		**(0.6)**	(0.5)	(1.0)
Loss on disposal of UK Parts business		**-**	-	(5.1)
Profit/(loss) before tax		**3.3**	0.7	(3.2)
Tax (expense)/credit	6	**(0.3)**	(0.2)	1.3
Profit/(loss) for the period		**3.0**	0.5	(1.9)
Earnings per share				
Basic	8	**9.6p**	1.8p	(6.7)p
Diluted	8	**9.1p**	1.7p	(6.7)p

Supplementary income statement information

Underlying Performance Measure	notes	**Unaudited six months ended 30 Sept 2013 £m**	Restated Unaudited six months ended 30 Sept 2012 £m	Restated year ended 31 Mar 2013 £m
Continuing operations				
Operating profit	3	**3.8**	1.1	2.7
Add: Exceptional items	4	**(0.6)**	1.6	3.1

IAS 19 pension charge		**0.1**	0.1	0.3
Amortisation of acquired intangible assets		**0.5**	0.4	0.8
Underlying operating profit		**3.8**	3.2	6.9
Profit/(loss) before tax		**3.3**	0.7	(3.2)
Add: Exceptional items	4	**(0.6)**	1.6	3.1
Loss on disposal of UK Parts business		**-**	-	5.1
Amortisation of acquired intangible assets		**0.5**	0.4	0.8
IAS 19 pension charge		**0.2**	0.2	0.5
Underlying profit before tax		**3.4**	2.9	6.3
Underlying earnings per share				
Basic	8	**9.3p**	8.4p	18.2p
Diluted	8	**8.8p**	8.2p	17.5p

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

Condensed consolidated statement of comprehensive income
for the six months ended 30 September 2013

	Unaudited six months ended 30 Sept 2013 £m	Unaudited six months ended 30 Sept 2012 £m	Restated year ended 31 Mar 2013 £m
Profit/(loss) for the period	**3.0**	0.5	(1.9)
Actuarial loss on defined benefit pension scheme	**(0.5)**	(0.5)	(1.0)
Deferred tax relating to defined benefit pension scheme	**0.2**	0.1	0.2
Exchange differences on translation of foreign operations	**(1.0)**	(1.3)	0.8
Other comprehensive income for the period net of tax	**(1.3)**	(1.7)	-
Total comprehensive income for the period net of tax	**1.7**	(1.2)	(1.9)

Condensed consolidated statement of financial position
at 30 September 2013

	notes	**Unaudited at 30 Sept 2013 £m**	Unaudited at 30 Sept 2012 £m	Audited at 31 March 2013 £m
Non-current assets				
Property, plant and equipment		**4.0**	3.3	3.1
Intangible assets - goodwill		**25.7**	21.4	21.0
Intangible assets - other		**3.7**	3.5	3.2
Deferred tax assets		**3.8**	3.5	3.6
		37.2	31.7	30.9
Current assets				
Inventories		**19.2**	23.8	19.3
Trade and other receivables		**45.4**	42.1	44.7
Cash and cash equivalents		**12.4**	7.6	17.8
		77.0	73.5	81.8
Assets in disposal group classified as held for sale	12	**4.7**	-	-
Total assets		**118.9**	**105.2**	**112.7**
Current liabilities				
Trade and other payables		**(38.8)**	(35.2)	(42.5)
Other financial liabilities		**(4.6)**	(5.3)	(4.3)
Current tax liabilities		**(3.1)**	(4.3)	(2.4)
Provisions		**(1.2)**	(3.0)	(1.7)
		(47.7)	(47.8)	(50.9)
Non-current liabilities				
Other financial liabilities		**(9.6)**	(0.4)	(1.7)
Pension liability	11	**(6.2)**	(6.5)	(6.5)
Provisions		**(1.8)**	(3.1)	(1.4)
Deferred tax liabilities		**(0.9)**	(0.8)	(0.7)
		(18.5)	(10.8)	(10.3)
Liabilities in disposal group classified as held for sale	12	**(1.0)**	-	-
Total liabilities		**(67.2)**	(58.6)	(61.2)
Net assets		**51.7**	46.6	51.5

