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ACAL plc

Interim results for the six months ended 30 September 2011

Continued strong margin and profit growth from specialisation

Acal plc (LSE: ACL, "Acal" or "The Group"), Europe's leading specialist electronics distributor, today announces its interim results for the six months ended 30 September 2011.

	H1 2011/12	H1 2010/11	
Revenue	**£133.7m**	£127.3m	+5%
Gross Profit	**£39.5m**	£36.0m	+10%
Underlying Operating Profit(1)	**£4.1m**	£2.8m	+46%
Underlying Profit before Tax(1)	**£3.6m**	£2.6m	+38%
Profit/(loss) before Tax	**£1.9m**	£(0.4)m	n/a
Underlying Diluted EPS(1)	**9.7p**	6.8p	+43%
Fully Diluted EPS	**5.0p**	(0.7)p	n/a
Interim Dividend per Share	**2.5p**	2.33p	+7%

Highlights

- Revenues up 5%
- Specialist Electronics product sales increase from 78% to 86% of ongoing sales
- Gross profit up 10%, driven by gross margins up 1.2ppts to 29.5%
- Underlying operating profit up 46% to £4.1m
- Underlying operating margin up from 2.2% to 3.1%
- Profit before tax up £2.3m to £1.9m
- Acquisition in June of Hectronic AB strengthening Nordic specialist electronics business
- Interim dividend increased by 7% to 2.5p (H1 10/11:2.33p)

Post period end highlights

- Acquisition in October of MTC Micro Tech Components GmbH ("MTC") for up to £3.1m, further enhancing German specialist electronics business

Nick Jefferies, Group Chief Executive, commented:

"We have had a good first half with underlying operating profits increasing 46% to £4.1m, and gross margins increasing 1.2 ppts as a result of our continuing focus on selling differentiated specialist products.

Our strategy of Electronics specialisation continues to progress and is being well received by suppliers and customers. We have accelerated our sales development of specialist, higher value-add customer solutions, and reduced our sales activities of non-specialist products with less differentiation. Specialist sales now represent 86% of ongoing Electronic revenues, up from 78% a year ago.

Our strategy of growth through targeted, value adding acquisitions has continued with the acquisitions of Hectronic in June and MTC in October, both broadening our technology offering to include embedded computer technology and electromagnetic shielding, and extending our capability to deliver comprehensive specialist customer solutions. We have a strong and differentiated platform from which to continue building our position as Europe's leading specialist electronics distributor. Reflecting the board's confidence in the strategy, the interim dividend has been increased by 7%.

The economic uncertainty particularly in the Eurozone has led customers to place orders on a shorter time scale, reducing visibility and our growth expectations for the year. We continue to manage operating expenses tightly, and retain our focus on delivering stronger gross margins as the benefits of our strategy continue to take effect.

With a strong balance sheet and a high level of committed banking facilities, the group is well positioned to navigate the economic uncertainty. "

For further information:-

Acal plc		01483 544500
Nick Jefferies	- Group Chief Executive	
Simon Gibbins	- Group Finance Director	
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Chris Lane/Alice Coubrough		

Notes:

(1) ‘Underlying Operating Profit', '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 costs, earn out remuneration, amortisation of acquired intangibles and IAS19 pension 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.

Notes to Editors:

Acal is a European specialist provider of technology products and services providing sales, marketing, engineering and other services through two divisions: Electronics and Supply Chain. The Electronics division is Europe’s leading specialist distributor of electronic and photonic products to industrial manufacturing and design companies. 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 had a good first half with underlying operating profits up 46% in trading conditions which became more challenging as the period unfolded. With Acal and BFi Optilas now successfully integrated, a core focus has been on building further value added customer solutions and moving to a higher margin operating model. Compotron and Hectronic which were acquired earlier this year have both fitted quickly into the operational structure and have broadened the Group's technical capabilities with cross selling opportunities already in progress. This enlarged platform has enabled Acal to accelerate its shift away from non-specialist product distribution.

Continuing to enhance its position as the leading European specialist electronics distributor, Acal is the only such provider with an infrastructure to deliver a complementary range of specialist products and bespoke solutions across Europe.

Results

Revenue in the six months to 30 September 2011 increased by 5% to £133.7m (H1 2010/11: £127.3m). On a like for like basis (see note 2 to the interim results), revenue was down by 2%, however this is against very strong prior year comparators.

The Group's specialisation strategy made significant progress this half year with gross margins improving to 29.5% compared to 28.3% in H1 2010/11 and 28.5% in H2 2010/11 helping drive gross profit up 10% to £39.5m (like for like increase of 2%). This specialisation strategy included the exit from a significant element of non-core general distribution business in our Electronics division. This gave rise to an exceptional redundancy cost of £0.7m at the end of this half year which is expected to generate annualised future cost savings of £0.9m.

Underlying operating expenses, at £35.4m, were up 2% on a like for like basis principally reflecting investment in the Supply Chain outsource model and enterprise solutions, offset by synergy savings in the Electronics division and tight operational control throughout the Group.

