2008246

FINANCIAL STATEMENTS

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STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

REPORT OF THE AUDITORS

To the members of Acal plc

We have audited the financial statements on pages 17 to 31. We have also examined the amounts disclosed relating to emoluments and share options of the directors which form part of the Report of the Remuneration Committee on page 32.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described above the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31st March 1997 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc
Chartered Accountants
Registered Auditor
London

KPMG Audit Plc

9th June 1997

DIRECTORS' REPORT

The Directors submit their Eleventh Annual Report with the audited financial statements of the Company for the year to 31st March 1997.

1. ACTIVITIES

Acal plc is the parent company of a Group engaged in the sale and marketing of products in the fields of electronics and industrial controls as well as the sale, exchange and repair of parts for premium-branded personal computers.

2. RESULTS

The results of activities of the Group for the year to 31st March 1997 are set out in detail in the consolidated profit and loss account on page 17. The results are summarised below:

	Year to 31st March	
	1997 £'000	1996 £'000
Turnover	149046	136768
Profit before tax	9769	10197
Tax	(3508)	(3792)
Profit after tax	6261	6405

As a second interim dividend of **6.40p** per share (1996 nil) was paid on 6th June 1997, this year the Directors do not recommend payment of a final dividend (1996 5.65p) on the ordinary shares. The second interim dividend together with the interim dividend of **3.16p** (1996 2.75p) makes a total dividend for the year of **9.56p** per ordinary share (1996 8.4p), which is equivalent to a gross dividend for the year of **11.95p** per ordinary share (1996 10.5p). The dividends on ordinary shares will absorb **£1,921,000** (1996 £1,662,000).

A review of developments and future prospects is included in the Chairman's Statement and the Operations Review.

3. FIXED ASSETS

The Directors are of the opinion that the market value of land is not significantly different from its book value.

4. ISSUE OF SHARES UNDER OPTION SCHEME

During the year the Company issued 108,144 ordinary shares of 5p each under the group share option scheme.

5. ACQUISITIONS OF EAF AND HEADWAY

On 22nd April 1996, Acal plc paid an amount of Dfl 8.4 million, equivalent to approximately £3.3 million, being the deferred consideration payable in respect of the purchase in March 1994 of Acal plc's 70% interest in EAF Group Holding BV, formerly known as Sartek Holding BV.

In November 1996, Acal plc paid an amount of £791,000 being the deferred consideration payable in respect of the purchase in December 1995 of the whole of the issued share capital of Headway Technology Group Limited.

6. DIRECTORS
The interests of the Directors who served during the year (including family interests) in the shares of the Company were as follows:

	At 31st March 1997 (or earlier date of retirement)		At 31st March 1996 (or later date of appointment)	
	Ordinary shares (5p) fully paid		Ordinary shares (5p) fully paid	
	Beneficial	Non-Beneficial	Beneficial	Non-Beneficial
J A H Curry	2,800,000	715,000	2,800,000	715,000
A J Laughton	1,796,216	–	1,932,298	–
J V Pomeroy	165,000	105,000	185,000	75,000
J S Virdee	15,778	–	15,778	–
A B Brooker (appointed 25/9/96)	–	–	–	–
P H Quinn (retired 17/7/96)	25,000	–	25,000	–
R J Williams	–	–	–	–

J A H Curry's non-beneficial shareholding at 31st March 1997 comprises 715,000 shares (1996 715,000) owned by E.I.F. Consultants Limited, a company of which his wife is a director and shareholder.

Details of options outstanding to Directors are set out in the report of the remuneration committee.

The interests of Directors in the shares of the Company at 9th June 1997 are unchanged from those at 31st March 1997.

7. SUBSTANTIAL SHAREHOLDINGS
As at 9th June 1997 the Company was aware of the following major shareholdings (in addition to the interests of Messrs Curry and Laughton) in excess of 3% of the issued share capital:

	Holdings of ordinary shares (5p)
Mercury Asset Management plc	2,397,150
3i plc	1,431,424
Thompson Clive Investments plc	1,006,605
Prudential Corporation plc	851,500
Morgan Nominees Limited	728,166
Lloyds TSB Group plc	607,579

In certain cases the holdings above are for investment management clients of the groups specified.

8. GOING CONCERN BASIS
Having taken into account the cash flow projections of the Group and the banking facilities available to it, the Directors are satisfied that it is appropriate to produce the Financial Statements on a going concern basis.

9. INTERNAL FINANCIAL CONTROLS
The Directors acknowledge that they have overall responsibility for the Group's system of internal financial controls and have reviewed the effectiveness of the system. Whilst no system of controls can provide absolute assurance against material misstatement or loss, the Group's system is designed to provide reasonable assurance that any problems are identified on a timely basis and dealt with appropriately.

The foundation of the Group's system of internal financial controls is the value which it places on the quality and integrity of its employees. Its principal components are:

- A clearly defined organisation structure with short and clear reporting lines.
- A comprehensive planning process which starts with a rolling three year plan, and culminates in an annual budget.
- Regular forecasting throughout the year, of profitability, cash flow and balance sheets.
- Regular review of actual performance against budget and forecasts.
- Clearly defined procedures for the authorisation of major new investments.
- A requirement for each operating company to maintain a system of internal financial controls appropriate to its own local business environment.

10. CORPORATE GOVERNANCE
The Acal Group is committed to effective corporate governance and operates to clear principles and procedures of control appropriate to a multinational business.

The Cadbury Committee's Code of Best Practice contains recommendations in terms of internal controls and reporting functions of boards of directors. Your Board, which includes two non-executive directors (in line with the recommendations of the City Group for Smaller Companies), considers that the Group complies, and throughout the year ended 31st March 1997 has complied, with all recommendations except that the Board as a whole constitutes the audit committee and it has no separate formal terms of reference in respect of its capacity as such.

KPMG Audit Plc has confirmed that in its opinion: with respect to the Directors' statements on internal financial controls and going concern above, the Directors have provided the disclosures required by the Listing Rules of the London Stock Exchange and such statements are not inconsistent with the information of which it is aware from its audit work on the financial statements and that the Directors' statement above appropriately reflects the Company's compliance with the other paragraphs of the Code specified by the Listing Rules for its review. It has carried out its review in accordance with the Bulletin issued by the Auditing Practices Board, which does not require it to perform any additional work necessary to, and it did not, express a separate opinion on the effectiveness of either the Group's system of internal financial control or corporate governance procedures, or on the ability of the Group to continue in operational existence.

11. DONATIONS
During the year **£857** (1996 £998) were donated for charitable purposes. No contributions (1996 £nil) were made for political purposes.

12. AUDITOR
A resolution is to be proposed at the forthcoming Annual General Meeting for the re-appointment of KPMG Audit Plc as auditor of the Company.

13. SUPPLIER PAYMENTS
The Group makes arrangements for payment of suppliers in the ordinary course of its business, taking into account local good practice. It is the Group's policy to adhere to agreed arrangements when goods or services have been delivered satisfactorily.

14. SPECIAL BUSINESS AT THE ANNUAL GENERAL MEETING
At the Annual General Meeting to be held on 16th July 1997, a total of three resolutions comprising items of special business will be proposed:

(a) Resolution 5 would renew the authority for the Company to purchase its own shares. The maximum number of shares capable of being purchased under the proposed authority is 2,000,000 ordinary shares of 5p each representing approximately 10% of the issued share capital of the Company at a price not exceeding 105% of the average middle market quotation for an ordinary share derived from the London Stock Exchange Daily Official List for the ten business days immediately preceding the day on which the purchase is made and at a price not less than 5p per ordinary share. Such authority shall expire on 31st December 1998 unless renewed.

(b) Resolution 6 would authorise the Directors to issue authorised but unissued share capital of the Company of up to 6,600,000 ordinary shares of 5p each (being approximately 33% of the existing issued ordinary share capital).

(c) Resolution 7 would disapply the pre-emption provisions of Section 89 of the Companies Act 1985 to allow the Directors to allot equity securities up to an aggregate nominal amount of £50,000 (being approximately 5% of the existing issued ordinary share capital) for cash otherwise than pro rata to existing shareholders.

By Order of the Board
J V Pomeroy
Secretary

J. V. Pomeroy

Acal House, Guildford Road, Lightwater, Surrey GU18 5SA

9th June 1997

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR TO 31ST MARCH 1997

CONSOLIDATED PROFIT & LOSS ACCOUNT

	Notes	Year to 31st March 1997 £'000	1996 £'000
TURNOVER	1	**149046**	136768
GROSS PROFIT	2	**41416**	41995
Net operating expenses	2	**(31827)**	(31705)
OPERATING PROFIT			
Subsidiary Undertakings		**9589**	10290
Group share of Associated Undertakings		**529**	353
GROUP OPERATING PROFIT	3	**10118**	10643
Net profit on withdrawal from high volume repair business		**215**	–
Interest payable (net)	4	**(564)**	(446)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**9769**	10197
Tax on profit on ordinary activities			
United Kingdom		**(1862)**	(1650)
Overseas		**(1478)**	(2054)
Associated Undertakings		**(168)**	(88)
	5	**(3508)**	(3792)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		**6261**	6405
MINORITY INTERESTS – equity		**(107)**	(537)
PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS		**6154**	5868
DIVIDENDS ON ORDINARY SHARES	6	**(1921)**	(1662)
RETAINED PROFIT		**4233**	4206
EARNINGS PER SHARE	8	**30.7p**	30.1p

STATEMENT OF MOVEMENTS ON THE PROFIT AND LOSS ACCOUNT

	Notes	1997	1996
At 1st April		**18463**	14045
Retained profit		**4233**	4206
(Loss)/Gain on currency translation		**(1654)**	212
At 31st March	18	**21042**	18463

The results for the year and the preceding year relate wholly to continuing operations.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR TO 31ST MARCH 1997

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Year to 31st March 1997 £'000	1996 £'000
Profit attributable to ordinary shareholders	**6154**	5868
(Loss)/Gain on currency translation	**(1731)**	207
Total recognised gains and losses for the financial year	**4423**	6075