Equity			
Share capital	**1.6**	1.4	1.6
Share premium account	**40.7**	40.7	40.7
Other reserve	**-**	-	5.5
Merger reserve	**3.0**	3.0	3.0
Currency translation reserve	**1.0**	(0.1)	2.0
Retained earnings	**5.4**	1.6	(1.3)
Total equity	**51.7**	46.6	51.5

Condensed consolidated statement of changes in equity
for the six months ended 30 September 2013

	Share capital	Share premium	Other reserve	Merger reserve	Currency translation reserve	Retained earnings	Total equity
	£m	£m	£m	£m	£m	£m	£m
At 1 April 2013	1.6	40.7	5.5	3.0	2.0	(1.3)	51.5
Profit for the period	-	-	-	-	-	3.0	3.0
Other comprehensive income	-	-	-	-	(1.0)	(0.3)	(1.3)
Total comprehensive income	-	-	-	-	(1.0)	2.7	1.7
Share-based payments	-	-	-	-	-	0.4	0.4
Dividends	-	-	-	-	-	(1.9)	(1.9)
Transfer of other reserve	-	-	(5.5)	-	-	5.5	-
At 30 September 2013 - unaudited	**1.6**	**40.7**	**-**	**3.0**	**1.0**	5.4	**51.7**
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 2012	1.4	40.7	-	3.0	1.2	2.8	49.1
Profit for the period	-	-	-	-	-	(1.9)	(1.9)
Other comprehensive income	-	-	-	-	0.8	(0.8)	-
Total comprehensive income	-	-	-	-	0.8	(2.7)	(1.9)
Shares issued	0.2	-	5.9	-	-	-	6.1
Share issue costs	-	-	(0.4)	-	-	-	(0.4)
Share-based payments	-	-	-	-	-	0.9	0.9
Dividends	-	-	-	-	-	(2.3)	(2.3)
At 31 March 2013 - restated	1.6	40.7	5.5	3.0	2.0	(1.3)	51.5

Other reserve
The other reserve arose as a consequence of the placing of 2,816,704 new ordinary shares in March 2013. The placing structure attracted merger relief under section 612 of the Companies Act 2006 resulting in a net credit to the other reserve of £5.5m. During the period the £5.5m other reserve was transferred to retained earnings as a distributable reserve.

Condensed consolidated statement of cash flows
for the six months ended 30 September 2013

		Unaudited six months ended 30 Sept 2013 £m	Unaudited six months ended 30 Sept 2012 £m	Audited year ended 31 Mar 2013 £m
Net cash (outflow)/inflow from operating activities	**9**	(0.7)	(2.3)	3.7
Investing activities				
Acquisitions of shares in subsidiaries and businesses (net of debt acquired)		(10.4)	-	-
Payment of contingent consideration		-	-	(2.0)
Proceeds from the disposal of UK Parts business (net of costs)		-		1.5
Purchase of property, plant and equipment		(0.4)	(0.4)	(1.0)
Purchase of intangible assets - software		(0.2)	-	(0.3)
Interest received		0.1	0.1	0.2
Net cash used in investing activities		(10.9)	(0.3)	(1.6)
Cash flows from financing activities				
Net proceeds from the issue of shares		-	-	5.7
Proceeds from borrowings		8.1	-	1.7

Repayment of borrowings	(0.4)	(0.4)	(0.9)
Dividends paid	(1.9)	(1.6)	(2.3)
Net cash from/(used in) financing activities	5.8	(2.0)	4.2
Net (decrease)/increase in cash and cash equivalents	(5.8)	(4.6)	6.3
Cash and cash equivalents at beginning of period	14.4	7.9	7.9
Net foreign exchange differences	(0.4)	(0.2)	0.2
Cash and cash equivalents at end of period	8.2	3.1	14.4
Reconciliation to cash and cash equivalents in the condensed consolidated statement of financial position			
Cash and cash equivalents shown above	8.2	3.1	14.4
Add bank overdrafts	4.2	4.5	3.4
Cash and cash equivalents in the condensed consolidated statement of financial position	12.4	7.6	17.8

Further information on the condensed consolidated statement of cash flows is provided in note 10

Notes to the interim condensed consolidated financial statements
for the six months ended 30 September 2013

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 2013 were approved by the Board of Directors for issue on 29 November 2013. 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 2013 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 was unqualified. The consolidated financial statements of the Group for the year ended 31 March 2013 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 2013 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 2013, 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 2013, except for the adoption of the revisions to IAS 19 ('Employee Benefits') as described in the Restatement note below. All other accounting 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 2013.