Underlying operating profits increased by £1.3m to £4.1m (H1 2010/11: £2.8m) with underlying operating margins up 0.9% to 3.1% (H1 2010/11: 2.2%). Underlying profit before tax was £3.6m, a £1.0m improvement on last year (H1 2010/11: £2.6m).

Exceptional items for the period totalled £1.1m. This comprised redundancy costs of £0.7m related to the exit from non-specialist Electronics distribution, acquisition costs of £0.4m for Hectronic and MTC, costs of £0.2m for integrating Hectronic into the Group's Nordic business and a release of BFi restructuring provisions of £0.2m.

Including exceptional items of £1.1m, amortisation of acquired intangibles of £0.4m and an IAS19 legacy pension finance charge of £0.2m, profit before tax was £1.9m, a rise of £2.3m over last year's loss before tax of £0.4m.

The underlying effective tax rate at 19% is lower than the UK tax rate of 26% mainly due to the utilisation of tax losses in certain territories which are now profitable and is 4% lower than last year.

Underlying diluted earnings per share were 9.7p, 43% higher than last year (H1 2010/11: 6.8p). Including underlying adjustments, fully diluted earnings per share were 5.0p up 5.7p from last year (H1 2009/10: -0.7p).

The Group continues to have a strong balance sheet with net cash and committed facilities at 30 September 2011 of £20.3m up from £18.1m at 30 September 2010.

Dividend

As stated in the annual report and accounts for the year ended 31 March 2011, the Board continues to keep the Group's dividend policy under review and is cognisant of the importance of dividends to shareholders. In setting future dividends, the Board will take account of available resources, current trading conditions, the prospects of the Group and the level of dividend yield and cover. Last year, the full year dividend increased by 6.7%.

With this in mind, the Board is increasing the interim dividend by 7% to 2.5p per share (2010/11: 2.33p per share), continuing the increase from last year. The interim dividend is payable on 20 January 2012 to shareholders registered on 30 December 2011.

Technology

During the period, the Group has started developing a web based marketing capability to enhance its new customer and supplier acquisition programmes. It expects to launch this during the first half of next year. Set-up costs associated with this development will be expensed and presented as exceptional costs.

Summary

This has been another period of significant progress for the Group as it builds a sustainable, differentiated business model. The specialisation focus has delivered healthy growth in both gross margins and operating margins; gross margins have increased by 3.0ppts in the last 30 months.

Acal's recent acquisitions have extended its share of the European specialist market giving suppliers an easier and comprehensive route to market compared with the alternative of multiple local distribution arrangements. Acquisitions have also increased the Group's technology areas and broadened the value adding solutions available to customers. While we remain mindful of the current economic difficulties, 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, where appropriate, by acquisition.

Richard Moon
Chairman
28 November 2011

Operating Review

Divisional results

The divisional performance in the half year ended 30 September 2011 and the equivalent period in 2010 is set out below:

	H1 2011/12			H1 2010/11		
	Revenue £m	**Underlying Operating Profit £m**	**%**	Revenue £m	Underlying Operating Profit £m	%
Electronics	**108.3**	**5.6**	**5.2%**	100.1	4.0	4.0%
Supply Chain	**25.4**	**0.7**	**2.8%**	27.2	0.5	1.8%
Unallocated costs	**-**	**(2.2)**		-	(1.7)	
	133.7	**4.1**	**3.1%**	127.3	2.8	2.2%

Underlying Operating Profit excludes certain items (see note 2). From this year, the Medical business, which represents less than 3% of Group sales, is included in the Electronics division.

Electronics

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

Revenues increased by £8.2m, or 8%, over H1 2010/11 and now comprise 81% of total Group revenue up from 79% last year. On a like for like basis (with acquisitions included for the full year and at constant exchange rates), sales were down by 1%, albeit against very strong prior year comparators. The UK and Germany continued to grow, whilst Spain declined, and other countries remained broadly flat. In terms of technology areas, growth was seen in Photonics, Connectors, Microsystems and Compotron (Fibre Optics, RF and microwave), whilst Semiconductors declined and other areas remained flat. The division continues to have a strong order book representing approximately 3.5 months of sales.

During the period, and in line with our strategy, we accelerated the shift away from legacy sales of non-specialist products to selling more specialist products. This led to sales of products which are more highly differentiated, enhancing our customer value proposition as well as our competitive position, and leading to higher gross margins. As a result, the division's percentage of specialist product sales increased from 78% last year to 86% of ongoing sales this year. This strategic shift resulted in the removal of £2.3m of sales in the first half, with around £7m of sales expected to fall out in the second half.

New suppliers continue to be attracted to our business model. In addition to the eleven new suppliers that were added last year, there were six new pan-European specialist supplier engagements in the first half, in the Imaging, Communication, Power and Microsystem technology areas. Additionally, there were three geographic extensions to existing arrangements. Three of the new suppliers will, over the coming months, transfer their existing sales through other channels into Acal exclusively, consolidating their route to market.

Compotron (acquired in January 2011) and Hectronic (acquired in June 2011) are both performing well with eight new customer contract wins this half (six in Compotron and two in Hectronic) and both have cross-selling initiatives across Europe underway with the rest of the Electronics division.

