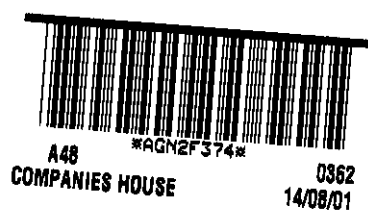


ACAL plc

Annual Report 2001

/

Registered Number: 2008246



Acal's Business

Acal is a leading European value-added distributor providing specialist design-in, sales and marketing services for international suppliers. Its value added philosophy and geographic coverage enable the Group to provide specialist knowledge and support to customers on a pan European basis.

The Group's most significant product groups are as follows:

Electronic Components

A broad range of electronic components including frequency control devices, electromechanical and magnetic components, specialist niche semiconductors, capacitors, power supplies, RF and microwave components, systems and instrumentation.

IT Products

Document management and imaging products together with work-flow management software and toolkits. The Group's document imaging business is conducted under the Headway name.

Networking and data communications products, including fibre channel products for the rapidly growing Storage Area Network (SAN) market.

IT Parts Services

A range of distribution and logistics solutions for service components and sub-assemblies for premium branded personal computers and related peripherals. The Group's IT Parts Services business is conducted under the name EAF.

Industrial Controls

Air conditioning and refrigeration components as well as other industrial controls and medical products.

Chairman's Statement

Results

I am pleased to report we have had a great year. Rapid organic growth has taken us to a new and much higher level of profit.

Sales have increased from £245.4m to £325.3m, up 33%. Organic growth was 31%, currency translation had a 2% negative impact, and the balance of 4% was because this year included a full year of the Sedgemoor acquisition. This produced growth in operating profit before interest and goodwill amortisation of 64%, up from £15.3m to £25.1m.

Group profit before taxation, increased 60% to £20.1m from £12.6m. With taxation of 35% versus 29% this has translated into earnings per share before goodwill amortisation and exceptional items of 56.8p versus 40.3p, up 41%. Headline earnings per share after goodwill write-off is 47.3p, a 43% increase.

Your Board proposes a final dividend of 11.0p per share (9.2p), making a total for the year of 16.5p per share (13.8p), an increase of 20%.

Summary Review

Pride of place in this year's success has been the very rapid growth, particularly in the first nine months of the year, in our IT Products division, with network and data communications equipment, including fibre channel products, leading the way. We have also seen growth in electronic components both in continental Europe and the UK.

I reported last year that our investment in the IT Parts Services division was bearing fruit but the full benefit was twelve months away. I am glad to report that success in turning this business around has been more rapid than predicted. Thus in summary, all divisions have performed well this year.

Long-Term Growth

In the 1997 Annual Report we highlighted how the first ten years of the Group had been characterised by the establishment and development of our strategy, and that we were entering a phase when we could expand profitably. We have successfully demonstrated this in the ensuing years.

This year's success underlines the continued growth of the core business and validates our strategy of value added distribution, both with electronic components and Information Technology products and parts services. We have achieved average organic growth of sales over the last five years of 19%, with a range of growth rates of between 6% and 31% in the period. Looking ahead the challenge is to maintain this trend of growth through the economic cycles, and achieve success in the future as we have done in the past.

Although industry as a whole does not appear to have achieved the long-term growth we have shown, this does not seem to be reflected in our stock market rating relative to the All Share Index. We will endeavour, in the future, to communicate better to potential investors the underlying strength of the business, the value added we provide to our customers and how we ride on the back of technology-driven growth, without the risk of most technology investments.

This industry provides many opportunities. We aim to achieve strong organic growth above the market average in the medium term, and to look for acquisitions which fit our clearly defined strategy.

Chairman's Statement

Appreciation

During the year the rapid growth has put enormous strain on our staff and management. As usual, they have risen to the challenge. It is interesting to note that while organic growth was 31%, the comparable increase in employee numbers was 7%. As a Board we are fortunate to have teams throughout the world who live up to our expectations.

Prospects

We have had an excellent twelve months, although as I reported at the half year, there were signs that growth was moderating. This trend has continued since December. To date, we have not experienced any of the serious setbacks of which we have read so much in the press in the part of our business relating to the network and communications industry. We remain confident of our ability, as always, to manage the phase of the economic cycle being signalled by the slower order pattern in the last few months, and the excess stock levels of some of our customers. We are also well placed to take advantage of new opportunities and the renewed strength in demand which is generally predicted for next year.

John Curry

4th June 2001

Operations Review

Overall, the year was an excellent one for the Group. The expectations indicated twelve months ago and reiterated at the half year materialised in no short measure. This was as a result of the buoyant economic conditions which our industry has enjoyed during this period, coupled with the continuation of the strategies that we have been developing over the past years, which differentiate Acal from the majority of our competitors.