Restatement

The condensed consolidated income statement, the condensed consolidated statement of comprehensive income and related notes for the six months ending 30 September 2013 and the year ending 31 March 2013 have been restated following amendments to IAS 19 'Employee Benefits'. The amendments require the return on defined benefit pension scheme assets to be calculated using the same discount rate that is applied to the present value of the defined benefit obligation. In addition, administration costs of the legacy defined benefit pension scheme, which are managed and paid by the Scheme Trustees, are required to be included in administrative expenses.

Notes to the interim condensed consolidated financial statements
for the six months ended 30 September 2013

The result of these changes in accounting policy on the comparative amounts are as follows:

	Six months ended 30 Sept 2012 £m	Year ended 31 March 2013 £m
Profit/(loss) for the period as previously reported	**0.5**	(1.8)
Increase in administrative expenses	**(0.1)**	(0.3)
Decrease in finance costs	**0.1**	0.2
Profit/(loss) for the period as restated	**0.5**	(1.9)
Other comprehensive income as previously reported	**(1.7)**	(0.1)

Reduction in actuarial losses on defined benefit pension scheme	-	0.1
Other comprehensive income as restated	**(1.7)**	-

The revised IAS 19 standard also requires certain additional disclosures on the risks associated with the pension scheme, assets and liability matching strategies, contribution plans and sensitivity to key actuarial assumptions. These will be disclosed in the Annual Report and Accounts for year ending 31 March 2014.

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, IAS 19 pension costs relating to the Group's legacy defined benefit pension scheme and amortisation of acquired intangible assets.

Underlying profit before tax

"Underlying profit before tax" is defined as profit before tax excluding exceptional costs, IAS 19 pension costs relating to the Group's legacy defined benefit pension scheme and amortisation of acquired intangible assets.

Underlying effective tax rate

"Underlying effective tax rate" is defined as the effective tax rate on underlying profit before tax.

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 EBITDA

"Underlying EBITDA" is defined as underlying operating profit with depreciation, amortisation and equity settled share based payments expense added back.

Free cash flow

"Free cash flow" is defined as net cash flow before exceptional items, payments to the legacy pension fund, dividend payments, the cost of acquisitions and proceeds of disposals.

3. Segmental reporting

For management purposes, the Group is organised into two reportable operating segments as follows:

- Electronics - specialist distribution of electronic and photonic products to industrial manufacturing and design companies.
- 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 2013 - Unaudited

	Electronics £m	**Supply Chain £m**	**Unallocated £m**	**Total operations £m**
Revenue	**100.4**	**13.0**	**-**	**113.4**
Underlying operating profit/(loss)	**5.0**	**0.8**	**(2.0)**	**3.8**
Exceptional items - acquisition and related integration costs	(0.8)	-	-	(0.8)
Exceptional items - disposal costs	-	(0.1)	-	(0.1)
Exceptional items - gain on acquisition of YEG	1.5	-	-	1.5
Amortisation of acquired intangible assets	(0.4)	(0.1)	-	(0.5)

IAS 19 pension costs	-	-	(0.1)	(0.1)
Operating profit/(loss)	**5.3**	**0.6**	**(2.1)**	**3.8**

Six months to 30 September 2012 - Unaudited

	Electronics £m	Supply Chain £m	Restated Unallocated £m	Restated 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)
IAS 19 pension costs	-	-	(0.1)	(0.1)
Operating profit/(loss)	**2.6**	**0.5**	**(2.0)**	**1.1**