Gross profit in the division was up 13% over last year through increased specialisation. This is reflected in the increase in Group gross margin in the last year from 28.3% to 29.5%. Operating leverage continues to improve with underlying operating margin up 1.2% to 5.2% compared with last year. This increase is driven by increasing gross margins combined with the benefit of the remaining cost synergies following the integration of the BFI business during last year. As part of the core strategy of moving the business model away from the distribution of non-specialist products, the Group has reduced the work force which supports a key part of this activity at an exceptional cost of

£0.7m. This cost is expected to generate annualised cost savings of £0.9m. Overall divisional operating expenses on a like for like basis reduced 1% compared to the second half last year.

Underlying operating profit at £5.6m is £1.6m higher than in H1 2010/11, up 40% and remains at 89% of total Group underlying operating profit (excluding unallocated costs).

Supply Chain

The Supply Chain division specialises in the supply of both new and refurbished IT spare parts and outsource solutions to technology service companies. Revenues declined £1.8m (7%) on H1 2010/11 to £25.4m, largely as a result of the disposal of the ATM business in October 2010, and now represents 19% of total Group revenues (down from 21% last year). On a like for like basis and excluding the ATM business, Supply Chain revenue declined by £0.5m compared to last year (down 2%). UK sales were down 7% in line with the business strategy of focusing on higher margin revenues from long term outsource solutions and Enterprise contracts rather than the high volume but lower margin non-contract spare parts business. The German business saw growth of 6% and now represents 42% of divisional sales (H1 2010/11: 35%).

The new higher margin business activity is reflected in gross profits increasing 4% in the period (3% on a like for like basis). To support the focus on higher margin business, the Group has invested in additional resource to support these growth areas. At the end of the period, the business entered into a long term in-source contract, extending an existing contract with a major European IT services company. This contract has potential incremental revenues of up to £2m per annum underlining the growth opportunities in this high value-add area. Additionally, at the time of writing the division is in contract negotiations with a major global IT provider to support their spare parts needs throughout Europe.

Despite the additional cost investment, underlying operating profits for the period were up from £0.5m to £0.7m and remains at 11% of total Group underlying operating profit (excluding unallocated costs). Underlying operating margin increased from 1.8% to 2.8%.

Net financing cost

Net financing cost for the period (excluding a legacy IAS 19 pension finance charge of £0.2m) was £0.5m, up £0.3m over last year. This rise reflects the Group's increased committed facilities and its reduced net cash position following investment in acquisitions and integration. Long term committed facilities were up from £8.0m at 30 September 2010 to £19.7m at 30 September 2011 while net cash was down from £10.1m at 30 September 2010 to £0.6m at 30 September 2011.

The IAS 19 pension finance charge in respect of the legacy defined benefit pension scheme was £0.2m for the period (H1 2010/11: £0.1m).

Working capital

Working capital increased to £38.0m at 30 September 2011 from £33.0m at 31 March 2011 and £32.3m at 30 September 2010. The net increase of £5.0m from the year end comprised additional working capital investment of £3.8m; the cash impact of exceptional items of £0.3m; Hectronics acquisition of £0.7m; and settlement of the Compotron completion working capital of £0.5m, (offset by a foreign exchange revaluation of £0.3m). The increase of £3.8m since the year end is linked to inventory levels which have risen by £1.9m since 31 March 2011 and the post year end payment of commissions related to the high earnings growth last year.

The inventory increase of £1.9m was in support of specific customer projects in relation to our activities to reduce sales of non specialist products. This inventory will be shipped during the second half, with overall inventory levels expected to readjust accordingly.

As a consequence of the inventory increase, working capital as a percentage of sales increased from 12.7% for H1 2010/11 to 14.2% for H1 2011/12. Excluding the inventory increase, working capital was at the same level as last year. Trade debtors improved by 4 debtor days from 59 days at 30 September 2010 to 55 days at 30 September 2011.

Cash flow and financing

Underlying operating cash flow generated in the period was £5.0m (being underlying operating profit of £4.1m adjusted for the key non-cash items of depreciation, amortisation and share based payments totalling £0.9m). This was up £1.3m, representing an increase of 35% on last year.

Operating cash flow was partly used to fund the working capital investment of £3.8m referred to above. The Group invested £2.2m in acquisitions during this period, comprising £1.7m for Hectronic (£1.2m cash payment and £0.5m of inherited net debt) and £0.5m paid in respect of Compotron (being the final payment due in respect of working capital following the completion statement exercise).

Significant other investment and funding cash outflows for the half year were restructuring and integration exceptional costs of £1.5m (mainly cash payments related to the BFI integration), dividends of £1.5m, capital expenditure of £0.8m (mainly investment in value-add facilities in Electronics and warehousing in Supply Chain), interest and tax payments totalling £0.8m and payments in respect of the legacy pension fund of £0.4m. The net cash outflow for the period of £6.0m reduced net cash balances to £0.6m from £6.7m at 31 March 2011 (including £0.1m of foreign exchange revaluation).

At 30 September 2011, the Group had access to committed banking facilities of £19.7m. Such 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 £5.0m. Combined net cash and committed facilities were up from £18.1m at 30 September 2010 to £20.3m at the end of the period reflecting a strong balance sheet. In addition the Group had access to £8.0m of uncommitted facilities at 30 September 2011. Subsequent to the period end, this has been extended to £15.0m.