Acal's success is predominantly dependent upon the two similarly sized branches of its business, both of which have performed to, or in excess of expectations.

Electronic Components

Fuelled by the growth of the communications market as a whole, and the telecommunications sector in particular, Acal's component business achieved sales of £153m, up 30% over the previous year. Organic growth provided 22% of this increase, allowing for the fact that Sedgemoor was only included in last year's accounts from 1st June 1999.

It is pertinent to note that the telecommunications market which Acal serves is specifically the infrastructure market – not the subscriber (handset) market which tends towards commodity, low margin components.

This well illustrates one of the major Acal differentials: namely the supply of largely specialised products which, although affected during the year by extended lead-times, was in contrast to the suppliers and distributors of commodity products who saw supply delinquencies and, in some cases, allocations.

The Acal strategy of utilizing in-house technical skills and expertise with compatible products being focussed to target markets proved particularly successful and working as a true partner with many customers goes a long way towards building desirable and strong customer loyalty.

In such a good all-round year it is difficult to pick out specific successes but the performances of the Acal companies in Germany, Scandinavia, Belgium and Italy must be mentioned and in the UK Radiatron deserves inclusion for exceeding all expectations. These successes have in the main been as a result of the growth of applications within some of the major telecommunications customers and comprise a range of products from our frequency, R.F., semiconductor and electromechanical (connector) groups.

Information Technology Products and Services

Growth in all sectors of Acal's IT markets was achieved this year. Sales totalled £149m, up 39%.

IT Products Division

The document management businesses under the Headway banner continued to make progress after a somewhat disappointing previous year. The key achievements being growth and improved margins, particularly in the UK and Germany, Europe's largest markets.

The networking business in the Netherlands, predominantly devoted to Cisco, continued several years of growth in a very demanding market which is destined to see continued rapid change. This puts many pressures on resources and people and the Acal Netherlands team can be congratulated on an excellent performance, not only in sales terms but also in the growth of added-value services to support the market and at the same time establishing a branch office in Belgium.

The relatively new Acal Fibre Channel Solutions group has seen significant growth largely as forecasted with the continuing enlargement of the SAN (Storage Area Network) market and now supplies and supports this market Europe-wide with dedicated personnel in Germany, Netherlands, Belgium and the UK. In addition, we have at the time of writing a total of 40 accredited resellers in the UK, 210 across continental Europe and as far afield as Lithuania, Poland, Russia, South Africa, India, Singapore, Taiwan and Korea.

Operations Review

IT Parts Services Division

EAF has prospered as predicted twelve months ago. It has successfully established a number of major OEM relationships which are providing a stable platform for growth, both in the PC and printer industry. This has been achieved in the UK, Germany and the Netherlands. The task this year is to develop the organisation in France to the same level and extend our reach into new territories within Europe.

Industrial Controls

This predominantly air conditioning & refrigeration components business showed a more modest 12% growth during the year with sales of £23m. This was roughly in line with expectations and provided a satisfactory result overall.

IT Systems Strategy

We have historically worked with decentralised systems to provide the necessary IT capability, and each company has made its own independent decisions. Over the past few years this has led to high levels of capital expenditure across the group, while at the same time some of our systems are being stretched because of the rapid growth.

We have therefore conducted a review of our own IT systems strategy. Our objective in this area continues to be to use information technology to become more effective and efficient, and to enhance the service which we provide to our suppliers and customers. The review has suggested that by greater sharing of skills and systems across the group, we can afford to invest in more sophisticated systems to meet our objective. As a result we have embarked on a project which will result in common systems across group companies. This is an important investment which is taking place this year while there is slower growth, so that we are fully operational when demand accelerates again, as it always does.

Tony Laughton

4th June 2001

Operations Review

Sales by Division

2000/2001

1999/2000

■ Electronic Components	47%
■ IT Products and Services	46%
■ Industrial Controls	7%
	<u>100%</u>

■ Electronic Components	48%
■ IT Products and Services	44%
■ Industrial Controls	8%
	<u>100%</u>

EBITA by Division

2000/2001

1999/2000

■ Electronic Components	57%
■ IT Products and Services	38%
■ Industrial Controls	5%
	<u>100%</u>

■ Electronic Components	58%
■ IT Products and Services	34%
■ Industrial Controls	8%
	<u>100%</u>

Financial Review

In comparing the Group's underlying performance for the year to 31 March 2001 with the previous year, we need to take account of the effect of exchange rates and of the acquisition of Sedgemoor. The year to 31 March 2001 saw sterling on average approximately 3% stronger against continental European currencies than in the previous year, and thus the effect of exchange rates on the translation of the Group's results has been relatively minor. The Sedgemoor group of companies, which were acquired during the year ended 31 March 2000, were consolidated with effect from 1 June 1999. Hence their results for the 10-month period to 31 March 2000 were included in the Group's results for the year to that date, whereas a full twelve months' results are included this year.