Year to 31 March 2013 - Restated

	Electronics £m	Supply Chain £m	Unallocated £m	Total operations £m
Revenue	**177.4**	**41.8**	**-**	**219.2**
Underlying operating profit/(loss)	**9.5**	**1.4**	**(4.0)**	**6.9**
Exceptional items - restructuring	(1.0)	-	-	(1.0)
Exceptional items - acquisition and related integration costs	(0.9)	-	-	(0.9)
Exceptional items - web development costs	(1.2)	-	-	(1.2)
Amortisation of acquired intangible assets	(0.7)	(0.1)	-	(0.8)
IAS 19 pension costs	-	-	(0.3)	(0.3)
Operating profit/(loss)	**5.7**	**1.3**	**(4.3)**	**2.7**

4. Exceptional items

	Six months ended 30 Sept 2013 £m	Six months ended 30 Sept 2012 £m	Year ended 31 Mar 2013 £m
Administrative expenses:			
Electronics restructuring costs	**-**	(0.9)	(1.0)
Acquisition and related integration costs	**(0.8)**	-	(0.9)
Disposal costs	**(0.1)**	-	-
Web development	**-**	(0.7)	(1.2)
Gain on acquisition of YEG	**1.5**		
Net exceptional credit/(costs)	**0.6**	(1.6)	(3.1)

Acquisition and related integration costs relate mainly to the acquisition of the Myrra Group and YEG and the earn-out expense in relation to the acquisition of the Myrra Group. Disposal costs relate to the disposal of the Supply Chain division's European Parts business (refer to note 12 for details).

The exceptional expenses above are offset by a £1.5m exceptional gain on the acquisition of Young Electronics Group ("YEG") (refer to note 5 for details).

Details of exceptional items in relation to the full year results for the year ending 31 March 2013 were provided in note 6 on page 56 of the 2013 Annual Report and Accounts.

Notes to the interim condensed consolidated financial statements
for the six months ended 30 September 2013

5. Acquisitions

Acquisition of Aramys SAS ("the Myrra Group"),

On 4 April 2013, the Group completed the acquisition of 100% of the share capital and voting equity interests of Aramys SAS for an upfront cash consideration of £8.0m (€9.5m) before expenses and subject to certain post completion adjustments. £0.2m (€0.3m) was received back from the sellers in relation to a working capital settlement pursuant to the Sale and Purchase Agreement. The net cash consideration therefore paid to the sellers was £7.8m (€9.2m).

In addition to the upfront consideration above, an earn-out of up to a maximum of £1.5m (€1.8m) is payable to certain shareholders

("Management Sellers") based on the financial performance of the Myrra Group over the three year period to 31 December 2015. The earn-out expense is recognised in the condensed consolidated income statement as an exceptional item.

The Myrra Group designs and manufactures magnetic electronic products, of which approximately 70 percent are developed to meet specific individual customer requirements. The Myrra Group's head office is based near Paris with sales offices in France, Spain, Hong Kong, China and Germany. The Myrra Group's manufacturing facilities are based in China and Poland.

The provisional fair values of the identifiable assets and liabilities of the Myrra Group at the date of acquisition were:

	Fair value recognised at acquisition £m
Property, plant and equipment	1.1
Intangible assets - other	0.9
Inventories	2.5
Trade and other receivables	3.9
Current tax asset	0.1
Cash and cash equivalents	1.9
Trade and other payables	(3.3)
Other financial liabilities	(2.8)
Current tax liabilities	(0.6)
Provisions (current)	(0.6)
Deferred tax liabilities (non-current)	(0.2)
Total identifiable net assets	**2.9**
Provisional goodwill arising on acquisition	**4.9**
Total investment	**7.8**
Discharged by	
Cash	**7.8**

Net cash outflows in respect of the acquisition comprise:

	Total £m
Cash consideration	**7.8**
Transaction costs of the acquisition (included in cash flows from operating activities)*	**0.6**
Net debt acquired (included in cash flows from investing activities)	**0.9**
	9.3

*Transaction costs of £0.6m were expensed as incurred in the year ending 31 March 2013 and were included as an exceptional item within administrative expenses.