Net assets

Net assets at 30 September 2011 of £49.8m were £1.5m below the net assets at 31 March 2011 with the main impact being a £1.5m increase in the long IAS 19 term liability of the legacy defined pension scheme due to a fall in equity asset values and the yield on long term corporate bonds during the summer. Excluding the impact of the pension fund, net assets were broadly neutral with net post tax profits for the first half of £1.5m being offset by dividends paid during the period of £1.5m.

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 rates and credit risks, retirement benefits funding and acquisitions.

These other risks and uncertainties are described in detail in pages 21 to 23 of the 2011 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 over £20m 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

The economic uncertainty particularly in the Eurozone has led customers to place orders on a shorter time scale, reducing visibility and our growth expectations for the year. We continue to manage operating expenses tightly, and retain our focus on delivering stronger gross margins as the benefits of our strategy continue to take effect.

With a strong balance sheet and a high level of committed banking facilities, the group is well positioned to navigate the economic uncertainty.

N Jefferies
Chief Executive
28 November 2011

INDEPENDENT REVIEW REPORT TO ACAL PLC ('the Company')

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2011 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of changes in equity, the condensed consolidated cash flow statement and the related notes 1 to 14. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

Directors' Responsibilities

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

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

Our Responsibility

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

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2011 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Ernst & Young LLP
London
28 November 2011

Condensed consolidated income statement
for the six months ended 30 September 2011

	notes	**Unaudited six months ended 30 Sept 2011 £m**	Unaudited six months ended 30 Sept 2010 £m	Audited year ended 31 Mar 2011 £m
Revenue	3	**133.7**	127.3	264.8
Cost of sales		**(94.2)**	(91.3)	(189.6)
Gross profit		**39.5**	36.0	75.2
Selling and distribution costs		**(20.7)**	(19.3)	(39.1)
Administrative expenses (including exceptional items)		**(16.2)**	(16.4)	(33.2)
Other operating expenses		**-**	(0.4)	(0.4)
Operating profit/(loss)	3	**2.6**	(0.1)	2.5
Finance income		**0.1**	0.1	0.3
Finance costs		**(0.8)**	(0.4)	(0.9)
Profit/(loss) before tax		**1.9**	(0.4)	1.9
Taxation		**(0.4)**	0.2	(0.2)
Profit/(loss) after taxation for the period		**1.5**	(0.2)	1.7

Earnings/(loss) per share	11			
Basic		**5.3p**	(0.7)p	6.0p
Diluted		**5.0p**	(0.7)p	5.7p

Supplementary income statement information

Underlying Performance Measure		**Unaudited six months ended 30 Sept 2011 £m**	Unaudited six months ended 30 Sept 2010 £m	Audited year ended 31 Mar 2011 £m
Operating profit/(loss)	3	**2.6**	(0.1)	2.5
Add: Exceptional items	4	**1.1**	2.9	4.4
Earn out remuneration		**-**	-	0.2
Amortisation of acquired intangible assets		**0.4**	-	0.3
Underlying operating profit		**4.1**	2.8	7.4
Profit/(loss) before tax		**1.9**	(0.4)	1.9
Add: Exceptional items	4	**1.1**	2.9	4.4
Earn out remuneration		**-**	-	0.2
Amortisation of acquired intangible assets		**0.4**	-	0.3
IAS 19 charge for pension finance cost		**0.2**	0.1	0.3
Underlying profit before tax		**3.6**	2.6	7.1
Underlying earnings per share	11			
Basic		**10.2p**	7.0p	19.3p
Diluted		**9.7p**	6.8p	18.6p

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 2011

	Unaudited six months ended 30 Sept 2011 £m	Unaudited six months ended 30 Sept 2010 £m	Audited year ended 31 Mar 2011 £m
Profit/(loss) for the period	**1.5**	(0.2)	1.7
Actuarial loss on defined benefit pension scheme	**(1.7)**	-	(0.4)
Deferred tax relating to defined benefit pension scheme	**0.4**	-	(0.2)
Exchange differences on translation of foreign operations	**(0.5)**	(0.9)	(0.1)
Losses on fair value of cash flow hedges	**-**	(0.5)	-
Other comprehensive loss for the period, net of tax	**(1.8)**	(1.4)	(0.7)
Total comprehensive profit/(loss) for the period, net of tax	**(0.3)**	(1.6)	1.0