BALANCE SHEETS
AT 31ST MARCH 1997

BALANCE SHEETS

	Notes	Group At 31st March 1997 £'000	Group At 31st March 1996 £'000	Parent Company At 31st March 1997 £'000	Parent Company At 31st March 1996 £'000
FIXED ASSETS					
Tangible assets	9	6264	8537	–	–
Investments	10	2187	2116	20829	22319
		8451	10653	20829	22319
CURRENT ASSETS					
Stocks	12	16294	15178	–	–
Debtors	13	32852	33304	5361	4804
Cash at bank and in hand		13388	9831	3168	3233
		62534	58313	8529	8037
CREDITORS:					
Amounts falling due within one year	14	(48390)	(47777)	(10423)	(12565)
NET CURRENT ASSETS/(LIABILITIES)		14144	10536	(1894)	(4528)
TOTAL ASSETS LESS CURRENT LIABILITIES		22595	21189	18935	17791
CREDITORS:					
Amounts falling due after more than one year	15	(568)	(2104)	–	–
PROVISIONS FOR LIABILITIES AND CHARGES	16	(738)	(873)	–	–
NET ASSETS		21289	18212	18935	17791
CAPITAL AND RESERVES					
Called up share capital	17	1006	1001	1006	1001
Share premium account	18	13491	13270	13491	13270
Revaluation reserve	18	344	421	–	–
Merger reserve	18	817	108	2970	2969
Goodwill reserve	18	(16863)	(16744)	–	–
Profit and loss account	18	21042	18463	1468	551
Shareholders' Funds	23	19837	16519	18935	17791
Minority interests (all equity)		1452	1693	–	–
		21289	18212	18935	17791

These financial statements were approved by the Board of Directors on 9th June 1997 and signed on its behalf by

J A H Curry

J S Virdee

CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE YEAR TO 31ST MARCH 1997

CONSOLIDATED STATEMENT OF CASHFLOWS

	Year to 31st March 1997 £'000	1996 £'000
OPERATING ACTIVITIES		
Cashflow from operating activities	8740	9492
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest paid	(999)	(1017)
Interest paid on finance leases	(13)	(15)
Interest received	437	588
	(575)	(444)
TAXATION	(4800)	(2149)
CAPITAL EXPENDITURE		
Purchase of tangible fixed assets	(3097)	(4835)
Sale of tangible fixed assets	461	266
	(2636)	(4569)
ACQUISITIONS AND DISPOSALS		
Purchase of investment in associates	(22)	(1479)
Purchase of subsidiary undertakings	–	(810)
Net cash acquired with subsidiary	–	1000
Purchases of trades/trading assets	(616)	–
Withdrawal from high volume repair business	1792	–
Net overdraft disposed of on sale	162	–
Deferred consideration paid on purchase of Headway	(791)	–
Deferred consideration paid on purchase of EAF	(3328)	–
	(2803)	(1289)
EQUITY DIVIDENDS PAID	(1764)	(1496)
NET CASH (OUTFLOW) BEFORE USE OF FINANCING	(3839)	(455)
FINANCING		
Issue of ordinary shares	226	240
Share issue expenses	–	(112)
(Decrease) in debt due within a year	(137)	–
Increase in debt due after more than one year	54	1665
Payment of capital element of finance leases	(88)	(59)
	55	1734
(DECREASE)/INCREASE IN CASH	(3785)	1279

The consolidated statement of cashflows should be read in conjunction with Notes 11 and 22.

RECONCILIATION OF NET CASHFLOW TO MOVEMENTS IN NET DEBT

	Year to 31st March 1997 £'000	1996 £'000
(Decrease)/Increase in cash in the period	(3785)	1279
Cash inflow from increase in debt and lease financing	184	(2069)
Change in net debt from cash flows	(3601)	(790)
Finance leases acquired with subsidiary	–	(61)
Loans disposed with subsidiary	1283	–
Translation difference and other movements	886	66
Movement in net debt in the period	(1432)	(785)
Net debt at 1st April 1996	(1082)	(297)
Net debt at 31st March 1997	(2514)	(1082)

ACCOUNTING POLICIES

1. ACCOUNTING CONVENTION
The financial statements are prepared in accordance with applicable accounting standards and under the historical cost convention, modified to include the revaluation of certain assets.

2. BASIS OF CONSOLIDATION
The consolidated financial statements comprise the financial statements of the parent company and all subsidiary undertakings made up to 31st March. Sales between group undertakings together with related profits are eliminated on consolidation.

3. SUBSIDIARY UNDERTAKINGS
The investment in subsidiary undertakings is stated in the parent company balance sheet at cost, less provision where appropriate for permanent diminution in value. Cost comprises cash consideration, the fair value of shares issued as consideration and expenses of acquisition.

Where subsidiary undertakings are acquired or disposed of during the year, the Group's trading results include only profits or losses from the effective date of acquisition or to the effective date of disposal.

4. ASSOCIATED UNDERTAKINGS
The Group includes its share of associated undertakings' profits or losses in the consolidated profit and loss account. The investments in associated undertakings are stated in the consolidated balance sheet at the Group's share of the underlying net tangible asset value.

5. GOODWILL
Goodwill arising on acquisitions is charged to reserves in the year of acquisition. Goodwill represents the excess of the fair value of the consideration paid over the fair value of the net assets acquired.

6. FOREIGN CURRENCY
Exchange profits less losses resulting from the year's trading are accounted for in the results for the year.

Assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year, or at forward rates where covered by forward exchange contracts. Results of foreign subsidiary undertakings are translated at the average rate of exchange for the year. Differences on exchange arising from the translation of the net assets and results of those subsidiary undertakings are taken to reserves on consolidation.

7. DEPRECIATION
Depreciation of tangible fixed assets is provided on a straight line basis at such rates as will write off the cost or valuation of the assets (less residual values) over their expected lives. The principal annual rates used for this purpose are:

Land	nil %
Buildings	2-3 %
Leasehold improvements	10-20 %
Plant and equipment	10-33 %

8. STOCKS
Stocks and work in progress are stated at the lower of average cost and net realisable value.

9. TURNOVER
Turnover represents the invoiced value of goods, commission and other services provided to third parties, excluding VAT and similar taxes levied overseas.

10. TAXATION
The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

11. HIRE PURCHASE CONTRACTS, FINANCE LEASES AND OPERATING LEASES
The capital cost of assets acquired under hire purchase contracts and finance leases is included in tangible fixed assets and the capital element of future rentals and lease payments is treated as a liability. Interest is charged to the profit and loss account over the period of the contract in proportion to the balance outstanding.

Expenditure on operating leases is charged to the profit and loss account on a straight line basis over the lease period.

12. PENSIONS

The Group makes payments to various defined contribution pension schemes, the assets of which are held separately in independently administered funds. The amount charged to the profit and loss account represents employer contributions payable in respect of the accounting period.

1. TURNOVER

	Year to 31st March 1997 £'000	1996 £'000
Sales are made to the following markets:		
Western Europe (excluding UK)	87657	89709
United Kingdom	51629	37414
Rest of the World	9760	9645
	149046	136768

Only one class of business, the sale and marketing of electronic and industrial control products and the sale, exchange and repair of personal computer parts is undertaken within the Group.

Due to the nature of the Group's exclusive agency relationships with suppliers in each territory, the analysis of sales by origin is not materially different from the analysis of sales by destination as reported above.

Further geographical analysis of sales, net assets and results has not been given since, in the opinion of the Directors, this would be prejudicial to the commercial interests of the Group.

2. GROSS PROFIT AND NET OPERATING EXPENSES

Gross profit is stated after deducting cost of sales as follows:

	Year to 31st March 1997 £'000	1996 £'000
Cost of sales	107630	94773

Net operating expenses are made up as follows:

	1997	1996
Distribution and selling costs	18596	16843
Administrative expenses	13998	15210
	32594	32053
Less: other operating income	(767)	(348)
	31827	31705

3. OPERATING PROFIT

	Year to 31st March	
	1997	1996
Operating profit is stated after charging:	£'000	£'000
Depreciation of tangible fixed assets	2230	1909
Auditors' remuneration		
Audit of Group	227	185
(of which, Parent Company	23	24)
Other services to UK companies	35	46
Operating lease rentals		
Plant and machinery	510	547
Land and buildings	1841	1869

4. INTEREST PAYABLE (NET)

This comprises:

Interest on bank overdrafts and loans		
Wholly repayable within 5 years	987	976
Other loans	13	23
Finance leases	13	15
Interest payable	1013	1014
Less: interest receivable and similar income	(449)	(568)
Interest payable (net)	564	446

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge represents:

UK Corporation tax at **33%** (1996 33%)		
Current	1825	1590
Prior year	37	60
	1862	1650
Overseas tax		
Current	1467	2040
Prior year	–	(15)
	1467	2025
Deferred tax	11	29
Associated undertakings	168	88
	3508	3792

6. DIVIDENDS

These comprise:

Ordinary shares		
Interim dividend	633	531
Second interim dividend	1288	–
Proposed final dividend	–	1131
	1921	1662

The total dividends payable on ordinary shares for the year represent an amount of **9.56p** (1996 8.40p) per ordinary share.

7. DIRECTORS AND EMPLOYEES

(a) The aggregate emoluments of the directors were:

	Year to 31st March 1997 £	1996 £
Fees	26020	29166
Salary and benefits	484618	448006
Performance-related bonuses	84000	175000
Pension contributions	106595	91652
	701233	743824

The emoluments of the highest paid director were as follows:

	1997	1996
Salary, benefits and bonus	219390	244830
Pension contributions	64162	62100
	283552	306930

During the year (and the previous year) the four executive Directors were all members of the Group's pension scheme which is a defined contribution scheme. None of the Directors exercised any share options during the year or in the previous year.

(b) The average number of employees
(including executive directors) during the year was as follows:-

	1997	1996
Marketing, sales and service	463	478
Administration	164	174
	627	652

(c) Group employment costs for all employees
(including executive directors) were as follows:

	£'000	£'000
Salaries and bonuses	17230	17011
Social security costs	2561	2600
Pension contributions	1035	1120
	20826	20731

8. EARNINGS PER SHARE

Earnings per share of **30.7p** (1996 30.1p) represent the profit attributable to shareholders of Acal plc of **£6,154,000** (1996 £5,868,000) divided by **20,034,819** (1996 19,492,328) being the weighted average number of ordinary shares in issue during the year.

Earnings per share are not materially different if calculated on a fully diluted basis to recognise options outstanding at 31st March 1997 in respect of **330,038** (1996 443,182) ordinary shares.

9. TANGIBLE FIXED ASSETS

	Freehold property	Leasehold property (short)	Plant & equipment	Total
	£'000	£'000	£'000	£'000
GROUP				
Cost or valuation				
At 1st April 1996	2983	199	12188	15370
Disposal of White	(1517)	–	(308)	(1825)
Additions	124	–	2986	3110
Disposals	–	(18)	(1386)	(1404)
Exchange adjustments	(342)	(11)	(1299)	(1652)
At 31st March 1997	1248	170	12181	13599
Depreciation				
At 1st April 1996	156	145	6532	6833
Disposal of White	(22)	–	(65)	(87)
Charge for the year	66	15	2149	2230
Disposals	–	(18)	(961)	(979)
Exchange adjustments	(32)	(5)	(625)	(662)
At 31st March 1997	168	137	7030	7335
Net book value at 31st March 1997	1080	33	5151	6264
Net book value at 31st March 1996	2827	54	5656	8537
Net book value of assets under finance leases at 31st March 1997	–	–	78	78
Depreciation allocated under finance leases for the year	–	–	59	59
Comparable amounts under the historical cost convention				
Cost	1034	170	12181	13385
Accumulated depreciation	(140)	(137)	(7030)	(7307)
Net book value At 31st March 1997	894	33	5151	6078

A freehold property was revalued at 31st March 1993 at open market valuation of £931,000 based on the report of independent professional valuers.