Notes to the interim condensed consolidated financial statements
for the six months ended 30 September 2013

Acquisition of Young Electronics Group ("YEG")

On 30 August 2013, the Group completed the acquisition of the trade and assets of Young Electronics Group ("YEG") for a cash consideration of £1.7m before expenses and subject to certain post completion adjustments. A sum of £0.2m was received back from the vendor after the half-year in relation to a working capital settlement pursuant to the Sale and Purchase Agreement. The net cash consideration paid to the vendor was therefore £1.5m.

YEG is a UK based specialist provider of electronic components, solutions and services, including solid state lighting, power, power cord and custom cable assembly, with a significant proportion of own products sales.

The provisional fair values of the identifiable assets and liabilities of YEG at the date of acquisition were:

	Fair value recognised at acquisition £m
Property, plant and equipment	0.1
Inventories	2.7
Trade and other receivables	1.8
Trade and other payables	(1.6)
Total identifiable net assets	**3.0**
Provisional gain on acquisition(included as an exceptional item in administrative expenses)	**(1.5)**
Total investment	**1.5**
Discharged by	
Cash	1.7
Working capital adjustment (received subsequent to the half-year)	(0.2)
	1.5

Net cash outflows in respect of the acquisition comprise:

	Total £m

Cash consideration	**1.7**
Transaction costs of the acquisition (included in cash flows from operating activities)	**0.1**
	1.6

Transaction costs of £0.1m have been expensed and are included as an exceptional item in administrative expenses (note 4).

6. Taxation

The underlying tax charge for the period was £0.5m (H1 2012/13: £0.5m) giving an underlying effective tax rate on underlying profit before tax of 17% (H1 2012/13: 17%). The underlying effective tax rate is lower than the UK tax rate of 23% (H1 2012/13: 24%) mainly due to the utilisation of tax losses in certain territories, which are now profitable.

The tax credit in respect of the underlying adjustments (exceptional items of £0.6m credit, the amortisation of acquired intangible assets of £0.5m and the legacy defined benefit pension scheme charge of £0.2m) was £0.2m (H1 2012/13: £0.3m). This gives an overall tax charge for the period of £0.3m (H1: 2012/13: £0.2m).

7. Dividends

The Directors have declared an interim dividend of 2.5 pence per share (2012: 2.5 pence) payable on 18 January 2014 to shareholders on the register at 28 December 2013. In accordance with IAS 10, this dividend has not been reflected in the interim results. The cash cost of the interim dividend will be £0.8m (2012: £0.7m).

8. Earnings/(loss) per share

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

	Unaudited Six months ended 30 Sept 2013 £m	Unaudited Six months ended 30 Sept 2012 £m	Restated Year ended 31 Mar 2013 £m
Profit/(loss) for the period	**3.0**	0.5	(1.9)
Weighted average number of shares for basic earnings per share	**31,296,077**	28,479,804	28,502,950
Effect of dilution - share options	**1,775,748**	736,717	-
Adjusted weighted average number of shares for diluted earnings per share	**33,071,825**	29,216,521	28,502,950
Basic earnings/(loss) per share	**9.6p**	1.8p	(6.7)p
Diluted earnings/(loss) per share	**9.1p**	1.7p	(6.7)p

At the period end, there were 2.4 million ordinary share options in issue that could potentially dilute earnings per share in the future, of which 1.8 million are currently dilutive (2012: 2.2 million in issue and 0.7 million dilutive, 31 March 2013: 2.6 million in issue and nil dilutive).