Condensed consolidated statement of financial position
at 30 September 2011

	notes	**Unaudited at 30 Sept 2011 £m**	Unaudited at 30 Sept 2010 £m	Audited at 31 March 2011 £m
Non-current assets				
Property, plant and equipment		**3.9**	3.6	3.8
Goodwill	6	**19.9**	14.4	17.4
Intangible assets	7	**4.1**	1.9	3.7
Deferred tax assets		**3.0**	2.4	2.8
		30.9	22.3	27.7
Current assets				
Inventories		**27.2**	23.4	25.3
Trade and other receivables		**52.9**	56.8	59.3
Current tax assets		**0.1**	0.3	0.1
Cash and cash equivalents		**9.1**	13.9	13.6
		89.3	94.4	98.3
Assets classified as held for sale		-	1.0	-
Total assets		**120.2**	117.7	126.0
Current liabilities				
Trade and other payables		**(42.1)**	(47.9)	(51.6)
Short-term borrowings		**(7.2)**	(3.8)	(5.1)
Current tax liabilities		**(4.4)**	(3.7)	(4.3)
Provisions		**(2.8)**	(4.4)	(2.9)
		(56.5)	(59.8)	(63.9)
Non-current liabilities				
Long-term borrowings		**(1.3)**	-	(1.8)
Pension liability	14	**(7.0)**	(5.3)	(5.5)
Deferred tax liabilities		**(0.9)**	(0.1)	(0.2)
Provisions		**(4.7)**	(3.0)	(3.3)
		(13.9)	(8.4)	(10.8)
Liabilities classified as held for sale		**-**	(0.4)	-
Total liabilities		**(70.4)**	(68.6)	(74.7)
Net assets		**49.8**	49.1	51.3
Equity				
Share capital		**1.4**	1.4	1.4
Share premium account		**40.7**	40.6	40.7
Other reserves		**5.3**	4.5	5.8
Retained earnings		**2.4**	2.6	3.4
Total equity		**49.8**	49.1	51.3

Condensed consolidated statement of changes in equity
for the six months ended 30 September 2011

	Share capital	Share premium	Merger reserve	Currency translation reserve	Hedging reserve	Retained earnings	Total equity
	£m	£m	£m	£m	£m	£m	£m
At 1 April 2011	1.4	40.7	3.0	2.8	-	3.4	51.3
Total comprehensive (loss)/profit	-	-	-	(0.5)	-	0.2	(0.3)
Share-based payments	-	-	-	-	-	0.3	0.3
Equity 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 2010	1.4	40.6	3.0	2.9	-	4.0	51.9
Total comprehensive loss	-	-	-	(0.9)	(0.5)	(0.2)	(1.6)
Share-based payments	-	-	-	-	-	0.1	0.1
Equity dividends	-	-	-	-	-	(1.3)	(1.3)
At 30 September 2010 - unaudited	1.4	40.6	3.0	2.0	(0.5)	2.6	49.1
At 1 April 2010	1.4	40.6	3.0	2.9	-	4.0	51.9
Total comprehensive (loss)/profit	-	-	-	(0.1)	-	1.1	1.0
Share-based payments	-	-	-	-	-	0.3	0.3
Issue of share capital	-	0.1	-	-	-	-	0.1
Equity dividends	-	-	-	-	-	(2.0)	(2.0)
At 31 March 2011 - audited	1.4	40.7	3.0	2.8	-	3.4	51.3

Condensed consolidated cash flow statement
for the six months ended 30 September 2011

	Note	**Unaudited six months ended 30 Sept 2011 £m**	Unaudited six months ended 30 Sept 2010 £m	Audited year ended 31 Mar 2011 £m
Cash (absorbed by)/generated from operations	12	**(0.8)**	(2.7)	0.5
Net income taxes (paid)/refunds received		**(0.3)**	1.0	0.5
Net cash (outflow)/inflow from operating activities		**(1.1)**	(1.7)	1.0
Cash flows from investing activities				
Acquisition of shares in subsidiaries		**(1.7)**	-	(5.2)
Net (overdrafts)/cash acquired with subsidiaries		**(0.5)**	-	0.9
Disposal of shares in subsidiaries (net of disposal cost)		**-**	-	0.6
Revision to proceeds from sale of business		**-**	-	(0.7)
Purchases of property, plant and equipment		**(0.7)**	(0.5)	(1.1)
Proceeds from sale of property, plant, equipment and intangibles		**-**	0.1	-
Purchases of intangible assets		**(0.1)**	-	(0.2)
Interest received		**0.1**	0.1	0.3
Net cash outflow from investing activities		**(2.9)**	(0.3)	(5.4)
Cash flows from financing activities				
Proceeds from issue of shares		**-**	-	0.1
Net (decrease)/increase in borrowings		**(0.4)**	-	2.6
Dividends paid		**(1.5)**	(1.3)	(2.0)
Interest paid		**(0.6)**	(0.3)	(0.6)
Net cash (outflow)/inflow from financing activities		**(2.5)**	(1.6)	0.1
Net decrease in cash and cash equivalents		**(6.5)**	(3.6)	(4.3)
Cash and cash equivalents at beginning of period		**9.4**	13.9	13.9
Net foreign exchange differences		**(0.1)**	(0.2)	(0.2)
Cash and cash equivalents at end of period		**2.8**	10.1	9.4

Reconciliation to cash and cash equivalents in the condensed consolidated statement of financial position				
Cash and cash equivalents shown above		**2.8**	10.1	9.4
Add bank overdrafts		**6.3**	3.8	4.2
Cash and cash equivalents in the condensed consolidated statement of financial position		**9.1**	13.9	13.6

Notes to the interim condensed consolidated financial statements
for the six months ended 30 September 2011

1. Corporate information

Acal plc ("the Company") is a company incorporated and domiciled in England and Wales. The Company's ordinary 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").