Freehold property includes land at **£351,000** (1996 £697,000) which is not depreciated.

10. INVESTMENTS

(a) MOVEMENTS

	Group £'000	Parent Company £'000
At 1st April 1996	2116	22319
Further investment	22	–
Adjustment of consideration for Headway	–	(709)
Goodwill written off	(209)	–
Share of retained profit	344	–
Exchange adjustments	(86)	(781)
At 31st March 1997	2187	20829

The Group's investments are in unlisted associated undertakings and include **£948,000** (1996 £682,000) in respect of the post-acquisition retained profits of those undertakings.

Investments in the Parent Company balance sheet represent the investment in shares of group undertakings including an amount of £1,467,000 in respect of associated undertakings. The further investment during the year related to Champion Technologies Inc, the adjustment related to the deferred consideration payable in relation to Headway and the goodwill written off related to Champion Technologies Inc and the associated undertakings in Singapore and South Africa.

(b) PRINCIPAL GROUP AND ASSOCIATED UNDERTAKINGS AND OTHER INVESTMENTS

Name of Undertaking	Country of incorporation or registration and operation	Type of shares	Percentage of issued share capital held By parent company	By subsidiary undertakings
Agency marketing and distribution				
Acal Auriema Ltd	England	Ordinary	82.7%	17.3%
Acal Electronics Ltd	England	Ordinary	–	100.0%
Headway Technology Group Ltd	England	Ordinary	100%	–
Acal SA	France	Ordinary	–	100.0%
Acal NV/SA	Belgium	Ordinary	–	100.0%
Acal GmbH	Germany	Ordinary	–	100.0%
Acal Auriema AB	Sweden	Ordinary	–	100.0%
Acal Auriema Italia Srl	Italy	Ordinary	–	100.0%
Acal Nederland BV	Netherlands	Ordinary	–	100.0%
Acal Italia Srl	Italy	Ordinary	–	100.0%
Acal New York Inc	USA	Ordinary	–	100.0%
Ceratech Holdings Ltd	England	Ordinary	–	30.0%
Premark Products (Pty) Ltd	South Africa	Ordinary	45%	–
Scientific Digital Business (Pte) Ltd	Singapore	Ordinary	40%	–
Westech Electronics (Pte) Ltd	Singapore	Ordinary	39%	–
Manufacturing				
Champion Technologies Inc	USA	Ordinary	–	49.9%
Management services				
Acal Management Services Ltd	England	Ordinary	100.0%	–
Personal computer parts				
EAF Group Holding BV	Netherlands	Ordinary	70.0%	–
EAF Nederland BV	Netherlands	Ordinary	–	100.0%
EAF Supplies BV	Netherlands	Ordinary	–	100.0%
EAF Service Centres Europe BV	Netherlands	Ordinary	–	100.0%
EAF Inc	USA	Ordinary	–	100.0%
EAF (UK) Ltd	England	Ordinary	–	100.0%
EAF GmbH	Germany	Ordinary	–	100.0%
EAF EcoTec Ltd	England	Ordinary	–	100.0%
EAF France SA	France	Ordinary	–	100.0%
EAF Scandinavia AB	Sweden	Ordinary	–	80.0%
White Electronics BV	Netherlands	Ordinary	–	40.0%
EAF Scandinavia AS	Norway	Ordinary	–	50.0%

The issued share capital of Ceratech Holdings Ltd comprises 1,000 10p shares of which a group undertaking owns 300. There are no debt securities or loan capital in issue. The year end accounting date is 31st December. The Group has included its appropriate share of the results based on the audited accounts for the year ended 31st December 1996.

The issued share capital of Champion Technologies Inc. comprises 1,329 US$1,000 shares of which a group undertaking owns 664. There are no debt securities in issue. The year end accounting date is 31st March. The Group has included its appropriate share of the results based on the audited accounts for the year ended 31st March 1997.

The issued share capital of Premark Products (Pty) Ltd, which trades as ImageTek, comprises 1,000 ordinary shares of R1 each, of which 450 are owned by the Group. Its accounting period ends on 31st March and the Group has included its appropriate share of the results to 31st March 1997.

The issued share capital of Scientific Digital Business (Pte) Ltd comprises 416,667 ordinary shares of S$1 each, of which the Group owns 166,667. Its accounting period ends on 30th September and the Group has included its appropriate share of the results to 30th September 1996.

The issued share capital of Westech Electronics (Pte) Ltd comprises 74,600 ordinary shares of S$10 each, of which the Group owns 29,100. Its accounting period ends on 31st December and the Group has included its appropriate share of the results to 31st December 1996.

The issued share capital of EAF Scandinavia AS is 100 ordinary shares of NKR 1000 each and the Group owns 50 of these shares. Its accounting period ends on 31st December and the Group has included its appropriate share of the results to 31st March 1997.

11. ACQUISITIONS AND GOODWILL

Goodwill, which had previously been estimated, has been adjusted during the year in respect of the actual deferred consideration paid in relation to the acquisition of Headway.

12. STOCKS

	Group 1997 £'000	Group 1996 £'000	Parent Company 1997 £'000	Parent Company 1996 £'000
Finished goods and goods for resale	**16294**	15178	–	–

13. DEBTORS

	Group 1997 £'000	Group 1996 £'000	Parent Company 1997 £'000	Parent Company 1996 £'000
Trade debtors	**28939**	29705	–	–
Amounts owed by subsidiary undertakings	–	–	**5358**	4267
Amounts owed by associated undertakings	**778**	805	–	–
Other debtors	**1885**	1584	**3**	225
Prepayments and accrued income	**1250**	927	–	29
Tax recoverable	–	283	–	283
	32852	33304	**5361**	4804

14. CREDITORS

Amounts falling due within one year:

	Group 1997 £'000	Group 1996 £'000	Parent Company 1997 £'000	Parent Company 1996 £'000
Bank loans and overdrafts	**15291**	8728	**5291**	2365
Trade creditors	**20369**	19279	–	–
Trade bills payable	**143**	163	–	–
Amounts owed to subsidiary undertakings	–	–	**3742**	3847
Amounts owed to associated undertakings	**367**	208	–	–
Other creditors	**1060**	6710	–	4823
Corporation tax	**2914**	4801	**22**	39
Advance corporation tax	–	283	–	283
Social security and other taxes	**2552**	2243	–	–
Proposed dividend	**1288**	1131	**1288**	1131
Accruals and deferred income	**4363**	4150	**80**	77
Finance lease obligations	**43**	81	–	–
	48390	47777	**10423**	12565

Bank loans and overdrafts to certain subsidiary undertakings amounting to **£2,640,000** (1996 £2,161,000) were secured on the assets of those subsidiary undertakings.

15. CREDITORS

Amounts falling due after more than one year:	Group 1997 £'000	Group 1996 £'000	Parent Company 1997 £'000	Parent Company 1996 £'000
Long term loans repayable by instalments secured by fixed charges over certain group freehold property at market interest rates.				
Repayable 1-2 years	60	199	–	–
Repayable 2-5 years	93	418	–	–
Repayable after 5 years	120	1082	–	–
	273	1699	–	–
Term loans repayable by instalments at market interest rates.				
Repayable 1-2 years	119	188	–	–
Repayable 2-5 years	170	156	–	–
	289	344	–	–
Total loans	562	2043	–	–
Finance lease obligations	6	61	–	–
	568	2104	–	–

16. PROVISIONS FOR LIABILITIES AND CHARGES

(a) The provisions for liabilities and charges are as follows:

	Reorganisation £'000	Severance indemnity £'000	Other £'000	Total £'000
At 1st April 1996	246	587	40	873
Movement for the year	–	129	55	184
Utilised	(174)	(32)	(16)	(222)
Exchange adjustments	–	(90)	(7)	(97)
At 31st March 1997	72	594	72	738

(b) Deferred taxation provided and unprovided in the Group is as follows:

	At 31 March 1997		At 31 March 1996	
	Liability/ (Asset) provided £'000	Liability/ (Asset) unprovided £'000	Liability/ (Asset) provided £'000	Liability/ (Asset) unprovided £'000
Excess tax allowances over depreciation	–	(155)	–	(35)
Other timing differences	55	4	77	(124)
Losses for relief	–	–	(124)	–
	55	(151)	(47)	(159)

In the Company, there are no deferred taxation liabilities provided or unprovided for (1996: Nil).

No provision has been made for the taxation liabilities which could arise in the Group if certain freehold properties were realised at their balance sheet values. The potential liability is estimated at **£131,000** (1996: £160,000).

No provision has been made for the additional taxation liabilities which may arise if retained profits of certain overseas subsidiaries and associated undertakings were remitted to the United Kingdom.

17. SHARE CAPITAL

Ordinary Shares of 5p

	Authorised		Issued (fully paid)	
	Number	Nominal value £'000	Number	Nominal value £'000
At 1st April 1996	25,000,000	1,250	20,020,072	1,001
Issued under option scheme	–	–	108,144	5
At 31st March 1997	25,000,000	1,250	20,128,216	1,006

The following options over ordinary shares have been granted under various group share option schemes and remain outstanding at 31st March 1997.

Outstanding at 31st March 1996	Granted during the year	Lapsed during the year	Exercised during the year	Outstanding at 31st March 1997	Exercise price	Exercise dates
90,644	–	–	90,644	–	209.68p	1993-1997
49,538	–	–	17,500	32,038	209.68p	1997-2000
118,000	–	5,000	–	113,000	273.00p	1998-2002
100,000	–	–	–	100,000	339.00p	1999-2003
47,000	–	–	–	47,000	527.00p	1999-2003
38,000	–	–	–	38,000	527.00p	1995-2000
443,182	–	5,000	108,144	330,038		

The total consideration received and receivable on the exercise of options during the year was £226,000 (1996 £240,000).