Underlying earnings per share

Underlying earnings per share are calculated as follows:

	Unaudited Six months ended 30 Sept 2013 £m	Unaudited Six months ended 30 Sept 2012 £m	Restated Year ended 31 Mar 2013 £m
Profit/(loss) for the period	**3.0**	0.5	(1.9)
Exceptional items	**(0.6)**	1.6	3.1
Loss on disposal of UK Parts business	**-**	-	5.1
Amortisation of acquired intangible assets	**0.5**	0.4	0.8
IAS 19 pension costs	**0.2**	0.2	0.5
Tax effects of exceptional items, amortisation of acquired intangible assets and IAS 19 pension costs	**(0.2)**	(0.3)	(0.6)
Tax effect of exceptional items in prior years	**-**	-	(1.8)
Underlying profit for the year	**2.9**	2.4	5.2

Weighted average number of shares for basic earnings per share	**31,296,077**	28,479,804	28,502,950
Effect of dilution - share options	**1,775,748**	736,717	1,164,043
Adjusted weighted average number of shares for diluted earnings per share	**33,071,825**	29,216,521	29,666,993
Underlying earnings per share - basic	**9.3p**	8.4p	18.2p
Underlying earnings per share - diluted	**8.8p**	8.2p	17.5p

9. Reconciliation of cash flow from operating activities

	Unaudited Six months ended 30 Sept 2013 £m	Unaudited Six months ended 30 Sept 2012 £m	Restated Year ended 31 Mar 2013 £m
Profit/(loss) for the period	**3.0**	0.5	(1.9)
Taxation expense	**0.3**	0.2	(1.3)
Net finance costs	**0.5**	0.4	0.8
Gain on acquisition	**(1.5)**	-	-
Depreciation of property, plant and equipment	**0.6**	0.5	1.0
Amortisation of intangible assets - other	**0.6**	0.6	1.0
Movement in provisions	**(0.4)**	(1.2)	(2.4)
Loss on disposal of business	**-**	**-**	5.1
Pension scheme funding	**(0.7)**	(0.7)	(1.5)
IAS 19 pension administration charge	**0.1**	0.1	0.3
Equity-settled share based payment expense	**0.3**	0.3	0.6
Operating cash flows before changes in working capital	**2.8**	0.7	1.7
Decrease in inventories	**2.4**	1.4	3.7
Decrease in trade and other receivables	**2.1**	6.0	1.5
Decrease in trade and other payables	**(7.0)**	(9.4)	(1.0)
(Increase)/decrease in working capital	**(2.5)**	(2.0)	4.2
Cash generated from/(absorbed by) operations	**0.3**	(1.3)	5.9
Interest paid	**(0.5)**	(0.4)	(0.8)
Net income taxes paid	**(0.5)**	(0.6)	(1.4)
Net cash (outflow)/inflow from operating activities	**(0.7)**	(2.3)	3.7

10. Closing net cash

	At 30 Sept 2013 £m	At 30 Sept 2012 £m	At 31 Mar 2013 £m
Borrowings - current -overdrafts	**(4.2)**	(4.5)	(3.4)
Borrowings - current portion of long term debt	**(0.4)**	(0.8)	(0.9)
Borrowings - non current	**(9.6)**	(0.4)	(1.7)
Cash and cash equivalents	**12.4**	7.6	17.8
Closing net (debt)/cash	**(1.8)**	1.9	11.8

Notes to the interim condensed consolidated financial statements
for the six months ended 30 September 2013

Reconciliation of movement in cash and net debt

	Unaudited Six months ended 30 Sept 2013 £m	Unaudited Six months ended 30 Sept 2012 £m	audited Year ended 31 Mar 2013 £m
Net (decrease)/increase in cash and cash equivalents	**(5.8)**	(4.6)	6.3
Proceeds from borrowings	**(8.1)**	-	(1.7)
Repayment of borrowings	**0.4**	0.4	0.9
(Decrease)/increase in net cash before translation differences	**(13.5)**	(4.2)	5.5
Translation differences	**(0.1)**	(0.2)	-
Decrease in net cash	**(13.6)**	(4.4)	5.5
Net cash at beginning of the period	**11.8**	6.3	6.3
Net cash at end of the period	**(1.8)**	1.9	11.8

Supplementary information to the statement of cash flows

Underlying Performance Measure	**Six months ended 30 Sept 2013 £m**	Six months ended 30 Sept 2012 £m	Year ended 31 Mar 2013 £m
Decrease in net cash before translation differences	**(13.5)**	(4.2)	5.5
Add: Business combinations	**10.4**	-	2.0
Exceptional cash flow	**1.9**	2.8	3.6
Legacy pension scheme funding	**0.7**	0.7	1.5
Dividends paid	**1.9**	1.6	2.3
Less: Net proceeds from share issue	**-**	-	(5.7)
Net proceeds from disposal of the UK Parts business	**-**	-	(1.5)
Free cash flow	**1.4**	0.9	7.7