2. Basis of preparation and accounting policies

The condensed consolidated interim financial statements for the six months to 30 September 2011 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 2011, which were prepared in accordance with IFRS as adopted by the European Union. The condensed consolidated interim financial statements are unaudited and were approved by the Board of Directors for issue on 28 November 2011.

The results for the year ended 31 March 2011 are based on full audited financial statements prepared in accordance with IFRS as adopted by the European Union. These financial statements were filed with the Registrar of Companies and contain a report of the auditors, which does not contain a statement under section 498 of the Companies Act 2006 and is unqualified. The consolidated financial statements of the Group for the year ended 31 March 2011 are available on request from the Company's registered office or on its website.

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.

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/(loss)

"Underlying operating profit/(loss)" is defined as operating profit/(loss) excluding exceptional items, earn out remuneration and amortisation of acquired intangible assets.

Underlying operating expenses

"Underlying operating expenses" is defined as operating expenses excluding exceptional items, earn out remuneration and amortisation of acquired intangible assets.

Underlying profit/(loss) before tax

"Underlying profit before tax" is defined as profit/(loss) before tax excluding exceptional items, earn out remuneration, amortisation of acquired intangible assets and IAS 19 pension finance charge.

Underlying Effective Tax Rate

"Underlying effective tax rate" is defined as the effective tax rate on profit/(loss) before tax excluding the impact of tax on exceptional items, earn out remuneration, amortisation of acquired intangible assets and IAS 19 pension finance charge.

Underlying earnings/(loss) per share

"Underlying earnings/(loss) per share" is calculated as the total of underlying profit/(loss) 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/(loss) with depreciation, amortisation and equity settled share based payments expense added back.

Like for like basis

Reference to the 'like for like' basis included in the Chairman's Statement and Operational Review, means including the acquisitions for the whole of each comparative period, excluding the ATM Parts business (disposal effective 30 September 2010) and at constant exchange rates.

Significant accounting policies

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2011.

3. Segmental reporting

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

Six months to 30 September 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**

Six months to 30 September 2010

	Electronics £m	Supply Chain £m	Unallocated £m	Total operations £m
Revenue	**100.1**	**27.2**	**-**	**127.3**
Underlying operating profit/(loss)	**4.0**	**0.5**	**(1.7)**	**2.8**
Exceptional item – integration restructuring	(2.3)	-	-	(2.3)
Exceptional item – other restructuring	-	(0.2)	-	(0.2)
Exceptional item – impairment of assets held for sale	-	(0.4)	-	(0.4)
Operating profit/(loss)	**1.7**	**(0.1)**	**(1.7)**	**(0.1)**

Year to 31 March 2011

	Electronics £m	Supply Chain £m	Unallocated £m	Total operations £m
Revenue	**210.5**	**54.3**	**-**	**264.8**
Underlying operating profit/(loss)	**10.3**	**1.2**	**(4.1)**	**7.4**
Exceptional items – integration restructuring	(3.6)	-	-	(3.6)
Exceptional items – other restructuring	-	(0.6)	(0.2)	(0.8)
Exceptional items – write back of unutilised provisions for retained obligations	-	-	0.6	0.6
Exceptional items – acquisition costs	(0.2)	-	-	(0.2)
Exceptional items – asset impairment	-	(0.4)	-	(0.4)
Earn out remuneration	(0.2)	-	-	(0.2)
Amortisation of acquired intangible assets	(0.2)	(0.1)	-	(0.3)
Operating profit/(loss)	**6.1**	**0.1**	**(3.7)**	**2.5**

The results for the six months to 30 September 2010 and for the year to 31 March 2011 have been restated to reflect the inclusion, of the previously separately disclosed Medical division, within the Electronics division.

4. Exceptional items

	Unaudited Six months ended 30 Sept 2011 £m	Unaudited Six months ended 30 Sept 2010 £m	Audited Year ended 31 Mar 2011 £m
Administrative expenses:			
Write back of unutilised restructuring costs	**0.2**	-	-
Integration restructuring costs	**(0.2)**	(2.3)	(3.6)
Other restructuring costs	**(0.7)**	(0.2)	(0.8)
Write back of unutilised provisions for retained obligations	**-**	-	0.6
Acquisition costs	**(0.4)**	-	(0.2)
Net operating exceptional costs	**(1.1)**	(2.5)	(4.0)
Non operating costs:			
Impairment of assets held for sale	**-**	(0.4)	(0.4)
Total exceptional items	**(1.1)**	(2.9)	(4.4)

Acquisition costs were £0.1m for Hectronic and £0.3m for MTC.

5. Business combination

Acquisition of Hectronic AB ("Hectronic")

On 1 June the Company announced the acquisition of 100% of Hectronic AB ("Hectronic"), for a cash consideration of £1.2m (sek12m) before expenses and net debt acquired. Hectronic was acquired from the majority shareholder, Verdane Capital III AS, a private equity company in the Nordic region. The cash consideration was paid from the Group's existing cash resources.