18. RESERVES

Movements in the year are as follows:

	Share premium £'000	Revaluation reserve £'000	Merger reserve £'000	Goodwill reserve £'000	Profit & loss £'000	Total £'000
(a) Group						
At 1st April 1996	13270	421	108	(16744)	18463	15518
Retained profit for the year	–	–	–	–	4233	4233
(Loss) on currency translation	–	(77)	–	–	(1654)	(1731)
Goodwill adjustments	–	–	709	(119)	–	590
Issue of shares	221	–	–	–	–	221
At 31st March 1997	13491	344	817	(16863)	21042	18831

The goodwill reserve represents the cumulative amount of goodwill on acquisitions written off, net of goodwill attributable to subsidiary undertakings or businesses disposed of prior to the year end.

	Share premium £'000	Revaluation reserve £'000	Merger reserve £'000	Goodwill reserve £'000	Profit & loss £'000	Total £'000
(b) Parent Company						
At 1st April 1996	13270	–	2969	–	551	16790
Retained profit for the year	–	–	–	–	917	917
Adjustment	–	–	1	–	–	1
Issue of shares	221	–	–	–	–	221
At 31st March 1997	13491	–	2970	–	1468	17929

Under the exemption given in the Companies Act 1985 S230 the Parent Company does not present its own profit and loss account.

19. CAPITAL COMMITMENTS

At 31st March 1997 capital expenditure for the Group amounting to **£98,000** (1996 £127,000) had been approved and contracted for.

The Parent Company had no capital commitments (1995 £nil).

20. CONTINGENT LIABILITIES

At 31st March 1997 group companies had given counter indemnities to bankers in respect of their guarantees to the value of **£946,000** (1996 £1,201,000).

In addition the Group has guaranteed borrowings up to an amount of **£305,000** (1996 nil) by an Associated Undertaking.

The Parent Company has given guarantees and offset arrangements to support bank facilities made available to subsidiary undertakings. At 31st March 1997 the relevant subsidiary bank borrowings amounted to **£4,277,000** (1996 £3,661,000).

On 7th January 1993, the Trustee of the Estate of Ad. Auriema Inc. ("the Trustee") commenced legal proceedings in a Bankruptcy Court in the United States against the Parent Company and its wholly owned subsidiary, Acal New York Inc, formerly known as Technitron International Inc, ("Technitron"). The action sought to reclaim the distribution rights purported to have been acquired by Technitron from Ad. Auriema Inc. for $428,000 on 13th August 1991 and to claim punitive damages. The trial took place in December 1994 and judgement delivered at the end of May 1995 denied all the Trustee's causes of action. The Trustee has, however, appealed against the judgement. The Group continues to be advised that the Trustee's claim is without merit. Accordingly, based on current knowledge, the Directors continue to believe that a provision is not required.

21. COMMITMENTS UNDER LEASES

(a) The Group has annual commitments (Parent Company £nil) under non-cancellable operating leases having expiry periods as follows:

	1997 Land & buildings £'000	**1997 Other £'000**	1996 Land & buildings £'000	1996 Other £'000
Within 1 year	83	54	176	80
Between 2-5 years	811	214	721	340
After 5 years	914	16	1060	31
	1808	284	1957	451

(b) The Group has the following obligations (Parent Company £nil) under non-cancellable finance leases payable over the following periods:

	1997 £'000	1996 £'000
Within 1 year	43	81
Between 2-5 years	6	61
	49	142

22. NOTES TO THE CONSOLIDATED STATEMENT OF CASHFLOWS

		1997 £'000	1996 £'000
(a)	Reconciliation of operating profit to net cash inflow from operating activities:		
	Operating profit	**10118**	10643
	Depreciation	**2230**	1909
	Share of profits of associates	**(529)**	(353)
	Change in provisions	**(71)**	(90)
	Profit on sale of fixed assets	**(36)**	(89)
	(Increase) in stocks	**(2791)**	(2038)
	(Increase) in debtors	**(4639)**	(5011)
	Increase in creditors	**4458**	4521
	Net cash inflow from operating activities	**8740**	9492

(b) Analysis of changes in net debt

	At 1st April 1996 £'000	Cash Flow £'000	Disposal (excl. cash & overdraft) £'000	Other non-cash changes £'000	Exchange movement £'000	At 31st March 1997 £'000
Cash in hand and at bank	9831	4273	–	–	(716)	13388
Overdrafts	(8291)	(8058)	–	–	1293	(15056)
		(3785)				
Debt due within a year	(437)	137	–	–	65	(235)
Debt due beyond a year	(2043)	(54)	1283	–	252	(562)
Finance leases	(142)	101	–	(13)	5	(49)
		184				
Total	(1082)	(3601)	1283	(13)	899	(2514)

(c) Withdrawal from high volume repair business

Net assets disposed of:	
Tangible fixed assets	1738
Stock	277
Trade debtors	680
Other debtors	359
Cash at bank and in hand	31
Bank overdraft	(192)
Trade creditors	(456)
Other creditors	(891)
Loans	(1283)
	263
60% of assets disposed	158
Goodwill in respect of 60% disposed	381
Legal and other costs of withdrawal	293
Advance payment for services	645
Profit on withdrawal	315
	1792
Satisfied by:	
Cash	1792
Profit on withdrawal	315
Less write down of remaining interest	(100)
Net profit on withdrawal	215

The sale of White Electronics BV and Big Byte BV was completed in July 1996. The consideration receivable is subject to increase depending on the results of the disposed businesses in 1997 or the provision of certain services.

The Group acquired the trade of Top Optic in October 1996 paying consideration of £200,000. Further deferred consideration of £59,000 is payable based on profits over two years following the acquisition. Tangible fixed assets of £13,000 and stock valued at £122,000 were acquired.

The Group acquired certain assets in Germany in July 1996 paying consideration of £416,000. Stock valued at £205,000 was acquired as part of this transaction.

23. MOVEMENTS IN SHAREHOLDERS' FUNDS FOR THE YEAR

	Group	Group	Parent Company	Parent Company
	1997 £'000	1996 £'000	1997 £'000	1996 £'000
Attributable profit for the financial year	6154	5868	2838	82
Dividends	(1921)	(1662)	(1921)	(1662)
(Loss)/Gain on currency translation	(1731)	207	–	(40)
New share capital issued	226	3239	226	3239
Goodwill recognised in the year	590	(7493)	1	–
Movement for the year	3318	159	1144	1619
Shareholders' funds at 31st March 1996	16519	16360	17791	16172
Shareholders' funds at 31st March 1997	19837	16519	18935	17791

All of the shareholders' funds are equity.

24. RELATED PARTY TRANSACTIONS

The Group has interests (details of which are set out in Note 10 to the Financial Statements) in Ceratech Holdings Ltd, Premark Products (Pty) Ltd, Scientific Digital Business (Pte) Ltd, WesTech Electronics (Pte) Ltd, EAF Scandinavia AS and Champion Technologies Inc, all of which are Associated Undertakings, and White Electronics BV which is a trade investment (together "Related Parties").

During the year ended 31st March 1997, purchases amounting in aggregate to £1,623,000 were made from Related Parties and sales amounting in aggregate to £76,000 were made to them. In addition fees amounting to £95,000 were charged in respect of services provided to them and fees of £9,000 were paid in respect of services provided by them. All these transactions were on an arms-length basis.

At 31st March 1997 aggregate amounts of £778,000 were receivable from Related Parties and of £367,000 were payable to them.

During the year ended 31st March 1997 interest of £43,000 was received from Related Parties and fixed assets costing £110,000 were purchased from them. At 31st March 1997 a guarantee amounting to £305,000 remained outstanding in respect of an obligation of a Related Party.

REPORT OF THE REMUNERATION COMMITTEE

The composition of the Remuneration Committee is set out on page 11.

The Company has complied with the London Stock Exchange Listing Rules with regard to directors' remuneration. The Remuneration Committee has given full consideration to Section B of the best practice provisions annexed to the Listing Rules in establishing the remuneration policy and packages for directors.

In order to motivate, attract, and retain senior management of sufficient calibre, it is the Group's policy to provide a remuneration package which is competitive, reflects individual experience and performance, and takes account of local market practice.

The remuneration package for executive directors comprises a base salary and a performance related bonus, as well as participation in the Group's pension scheme and share option scheme. In addition there are benefits comprising a car, life assurance, and medical insurance. The Group's pension scheme is a defined contribution scheme. The performance-related bonuses are awarded by the Remuneration Committee, taking into account individual performance, return on capital employed, the growth of profits, and the net margin as a percentage of turnover.

Details of the directors remuneration for the year ended 31st March 1997 are as follows:

	Salary or Fees £	Bonus £	Benefits £	Pension Contributions £	**1997 Total £**	1996 Total £
Executive Directors						
JAH Curry	170,000	42,000	7,390	64,162	**283,552**	306,930
AJ Laughton	137,500	35,000	9,301	21,550	**203,351**	226,462
JV Pomeroy	59,500	7,000	8,311	4,098	**78,909**	82,825
JS Virdee	87,000	–	5,616	16,785	**109,401**	98,441
Non-Executive Directors						
GW Deith (deceased 27/5/95)	–	–	–	–	–	1,666
AB Brooker (appointed 25/9/96)	6,500	–	–	–	**6,500**	–
PH Quinn (retired 17/7/96)	4,520	–	–	–	**4,520**	12,500
RJ Williams	15,000	–	–	–	**15,000**	15,000
	480,020	84,000	30,618	106,595	**701,233**	743,824

Pension contributions for JAH Curry during the year included a discretionary contribution of £50,000 which was awarded by the Remuneration Committee, recognising the satisfactory performance of the Group since flotation in 1988 and bearing in mind the low level of contributions in the period since then.

Movements in the directors' holdings of options under the Acal plc Executive Share Option Scheme during the year were as follows:

	Held at 01.04.96	Movements during the year		Held at 31.03.97			
Director		Granted	Exercised	Number	Date of Grant	Exercise Price	When Exercisable
AJ Laughton	100,000	–	–	100,000	June '95	339p	June '99 to June 2003
JV Pomeroy	8,000	–	–	8,000	June '94	273p	June '98 to June 2002
JS Virdee	40,000	–	–	40,000	June '94	273p	June '98 to June 2002

The market price of the shares at 27th March 1997 was 487.5p and the range during the year ended on that date was 474p to 561p.

No director other than JS Virdee has a service contract with any member of the Acal Group.

No contract of significance to which any member of the Acal Group is a party and in which a director is or was materially interested, subsisted at the end of, or during the year.