11. Pension liability

The acquisition of the Sedgemoor Group in June 1999 brought with it certain defined benefit pension schemes, the principal one being the Sedgemoor Group Pension Fund (together 'the Sedgemoor Scheme'). The Sedgemoor Scheme is funded by the Company, provides retirement benefits based on final pensionable salary and its assets are held in a separate trustee-administered fund. Following the acquisition of the Sedgemoor Group, 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. Contributions to the Sedgemoor Scheme are determined in accordance with the advice of independent, professionally qualified actuaries.

During the period, the triennial valuation of the Sedgemoor Scheme as at 31 March 2012 was completed with no change being required to the previous funding plan, namely that contributions will increase by 3% per annum from a base of £1.5 million this year for a further 8 years. Additionally during the period, the financial position of the defined benefit pension scheme has been updated in line with the expected return on the scheme assets, the interest on scheme liabilities and cash contributions made to the scheme. The valuation used for IAS 19 disclosures for the defined benefit pension scheme have been based on the most recent valuation at 31 March 2013 updated to take account of the requirements of IAS 19 in order to assess the liabilities of the scheme as at 30 September 2013.

The IAS 19 defined benefit pension scheme liability at 30 September 2013 was £5.5m (31 March 2013: £5.8m). Together with a deferred tax liability of £0.7m (31 March 2013: £0.7m) in relation to a funding surplus under IAS 19 based on the agreed funding plan, pension liabilities totalled £6.2m (31 March 2013: £6.5m).

12. Events after the balance sheet date

On 8 November 2013, following shareholder approval, the Group completed the disposal of its Supply Chain division's European Parts business to its management. The disposal involved the sale of the Group's German subsidiary, EAF Computer Services Supplies GmbH ("EAF GmbH"), to a company controlled by the current management team of EAF GmbH, for a consideration of €4.4m (£3.7m) comprising an upfront payment of €4.0m (£3.4m) and deferred consideration of €0.4 m (£0.3m) payable on 31 March 2014. The assets and liabilities of EAF GmbH have been presented as held for sale at 30 September 2013.

The disposal is expected to generate nil profit/loss for the Group. The accounting for the disposal will be finalised during the second half and reflected in the Annual Accounts for the year ending 31 March 2014.

Today, the Group announced the acquisition of 100% of RSG Electronic Components GmbH ("RSG") for an upfront cash consideration of €3.0m (£2.5m) before expenses. RSG is a supplier of customised power solutions including specialist distribution and own brand design. Additionally, a deferred cash consideration of up to €0.25m (£0.2m) will be payable after 18 months.

RSG's revenues for the year ended 31 December 2012 were €4.8m (£4.0m) and it generated a pre tax profit of €0.7m (£0.6m). Gross assets, excluding cash balances, at 31 December 2012 were €0.8m (£0.7m). The acquisition is expected to be earnings enhancing on an underlying profits basis for the Group's year ending 31 March 2014.

13. 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	
	2013 Closing rate	2013 Average rate	2012 Closing rate	2012 Average rate	2013 Closing rate	2013 Average rate
US dollar	**1.6153**	**1.5434**	1.6202	1.5807	1.5143	1.5801
Euro	**1.1961**	**1.1734**	1.2531	1.2473	1.1826	1.2274

14. 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 2013 interim results published on 29 November 2013 will not be sent to shareholders. The 2013 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 2013.

The Directors confirm that to the best of their knowledge:

- the interim condensed consolidated set of financial statements have 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 4.2.7R (indication of important events during the first six

months of the financial year and a description of the principal risks and uncertainties for the remaining six months of the financial year); and

- the interim report includes a fair review of the information required by DTR 4.2.8R (disclosure of any material related party transactions and changes therein).

On behalf of the Board

Richard Moon
Chairman
29 November 2013

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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