Hectronic is a specialist provider of embedded computing technology to industrial electronic markets. Based in Sweden, with annual sales of around £7m, Hectronic employs 28 staff and generates revenues across the Nordic region. The company is now a separate technology area within Acal's Electronics division. The acquisition is expected to be earnings neutral for this year and earnings enhancing from then on.

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

	Fair value recognised at acquisition £m
Property, plant and equipment	0.1
Intangible assets	0.4
Inventories	0.5
Trade and other receivables	1.4
Short-term borrowings	(0.5)
Trade and other payables	(1.2)
Current tax liabilities	(0.1)
Total identifiable net assets	**0.6**
Provisional goodwill arising on acquisition	**0.6**
Total investment	**1.2**

The investment was fully discharged in cash.

Fair value adjustments of £0.1m and £0.1m were recognised on trade receivables and inventory respectively. All other assets were recorded at book value. The fair values of trade receivables and inventories on acquisition are provisional due to the timing of the transaction and will be finalised during the next 12 months.

Net cash outflows in respect of the acquisition comprise:

	Total £m
Cash consideration	**1.2**
Transaction costs of the acquisition (included in cash flows from operating activities)	**0.1**
Net debt acquired (included in cash flows from investing activities)	**0.5**
	1.8

Included in the £0.6m of goodwill recognised above are certain intangible assets that cannot be individually separated and reliably measured from the acquiree due to their nature. These items include the expected value of synergies, the experience and skill of the management team and the value of customer relationships. Goodwill is allocated entirely to the electronics division.

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

From the date of acquisition to 30 September 2011, Hectronic has contributed £1.9m to revenue and £nil profit after tax of the Group. If the business combination had taken place at the beginning of the year, the consolidated profit after tax for the Group would have been £1.5 m and revenue would have been £134.8m.

Acquisition of Compotron GmbH (“Compotron”)

On 12 January 2011, the Group acquired 100% of the voting shares of Compotron. In addition to the consideration of £5.7m, up to £1.4m earn out is potentially payable in January 2013 dependent on the business achieving agreed performance targets. The Group has reassessed the acquisition accounting and as a result recognised additional goodwill of £1.8m, additional intangible assets of £0.4m and a deferred tax liability of £0.8m. A liability of £1.4m for this earn out has been recognised in the balance sheet.

6. Goodwill

Cost	£m
At 1 April 2011	59.5
Exchange and other adjustments	0.1
Adjustment in relation to acquisition of Compotron in prior year	1.0
Adjustment to deferred taxation in relation to acquisition of Compotron in prior year	0.8
Business combination in the period - Hectronic	0.6
At 30 September 2011	**62.0**

Impairment	£m
At 31 March 2011 and at 30 September 2011	**42.1**
Net book amount at 30 September 2011	**19.9**
Net book amount at 31 March 2011	17.4

7. Intangible assets

	Software	Acquired intangibles	Total
Cost	£m	£m	£m
At 1 April 2011	9.3	3.1	12.4
Adjustment in relation to acquisition of Compotron in the prior year	-	0.4	0.4
Business combination in the period - Hectronic	-	0.4	0.4
Additions	0.1	-	0.1
Exchange	(0.1)	-	(0.1)
At 30 September 2011	**9.3**	**3.9**	**13.2**
Amortisation	£m	£m	£m
At 1 April 2011	8.3	0.4	8.7
Amortisation	-	0.4	0.4
At 30 September 2011	**8.4**	**0.8**	**9.1**
Net book amount at 30 September 2011	**1.0**	**3.1**	**4.1**
Net book amount at 31 March 2011	1.0	2.7	3.7

8. Subsequent events

Acquisition of MTC Micro Tech Components GmbH

On 5 October 2011 the Company announced the acquisition of 100% of the share capital of MTC Micro Tech Components GmbH and its affiliate EMC Innovation Limited (together defined as "MTC"), for a cash consideration of £2.1m (€2.4m) before expenses. MTC has been acquired from Mr G Bacher. Additionally, up to £1.0m (€1.1m) will be payable in January 2013 subject to the business achieving agreed growth targets over the period to 31 December 2012. Mr G Bacher will remain with the business.

MTC is a specialist provider of electromagnetic shielding products to the European and Asian industrial electronic markets. Based in Germany, with a manufacturing operation in South Korea, MTC employs 20 staff. The company is now a separate technology area within Acal's electronics division. The company has annual revenues of around £2.5m and is expected to be earnings enhancing on an underlying profits basis for the Group's year ending 31 March 2012.

Transaction costs to date of £0.3m have been included in exceptional items in administration expenses (note 4).

9. Taxation

The underlying tax charge for the period was £0.7m (H1 2010/11: £0.6m) giving an underlying effective tax rate on underlying profit/(loss) before tax of 19% (H1 2010/11: 23%). The underlying effective tax rate is lower than the UK tax rate of 26% (H1 2010/11: 28%) 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 £1.1m, the amortisation of acquired intangibles of £0.4m and the legacy pension charge of £0.2m) was £0.3m (H1 2010/11: £0.8m). This gives an overall tax charge for the period of £0.4m (H1: 2010/11: tax credit of £0.2m)

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.