John Curry
Chairman

9th June 1997

5-YEAR RECORD

Financial Statistics	1997 £'000	1996 £'000	1995 £'000	1994 £'000	1993 £'000
Group Profit & Loss					
Turnover	149046	136768	108958	78467	68877
Profit before tax	9769	10197	8213	3647	3150
Tax	(3508)	(3792)	(2962)	(1335)	(1064)
Profit after tax	6261	6405	5251	2312	2086
Minority interests	(107)	(537)	(484)	–	–
Attributable profit	6154	5868	4767	2312	2086
Dividends	(1921)	(1662)	(1436)	(1194)	(914)
Retained profits	4233	4206	3331	1118	1172
Group Balance Sheet					
Tangible fixed assets	6264	8537	5412	3789	4406
Investments	2187	2116	1008	963	1013
Net current assets	14144	10536	12597	5223	4741
Other creditors	(568)	(2104)	(605)	(1031)	(1566)
Provisions for liabilities and charges	(738)	(873)	(899)	(832)	(921)
Net assets	21289	18212	17513	8112	7673
Represented by:					
Shareholders' funds	19837	16519	16360	8112	7673
Minority interests	1452	1693	1153	–	–
	21289	18212	17513	8112	7673
Statistics					
Earnings per ordinary share*	30.7p	30.1p	25.0p	15.2p	13.9p
Dividends (net) per Acal ordinary share	9.56p	8.40p	7.44p	6.75p	6.3p
Percentage return (pre-tax) on shareholders funds	49%	62%	50%	45%	41%

* The earnings per ordinary share for the years 1993 and 1994 have been adjusted to take account of the rights issue completed on 18th April 1994. The corresponding unadjusted figures were 14.6p and 16.0p respectively.

NOTICE OF MEETING

Notice is hereby given that the Eleventh Annual General Meeting of Acal plc will be held at Plaisterers Hall, 1 London Wall, London EC2Y 5JN on 16th July 1997 at 12.00 noon for the following purposes:

Resolutions:

1. To receive and adopt the Report of the Directors and the financial statements for the year ended 31st March 1997.
2. To elect Mr. A. B. Brooker as Director.
3. To re-elect the following Director retiring by rotation: Mr. A. J. Laughton.
4. To consider and, if thought fit, pass the following resolution: "That KPMG Audit Plc be and is hereby appointed auditor of the company to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the company at a remuneration to be fixed by the Directors."
5. To consider and if thought fit pass the following resolution which will be proposed as an ordinary resolution:

   "That subject to the provisos hereto the Company be and is hereby generally authorised to purchase any of its own ordinary shares of 5p each by a market purchase or purchases (as defined by Section 163 of the Companies Act 1985) provided always that this power shall:-

   (i) be limited to a purchase or purchases up to an aggregate of 2,000,000 issued ordinary shares of 5p each of the Company;

   (ii) be limited to a purchase or purchases at a price per ordinary share (exclusive of dealing and other incidental costs and stamp duty) not below 5p and not above an amount equal to 105 per cent of the average of the middle market quotations as derived from the London Stock Exchange Daily Official List for the ten business days immediately preceding the day on which the ordinary share is purchased, and

   (iii) unless renewed, varied or revoked by the Company in general meeting expire on 31st December 1998 and the Company may make a purchase of its own shares in accordance with this authority after the expiry of the said time limit imposed above where the contract of purchase is concluded before such authority expires and the Company is hereby permitted to make a contract of purchase which would or might be executed wholly or partly after the authority shall have expired."
6. To consider and if thought fit pass the following resolution which will be proposed as an ordinary resolution:

   "That the Directors be generally and unconditionally authorised for the purposes of Section 80 of the Companies Act 1985 to allot relevant securities (as defined in the said section) up to an aggregate nominal amount of £330,000 such authority to expire on 17th July 2002 save that the Company may at any time before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired and provided further that the authority conferred by this resolution shall be in substitution for any prior authorities conferred on the Directors to allot relevant securities save to the extent that any offer or agreement which would or might require relevant securities to be allotted pursuant thereto shall have been made."
7. To consider and if thought fit pass the following resolution which will be proposed as a special resolution:

   "That subject to the passing of resolution 6 to be proposed at the Annual General Meeting of the Company to be held on 16th July 1997 the Directors be empowered pursuant to Section 95 of the Companies Act 1985 to allot equity securities (as defined in Section 94(2) of the Companies Act 1985) pursuant to the authority conferred by resolution 6 above as if Section 89(1) of the Companies Act 1985 did not apply to any such allotment provided that this power shall be limited to:

(a) the allotment of equity securities in connection with a rights issue in favour of holders of ordinary shares and other persons entitled to participate by way of rights where the equity securities attributable to the interests of all holders of ordinary shares and such other persons' holdings (or as appropriate to the number of such shares which such other persons are for these purposes deemed to hold) are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient for the purpose of dealing with fractional entitlements or legal or practical problems under the laws of, or the requirements of any regulatory body or any stock exchange, in any territory; and

(b) the allotment (otherwise than pursuant to paragraph (a) of this resolution) of equity securities up to an aggregate nominal amount of £50,000;

and shall expire at the conclusion of the Annual General Meeting of the Company next following the meeting at which this resolution is passed save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted for cash after such expiry and the Directors may allot equity securities pursuant to such offer or agreement as if the power conferred hereby had not expired and shall be in substitution for any prior authorities conferred upon the Directors to allot equity securities save to the extent that any offer or agreement which would or might require equity securities to be allotted for cash pursuant thereto shall have been made.'

By order of the Board
J V Pomeroy
Secretary

J V Pomeroy

23rd June 1997

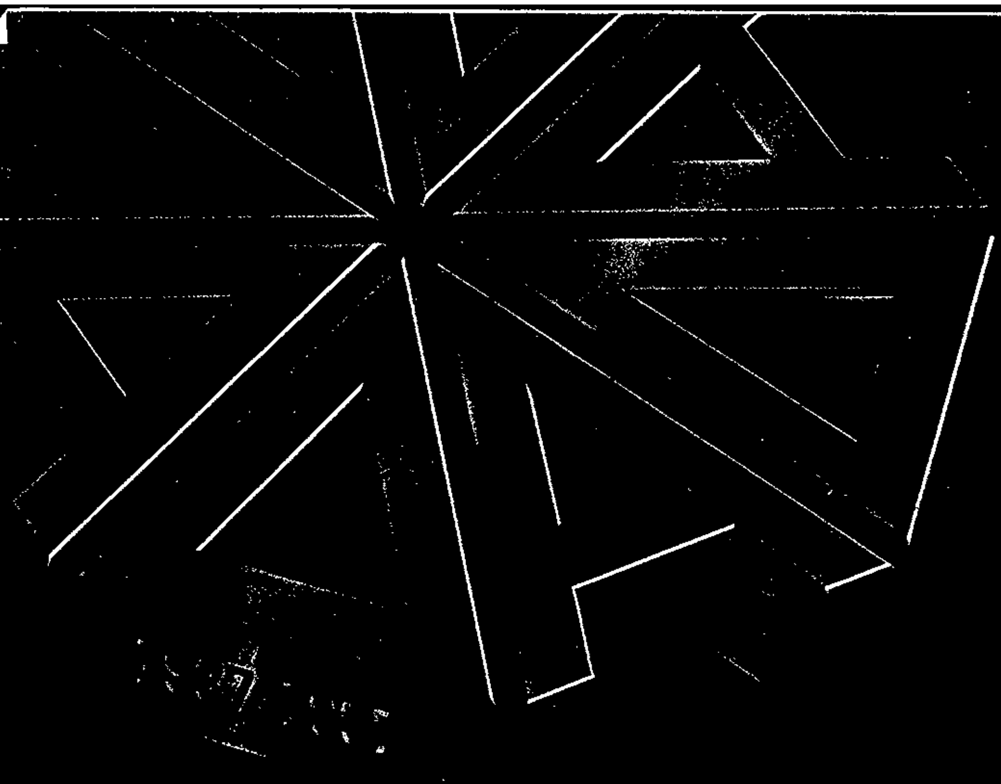
Note: Any member of the Company entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company. A form of proxy is attached and this must be lodged at the Registered Office of the Company not less than 48 hours before the time appointed for the meeting.

There are no service agreements of more than one year's duration between the Directors and any member of the Acal Group.

PRINCIPAL TRADING SUBSIDIARIES

COUNTRY	COMPANY	ADDRESS
Belgium	Acal NV/SA	Lozenberg 4 1932 Zaventem Belgium Tel: (32) 2-720-59-83
France	Acal SA EAF France SA	Zone d'Activité des Marais 1 Avenue Louison Bobet 94120 Fontenay-Sous-Bois Tel: (33) 1-45-14-73-00 (Acal) (33) 1-45-14-73-37 (EAF)
Germany	Acal GmbH	Fischeräcker 2 74223 Flein/Heilbronn Tel: (49) 71-31-5810
	EAF GmbH	Borsigstrasse 8 47574 Goch Tel: (49) 28-23-9313-0
Italy	Acal Italia Srl	Viale Milanofiori Pal. E/1 20090 Assago Milan Tel: (39) 2-82-42-112
Netherlands	Acal Nederland BV	Eindhoven Airport Beatrix de Rijkweg 8 5657 EG Eindhoven Tel: (31) 40-2-50-26-02
	EAF Nederland BV	Markstraat 116 2980 GC Ridderkerk Tel: (31) 18-04-81222
	EAF Service Centres Europe BV	Pauvereweg 23-27 4879 NJ Etten-Leur Tel: (31) 76-50-36230
Sweden/Norway	Acal Auriema AB EAF Scandinavia AB	Korta Gatan 9 S-171 54 Solna Stockholm Tel: (46) 8-764-5400 (Acal) (46) 8-764-7320 (EAF)
UK	Acal Auriema Ltd	442 Bath Road Slough, Berks SL1 6BB Tel: (44) 1628-604353
	Acal Electronics Ltd	Wokingham Road Bracknell, Berks RG12 1ND Tel: (44) 1344-727272
	EAF (UK) Ltd	Unit 22, The Business Centre Molly Millars Lane Wokingham, Berks RG11 2QZ Tel: (44) 1734-794100
	Headway Technology Group Ltd	Headway House Crosby Way Farnham Surrey GU9 7XG Tel: (44) 1252 717071
USA	Acal New York Inc	10 Cutter Mill Road Suite 203, Great Neck NY 11021 Tel: (1) 516-487-9870
	EAF Inc	41 Industrial Drive Exeter New Hampshire 03833 Tel: (1) 603-772-3940


SALES OFFICE LOCATIONS
ACAL GROUP



ACAL plc

Annual Report 1997

Profile and Policy of Acal

Acal comprises seventeen principal trading companies, eleven in Continental Europe, four in the UK and two in the USA. The Group operates primarily as an exclusive agent in its geographical areas for leading international manufacturers, in the fields of electronics and industrial controls. Headway is a leading distributor of document management and imaging products and EAF supports the service needs of computer dealers by distributing, exchanging and repairing premium-branded personal computer parts.