10. Dividends

The Directors have declared an interim dividend of 2.5 pence per share (2010: 2.33 pence) payable on 20 January 2012 to shareholders on the register at 30 December 2011. In accordance with IAS 10, this dividend has not been reflected in the interim results. The total interim dividend is £0.7m (2010: £0.7m).

11. Earnings/(loss) per share

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

	Six months ended 30 Sept 2011 £m	Six months ended 30 Sept 2010 £m	Year ended 31 Mar 2011 £m
Profit/(loss) after taxation for the period	**1.5**	(0.2)	1.7
Weighted average number of shares for basic earnings per share	**28,479,804**	28,418,354	28,431,486
Effect of dilution - share options	**1,279,707**	879,220	1,214,467
Adjusted weighted average number of shares for diluted earnings per share	**29,759,511**	29,297,574	29,645,953
Basic earnings/(loss) per share	**5.3p**	(0.7)p	6.0p
Diluted earnings/(loss) per share	**5.0p**	(0.7)p	5.7p

At the period end there were 1.8 million ordinary share options in issue that could potentially dilute earnings per share in the future, of which 1.3 million are currently dilutive (2010: 1.5 million in issue and 0.9 million dilutive, 31 March 2011: 1.8 million in issue and 1.2 million dilutive). No adjustment has been made for the dilutive impact in the prior half year which would decrease the reported loss per share.

Underlying earnings/(loss) per share

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

	Six months ended 30 Sept 2011 £m	Six months ended 30 Sept 2010 £m	Year ended 31 Mar 2011 £m
Earnings/(loss) after taxation for the period	**1.5**	(0.2)	1.7
Exceptional items	**1.1**	2.9	4.4
Earn out remuneration	**-**	-	0.2
Amortisation of acquired intangibles	**0.4**	-	0.3
IAS 19 charge for pension finance cost	**0.2**	0.1	0.3
Tax effects on exceptional items, earn out remuneration, amortisation of acquired intangibles and IAS 19 charge for pension finance cost	**(0.3)**	(0.8)	(1.4)
Underlying profit for the year	**2.9**	2.0	5.5
Weighted average number of shares for basic earnings per share	**28,479,804**	28,418,354	28,431.486
Effect of dilution - share options	**1,279,707**	879,220	1,214,467
Adjusted weighted average number of shares for diluted earnings per share	**29,759,511**	29,297,574	29,645,953
Underlying earnings per share - basic	**10.2p**	7.0p	19.3p
Underlying earnings per share - diluted	**9.7p**	6.8p	18.6p

12. Reconciliation of cash flow from operating activities

	Six months ended 30 Sept 2011 £m	Six months ended 30 Sept 2010 £m	Year ended 31 Mar 2011 £m
Profit/(loss) for the period	**1.5**	(0.2)	1.7
Taxation expense	**0.4**	(0.2)	0.2
Net finance costs	**0.7**	0.3	0.6
Depreciation of property, plant and equipment	**0.6**	0.6	1.1
Amortisation of acquired intangible assets	**0.4**	-	0.3
Amortisation of other intangible assets	**-**	0.2	0.3
Movement in provisions	(0.2)	(0.5)	(1.1)
Loss on disposal of property, plant and equipment	**-**	0.1	0.1
Impairment of other assets	**-**	-	0.4
Pension scheme funding	**(0.4)**	(0.2)	(0.7)
Equity-settled share based payment expense	**0.3**	0.1	0.3
Operating cash flows before changes in working capital	**3.3**	0.2	3.2
Increase in inventories	**(1.4)**	(0.6)	(2.4)
Decrease /(increase) in trade and other receivables	**7.1**	(5.4)	(5.5)
(Decrease)/increase in trade and other payables	**(9.8)**	3.1	5.2
Increase in working capital	**(4.1)**	(2.9)	(2.7)
Cash (absorbed by)/ generated from operations	**(0.8)**	(2.7)	0.5

13. Reconciliation of movement in cash and net debt

	six months ended 30 Sept 2011 £m	six months ended 30 Sept 2010 £m	year ended 31 Mar 2011 £m
Net decrease in cash and cash equivalents	**(6.5)**	(3.6)	(4.3)
Cash outflow from decrease in debt and lease financing	**0.4**	-	(2.6)
Translation differences	**-**	(0.2)	(0.3)
(Increase)/decrease in net cash	**(6.1)**	(3.8)	(7.2)
Net cash at beginning of the period	**6.7**	13.9	13.9
Net cash at end of the period	**0.6**	10.1	6.7

14. Pension liability

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

The most recent funding valuation, conducted at 31 March 2011, showed a deficit of £8.8m.

The IAS 19 pension liability at 30 September 2011 was £7.0m (31 March 2011: £5.5m). This increase is due to a fall in equity asset values and the yield on long term corporate bonds during the summer.

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 2011. There have been no changes during the period.

The Directors confirm that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union;

- the interim report includes a fair review of the information required by DTR 4.2.7 (indication of important events during the first six months of the financial year and a description of the principal risks and uncertainties for the second six months of the financial year); and

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

On behalf of the Board

Richard Moon
Chairman
28 November 2011

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.