The Group employs approximately 627 people with particularly strong sales and marketing expertise throughout Europe. These skills have established a reputation with international suppliers and "blue-chip" customers.

The needs of the market require a decentralised organisation. Therefore each company has considerable operating autonomy to meet the specific demands of its local market-place and provide a stimulating environment in which to work.

The business provides opportunities for growth, a high return on capital employed and a positive cashflow.

The strategic plan is to invest cashflow in organic growth and in similar complementary business opportunities.

This will enhance shareholder value and utilise the skills of the Group, providing career development for employees and a dynamic organisation to promote better service for both suppliers and customers.

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The names of some of the Group's customers and suppliers are shown on the inside cover. Proprietary rights in these names are acknowledged.

Registered Office: Acal House Guildford Road Lightwater Surrey GU18 5SA England
Registered Number: 2008246

• MATRA • SAGEM • PHILIPS • MATRA MARCONI SPACE • SNECMA •
ION TECHNOLOGIES • TAI TIEN • OEC • HITRON • POWER ONE • CTC
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S & APPARATEN • BORSU SYSTEMA • TRIPLE P NETWORKING • NEDAP
TRONICS DESKTOP AUTOMATION • SIEMENS NEDERLAND • ASM
• RANK XEROX MANUFACTURING • SHELL • DOW BENELUX • TULIP
EGRATED DEVICE TECHNOLOGY • STANDARD • MICROSYSTEMS
ELECTRONIC COMPANY • ELBA ELECTRIC • AVX KYOCERA • WIMA •
D COMPONENTS INTERNATIONAL • UNITED ELECTRIC CONTROLS •
BROOK • CISCO SYSTEMS • KODAK • SONY • BELL & HOWELL •
LETT-PACKARD • NETMANAGE • SHIVA • SIEMENS • BOSCH TELECOM
A • LOEWE OPTA • ELMEG • MAGNETI MARELLI FRANCE • QUANTE •
COM ERICSSON TRANSMISSION • CERATECH CORPORATION • PULSE
M • CHAMPION TECHNOLOGIES • ORIENTAL ELECTRONIC • TAI TIEN
NGYO • DEE VAN ENTERPRISE • POWER ONE • CINCON ELECTRONICS
• ITALTEL • OLIVETTI • ALENIA • ALCATEL • SIEMENS • ENDEVCO •
TRON • POWER ONE • SAGAMI • ABB • BOFORS • ERICSSON • FMV •
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• MICRODYNE • RF MONOLITHICS • LOCKHEED MARTIN TELEMETRY &
RATION • LOCKHEED MARTIN MICROWAVE • HAIGH FARR • SONY •
ELL ELECTRONICS • CROSFIELD ELECTRONICS • NORTEL • GEC •
ONAL • MOTOROLA • NORDIKO • MARCONI • APRICOT COMPUTER •
H NUCLEAR • SIEMENS • IEC FUTURE • CAPACITOR & COMP DIST •
N • VMIC • ARCOM • JAY-EL • PTI • ICI • SHELL • GLAXO WELLCOME •
CA • KVAERNER DAVY INTERNATIONAL • KVAERNER JOHN BROWN
RS • BP • MOBIL • FLUOR DANIEL • BECHTEL • AMEC • AIR PRODUCTS
• MONITEK • TBI • KAY-RAY • METRIX • AMETEK M&G • WHITMAN •
• LOVELOCKS • KIRBY REFRIGERATION • APV NEW ZEALAND • UNITY
TURY EQUIPMENT CO • SPORLAN VALVE COMPANY • CONBRACO
• FILENET • DST INTERNATIONAL • VIEWSTAR • COMPUTACENTER •
BAL • ALCATEL • AGFA • BARCO • BANKSYS • XEIKON • CABLE PRINT •
RBUS • GETRONICS • APPLE • DIGITAL • KODAK • FUJITSU • BELL &
PONENTS • HEWLETT PACKARD • CORNERSTONE IMAGING • KOFAX
S • COMPAQ • IBM • COMPUTACENTER • COMPUNET • RAET • AT&T •
LOG DEVICES • HEWLETT PACKARD • MITEL • INTEGRATED DEVICE
EL ELEKTRONIK • HONEYWELL • AVX • ALCATEL • MATRA • SAGEM •
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ILS • COILS ELECTRONIC • ELNA • SUNON • CIRCLE SEAL • SOR •
IC • RAMER • APOLLO • PHILIPS MEDICAL SYSTEMS NEDERLAND •
NOLOGIES NETWORK SYSTEMS NEDERLAND • HOLEC MACHINES &
ORKING • NEDAP • STORK NOLTE EMT • OLIVETTI NEDERLAND •
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OCERA • WIMA • ELMWOOD SENSORS • HONEYWELL • AYDIN • FLUID
CONTROLS • SAAB MARINE • SAAB TANK CONTROL • DREXELBROOK •
• CORNERSTONE • DIAMOND HEAD SOFTWARE • HEWLETT-PACKARD
M • GRUNDIG • ALCATEL SEL • KE ELECTRONIC • DASA • LOEWE OPTA
SHARP ELECTRONICA ESPANA • SANYO ESPANA • ASCOM ERICSSON
E ENGINEERING • HITRON ELECTRONICS • INNOSYSTEM • CHAMPION
ELECTRIC • SEIWA CORPORATION • INABA DENKI SANGYO • DEE VAN
CS • FIAT • NUOVO PIGNONE • MINISTRY OF DEFENCE • ITALTEL •
• MICRODYNE • DATUM • STANFORD • CTI • EG&G ROTRON • POWER
MV • FRA • NERA • NOKIA • NORMARC • SAAB • SWEDISH SPACE
WERTRON • VARI-L COMPANY • HITRON ELECTRONICS • DATUM •
ARTIN TELEMETRY & INSTRUMENTATION • MITSUBISHI ELECTRIC
• HAIGH FARR • SONY • BRITISH AEROSPACE • PAGE AEROSPACE •
ICS • NORTEL • GEC • INTEGRATED MICRO PRODUCTS • ATLAS
NI • APRICOT COMPUTER • LYNWOOD SCIENTIFIC • MYCOM MEDIA •
ACITOR & COMP DIST • ELNA • WIMA • VMETRO • VICOR • BARKER •
LL • GLAXO WELLCOME • RHONE POULENC • SMITHKLINE BEECHAM •
AERNER JOHN BROWN ENGINEERING • EDWARDS HIGH VACUUM •
L • AMEC • AIR PRODUCTS • BOC • CENTRAX • COURAGE BREWING •
TEK M&G • WHITMAN • CARRIER • CARRIER TRANSICOLD • THERMO
NEW ZEALAND • UNITY MARKETING CORP • POLAK BROS • METEK •
NY • CONBRACO INDUSTRIES • RAMER PRODUCTS • Y/P PRODUCTS •
TACENTER • SPECIALIST COMPUTER CENTRES • AMERIDATA GLOBAL
ABLE PRINT • SCHNEIDER • TELINDUS • SABCA • AT&T • ICL SORBUS •

ACAL
THE FIRST TEN YEARS

It is just over ten years since Acal was formed and started trading. The following three pages summarise in a few words and charts, the history and strategy of Acal over the decade. They show that broadly, in the nine years following its first full year 1987/88, the Group has grown 250% to 400% depending upon which measure you use. This is displayed graphically on page 3.

Establishment of Acal: 1986 to 1988

1986/87 Formation of Acal plc by John Curry and acquisition of the European agency companies of US based Auriema International Group.

Acquisition of Centre Industries, founded by Tony Laughton in 1975.

Development Phase: 1989 to 1993

Business focussed in Europe in the field of Electronic Components and Industrial Controls.

1988/89 Flotation of Acal plc and placing of 2,221,242 ordinary shares – company valued at £18.4m.

1989/90 Minor add-on acquisitions of electronic component businesses, primarily in the Netherlands and the UK.

Start up and emergence of Information Technology divisions in some countries.

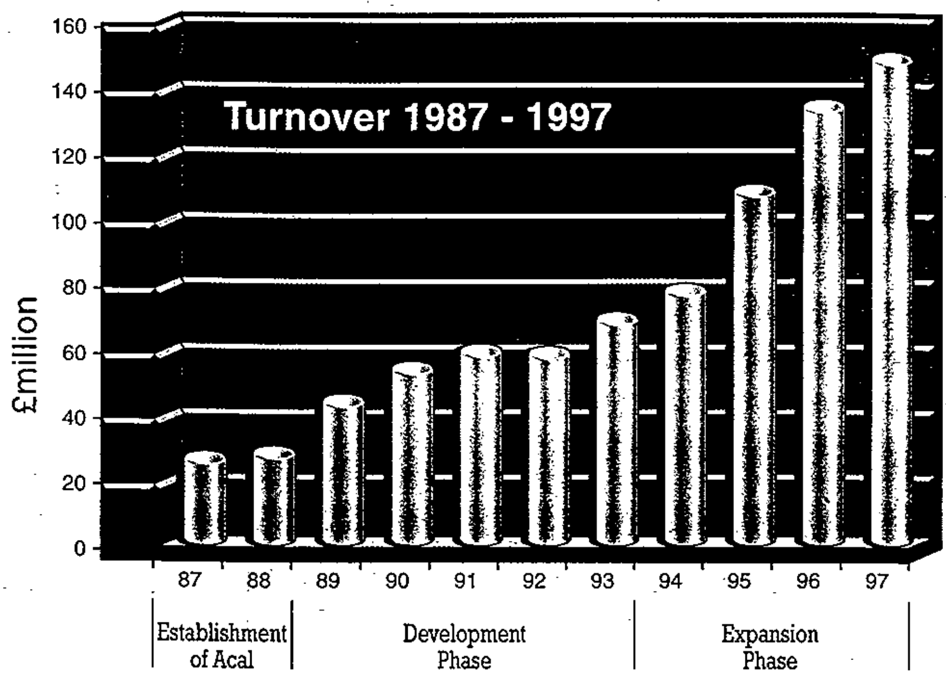
1991/92 Electronic component acquisitions in Europe, particularly in the UK. Consolidation of UK electronic component activities.

Expansion of air conditioning and refrigeration business outside Europe.

1992/93 Add-on acquisitions in Germany and Belgium of electronic component businesses.

Acal Nederland

ACAL: The First Ten Years



Expansion Phase: 1994 to 1997

Continued development of existing business in Europe, plus the aim to add a complementary product area in Europe, and extend existing core products to new geographical market (Far East).

1994/95 Acquisition of 70% of business providing comprehensive support service for premium-branded personal computer equipment.

1995/96 Start up of PC parts business in the UK.

Acquisition of document imaging business in UK (Headway) to complement current business in the Netherlands and Belgium.

Small investments in electronic components and document imaging businesses in Far East.

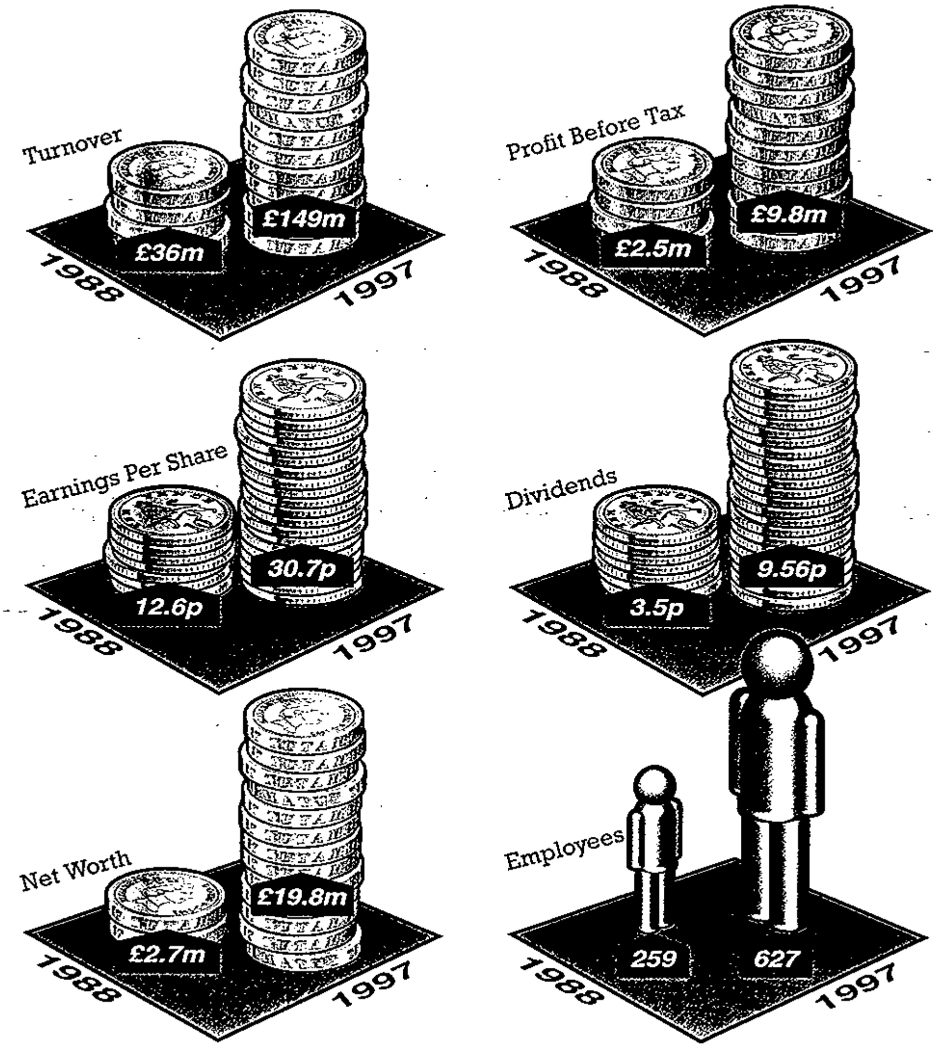
1996/97 Start up of document imaging business in Germany.

Focus on core business:

- electronic components
- IT (document imaging, networking and communications)
- PC parts
- refrigeration and industrial controls

Acal Sweden

ACAL: The First Ten Years



Our Mission

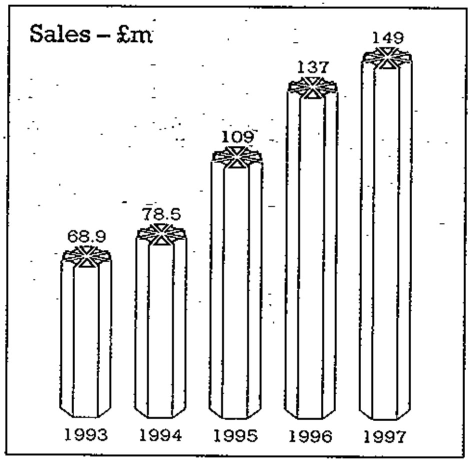
- To develop a market driven, de-centralised entrepreneurial organisation with a high level of integrity and support to meet the needs of our customers and suppliers.
- To provide a high return on capital employed with positive cash flow allowing for steady dividend growth in line with the long term growth of the business.
- To grow at a rate that satisfies shareholder and employee aspirations in a quality business with limited risk.

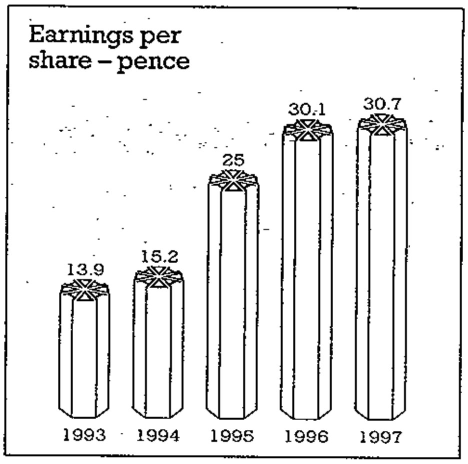
Acal New York

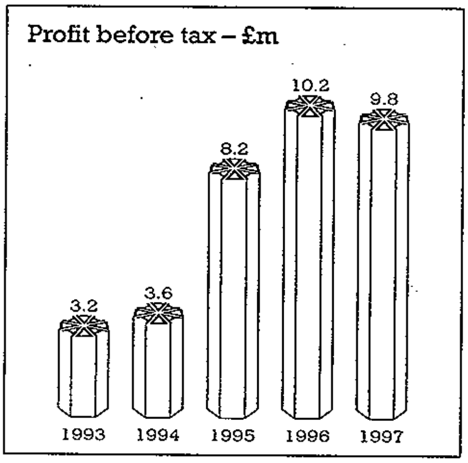
RESULTS AT A GLANCE

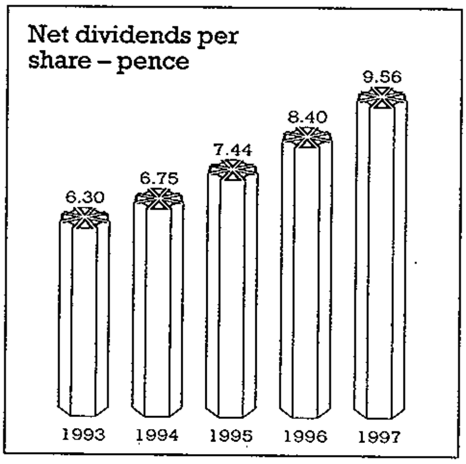
In 1996/97 Acal Electronics received the Sony award for quality and service

Financial Highlights	1997 £'000	1996 £'000	Percentage Change
Sales	149046	136768	+9%
Profit before tax	9769	10197	−4%
Tax	(3508)	(3792)	
Profit after tax	6261	6405	−2%
Earnings per share	30.7p	30.1p	+2%
Dividends (net) per ordinary share	9.56p	8.40p	+14%









Acal Belgium

CHAIRMAN'S STATEMENT

We started the year with reasonable optimism though the electronic component industry was going through a pause in its underlying expansion. However, the second half of the year saw an acceleration of the rapid strengthening of sterling and an unpredicted slow down in our PC parts business.

Nevertheless, we were able to translate the difficulties into sales growth of 9%, up from £136.8m to £149.0m. This was after an 8% negative impact for currency translation. Profit before tax at £9.8m (£10.2m) was 4% down, after a 6% reduction due to currency translation. However, attributable profit at £6.2m (£5.9m) was 5% up because of a lower minority interest and a lower tax charge. This gives earnings per share of 30.7p (30.1p) marginally up on last year.

Reflecting their confidence in the future, the Board in May announced a second interim dividend of 6.4p per share (1995/96 final 5.65p) making a total for the year of 9.56p per share (8.4p) equivalent to 11.95p gross, an increase in the year of 13.8%. The Board are therefore not proposing to pay any final dividend in respect of the year ended 31st March 1997.

In general, this year we have met the many challenges around the Group. The original Acal businesses performed well particularly so in the Netherlands and in the UK, our major countries of operation. The document imaging business which was acquired last year, has lived up to expectations and encouraged us to add to our operations already in place in the Netherlands and Belgium by expanding trading into Germany, where we are incurring planned start-up losses.

Our problem this year has been the PC parts business where we have over-estimated growth and over-extended the management with the development and then the sale of White's, the volume repair business mentioned in the interim statement. We are building a de-centralised organisation and strengthening the management; further changes are still to take place and these will not be completed until the end of the calendar year. Results will improve, but we would not expect to achieve our ultimate financial goals this year.

Since the last annual report, Peter Quinn retired from the Board at the AGM after 9 years service and Alan Brooker joined the Board in September. He was Chairman and Chief Executive of the Extel Group in the 80's and currently is non-executive Director of a number of companies. He has already made a contribution to our deliberations and I welcome him to the Acal Group.

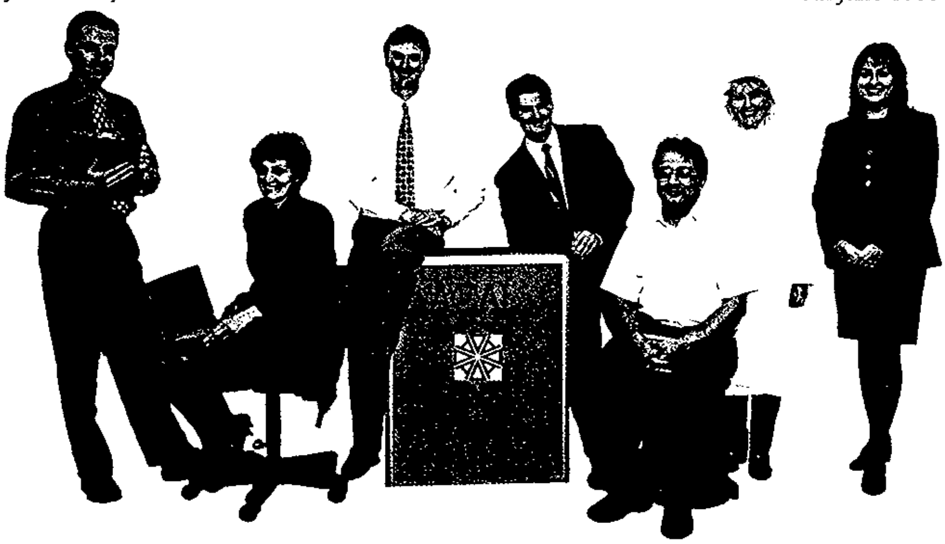
As always, I am impressed and indebted for the tremendous efforts and loyalty of our employees during the year. It is a great thrill to see the success and dedication of our teams, and it is our employees' hard work that elevates us, at times, above our peers.

Outlook

With the uncertainty of the relative value of sterling, the UK's position as far as the EMU is concerned and a new Government, it is a particularly difficult time to forecast the future.

However, orders show a rate of growth in line with budget, and faster than this time last year, which provides us with optimism for the current year.

John Curry — 9th June 1997



Acal Electronics UK

OPERATIONS REVIEW

Acal's business comprises four broad categories – **electronics**; **information technology**; **sales, exchange and repair of computer parts** and **air conditioning, refrigeration and industrial controls**.

The **Electronics** businesses have on the whole performed well, with an outstanding result in the Netherlands, another excellent year in the UK and a satisfactory performance across the rest of Europe with the exception of Germany and France. Germany has been adversely affected by the planned start-up costs of the new document imaging business and some pressure on margins in the telecommunications market. Recent management change in France is expected to address the issue there and has already resulted in promising improvements. The changes in Italy put in place a year ago, have proved beneficial and the consolidation of our two businesses there has resulted in successfully turning around the loss of the prior year.

The majority of our electronics sales are in the component area, where considerable progress has been made in the UK consumer electronics market, and more widely with increases in the breadth of microwave, magnetic and frequency control components, which serve the growing data and telecommunications markets. The smaller electronics systems and instrumentation activities have also increased sales in both the traditional defence and the newer industrial markets.

Information Technology within Acal is dominated by Document Management and Imaging products, one of the fastest growing sectors of the IT market. The Group has accumulated a wealth of experience in the application and sale of a wide spectrum of hardware and software products and tool kits in the UK, Netherlands, Belgium and, from July 1996, in Germany. Headway (the UK subsidiary purchased in December 1995) has made a full year's contribution for the first time, which was in line with expectations, whilst at the same time providing a focus for the Group in this area.

Networking, communications, workstations and board level products, complement this activity and in many cases, address the same market and use similar sales channels. In common with most of the electronics activities, our design and application teams together with the growth of our added value engineering and service, have and will continue to ensure that we are able to fully support the increasing complexity of many of the products we sell.

The Personal Computer Parts Business, EAF, has been a major disappointment this year. Having planned for much higher growth, with the associated costs involved, sales actually grew by just over 10% with costs only being curtailed late in the period. As reported in the interim statement, this was in part due to management's attention being diverted by the withdrawal from EAF's high volume repair business which, although accomplished at a profit, adversely affected the on-going activities. The core business, however, remains profitable with adequate margins, and appropriate steps are being taken to provide an acceptable return in the future.

The Air Conditioning, Refrigeration and Industrial Controls business which is primarily based in the USA and the UK, has been affected by the slowing down of demand in some sectors of its markets. This, however, has had only a minimal effect on results, as the number of active customers has increased along with the geographical expansion of our sales coverage.

Tony Laughton

9th June 1997

Acal Germany

FINANCIAL REVIEW

One of the major factors which has affected the performance of the Group in the year ended 31st March 1997 has been the relative strength of sterling, particularly against Continental European currencies. The following table illustrates this effect:

£'000	Year ended 31 March 1996	Underlying Change	Effect of Exchange Rates	Year ended 31 March 1997
Sales	136,768	+ 22,612	– 10,334	149,046
% change		+17%	–8%	+9%
Profit before taxation	10,197	+166	–594	9,769
% change		+2%	–6%	–4%

Gross margins averaged 27.8% during the year as compared with 30.7% in 1995/96. The primary reason for this was the relatively higher growth in sales of IT products (document imaging, networking, data communications, workstations and board level products) and components for the consumer electronics market, which command lower margins than Acal's other products, but there was also a small decline in the margins of the PC parts business.

Net operating expenses for the year were £31,827,000, only marginally higher than the £31,705,000 for last year.

The Group's share of profits from associated companies at £529,000 (1996: £353,000) reflected an improved performance by Champion Technologies Inc and first time contributions from the associates in the Far East and South Africa.

The effective tax rate for the Group was lower this year at 35.9% (1996: 37.2%), reflecting a greater contribution to profits from countries with lower tax rates and also the elimination of the loss in Italy.

Net debt at 31st March 1997 was £2,465,000 (1996: £940,000) representing a debt:equity ratio of 11.6% (1996: 5.2%). This increase in net debt is more than accounted for by the payments of over £4,000,000 made during the year in respect of the deferred considerations for the acquisitions of EAF and Headway.

The net interest charge at £564,000 (1996: £446,000) represents a healthy interest cover of 18 times (1996: 23 times).

Dividends for the year absorbed £1,921,000 (1996: £1,662,000) and were covered 3.2 times (1996: 3.5 times) by earnings.

Jim Virdee

9th June 1997

Acal Auriema UK

Headway has recently received an award for excellence from the Information Management Conference

ACAL'S BUSINESS

The major proportion of sales of Acal's traditional agency business relates to Electronic Components and IT Products and Systems, with the balance attributable to Industrial Controls. The Group holds agencies for a wide range of products which vary from low cost high-volume items to low-volume high cost systems. The PC parts business provides a comprehensive support service to customers requiring parts for premium branded personal computer equipment. The most significant product groups are as follows:

Electronic components

Electronic components represent the Group's most diversified product sector.

Quartz
Crystals, oscillators and crystal filters

Electromechanical
Illuminated switches, indicators, displays, connectors and fans

Magnetics
Inductors, transformers, coils, chokes, filters and ferrites

Semiconductors
Specialist niche devices, microprocessors and data communication components

Capacitors
Plastic dielectric, ceramics and electrolytics

Power Supplies
DC/DC converters and AC/DC switch mode supplies

RF and Microwave Components
Amplifiers, filters, mixers, isolators and VCO's

IT products and systems

IT Products
Networking and data communications products, board level products and industrial and ruggedized computers

Document Imaging Products
Scanners, displays, storage devices and work flow management software and tool-kits

Systems and Instrumentation
Radar and telemetry products, timing, information storage recorders, GPS and microwave communications systems and antennae

PC parts

Parts distribution, exchange and repair, mainly for IBM and Compaq computers

Industrial controls

Air Conditioning and Refrigeration
Expansion valves and filter dryers

Industrial Controls
Fluid control measurement components, process control, analysis and data acquisition instrumentation.

Acal Italia

EAF and Headway are two trading names used by the Acal Group.

The Group's PC parts business is conducted under the name EAF.

EAF is unique in combining distribution, advance exchange and repair programmes, mainly for IBM and Compaq computers.

Having an international purchasing network, a full range of parts available from stock and repair facilities enables EAF to support dealers, maintenance companies and distributors, in most cases within 24 hours or less.

EAF continues to strengthen its relationships with major manufacturers and is engaged, with the assistance of Acal, in offering logistic and repair solutions to these manufacturers on a pan-European basis.

Acal Germany works closely with Siemens, one of its major customers, in the design of products

Headway Technology Group Ltd

The Group's document imaging business is conducted under the Headway name in the UK and Germany and under the Acal name in the Netherlands and Belgium.

Headway is a leading distributor in the document imaging and management products market in the United Kingdom.

With several years experience in this field, the company has a wide range of hardware and software products addressing this rapidly growing sector of the computer market. Headway has established relationships with several leading international manufacturers in the industry and with its enviable experience and knowledge of the market, is well placed to take advantage of the projected growth in this sector.

Headway UK

Sporlan is one of Acal's major suppliers: a relationship that goes back several decades

GROUP STRATEGY AND DEVELOPMENTS

Group Strategy

Acal's main business strategy has been and continues to be to invest in the growth of its existing agency businesses in Europe. This is achieved primarily by organic growth in product and market sectors in which the company's subsidiaries are presently active. It is supplemented by the addition of new products into existing markets, and the penetration of new and emerging market sectors.

The acquisition of businesses and product lines complementary to current activities in Europe continues to be of benefit in achieving the company's goals. The Group has also started to develop its core business in growing markets in the Far East.

Developments in 1996/97

In July 1996, EAF withdrew from the high volume repair of PC parts by selling a controlling interest in its subsidiary White Electronics BV.

On 1st July 1996, Headway Technology Germany commenced trading as a distributor in the document imaging and management products market in Germany and Austria. This activity, which is run as a division of Acal GmbH, is based in Cologne.

FINANCIAL CALENDAR 1997/98

Annual General Meeting

16th July 1997

Results

Interim report for the six months to
30th September 1997
Early December 1997

Preliminary announcement for the year to
31st March 1998
Early June 1998

Annual report 1998
Late June 1998

Dividend payments

Second interim dividend 1996/97
6th June 1997

Interim dividend 1997/98
2nd February 1998

Final dividend 1997/98
3rd August 1998

DIRECTORS

J A H Curry*
59, Chairman and Chief Executive, founded Acal in 1986. He was previously Joint Chief Executive and subsequently a non-executive director of Unitech plc. He is also a non-executive director of Dixons Group plc and Foreign and Colonial Smaller Companies plc.

A J Laughton
54, Managing Director, founded the Dean companies and Toptronics between 1975 and 1984. These companies comprised the Centre Industries Group which is now part of the Acal Group.

J V Pomeroy
59, Director, held senior financial positions with the Trust House Group and Bowater Corporation before joining the Centre Industries Group in 1985.

J S Virdee
45, Finance Director, was a director of Kleinwort Benson Limited until 1989. Before joining Acal in 1993, he was Finance Director of Grosvenor Estate Holdings and Sycamore Taverns Limited.

A B Brooker*
65, Non-Executive Director, was Chairman and Chief Executive of Extel Group plc until 1987 and is currently non-executive Chairman of Kode International plc as well as non-executive Director of Plysu plc and Aukett Associates plc.

R J Williams*
63, Non-Executive Director, was a main Board Director of GEC plc and is now Chairman of Radstone Technology plc and non-executive director of Eurotherm plc and TransTec plc as well as Chairman of the Council of Warwick University.

** Member of the Remuneration Committee.*
All Directors are members of the Audit Committee.

Philips Medical Systems is a major customer of Acal Nederland

SECRETARY AND REGISTERED OFFICE

Secretary	J V Pomeroy
Registered Office	Acal House, 39 Guildford Road, Lightwater, Surrey GU18 5SA

ADVISERS

Stockbrokers	Albert E Sharp
Auditor	KPMG Audit Plc
Solicitors	Lovell White Durrant
Principal Bankers	Barclays Bank plc Lloyds Bank plc
Registrars	Lloyds Bank plc

Acal France