The table below shows a comparison of the Group's underlying performance, with last year isolating these effects: -

£million	Year ended 31st Mar 00	Underlying Increase	Effect of Acquisition	Effect of Exchange Rates	Year ended 31st Mar 01
Sales	245.4	+75.7	+9.3	-5.1	325.3
% change		+31%	+4%	-2%	+33%
EBITA*	15.6	+7.2	+0.4	-0.3	22.9
% change		+46%	+3%	-2%	+47%

(*EBITA being Earnings before interest, taxation, exceptional items, the Group's share of results of associated undertakings, and amortisation of goodwill)

Overall gross margins at 23.3% (2000: 24.5%) reflected the change in product mix arising primarily from the faster growth rates in the Group's IT Products and specialist semi-conductor businesses.

The table below compares the sales and EBITA achieved by the Group's divisions during the year to 31 March 2001 with the prior year: -

£ million	Year ended 31st March					
	2001			2000		
	Sales £m	EBITA £m % of Sales		Sales £m	EBITA £m % of Sales	
Electronic Components	153.1	13.0 8.5		117.9	9.1 7.7	
IT Products	111.3	6.2 5.6		69.1	2.8 4.1	
IT Parts Services	38.0	2.5 6.4		38.0	2.5 6.4	
Industrial Controls	22.9	1.2 5.3		20.4	1.2 5.8	
	325.3	22.9 7.0		245.4	15.6 6.3	

Net operating expenses before exceptional items and goodwill amortisation increased during the year from £44.6m to £53.0m. Of this increase of £8.4m, an amount of £2.5m is attributable to the acquisition of Sedgemoor and there was a benefit of £0.6m from exchange rate movements, so that the underlying increase was £6.5m, representing 15% as compared with the underlying sales growth of 31%.

Westech, our electronic components associate in the Far East, delivered a strong performance during the year, helped by exceptionally buoyant trading conditions, and this is reflected in the Group's share of the profit of associated undertakings increasing from £0.4m to £2.2m.

Net interest cost of £2.5m (2000: £1.6m) for the year was covered 10 times (2000: 10 times) by profit before interest, tax and goodwill amortisation.

Financial Review

The Group's effective tax rate for the year ended 31 March 2001 (based on profit before tax and amortisation of goodwill) was 34.7% as compared with 29.1% in the previous year. The higher rate this year has arisen partly because of the relatively greater proportion of profits generated in higher tax-rate jurisdictions in continental Europe. Moreover, as we explained at the time, last year's tax charge included certain one-off benefits of the reversal of timing differences and relief for tax losses brought forward.

We continue to have a strong balance sheet and finished the year with net debt of £18.3m as compared with £23.9m at the end of the previous year. Although credit for this achievement goes to the Group's operating companies which have worked hard at managing cash, it must also be acknowledged that the position at the end of the year reflected some one-off benefits in the timing of cashflows. Shareholders' funds increased from £54.1m at 31 March 2000 to £63.6m at 31 March 2001, predominantly as a result of the retained profits for the year.

The first half of the year saw an increase in working capital employed beyond that resulting from the growth of the business. This was primarily because buoyant trading conditions led, in some cases, to lengthening lead times from suppliers and hence the need for extra buffer stocks to maintain customer service levels. The Group's operating companies have been placing particular emphasis on managing their working capital and the second half of the year has seen some progress towards achieving targets we have set ourselves in accordance with our model. We will continue to work hard in this area.

The ordinary dividends for the year to 31 March 2001 will absorb £4.3m (2000: £3.6m) and are covered 3.4 times (2000: 2.9 times) by attributable profit before deducting the amortisation of goodwill.

Jim Virdee

4th June 2001

J A H Curry

Chairman and Chief Executive (62), 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, Foreign and Colonial Smaller Companies plc and The Terence Chapman Group plc.

J V Pomeroy

Director (63), held senior financial positions with the Trust House Group and Bowater Corporation before joining the Centre Industries Group in 1985. Since October 1997 he has been working for Acal on a part-time basis.

A J Laughton

Managing Director (58), 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. He is

also a non-executive director of Triage Services Limited.

A B Brooker

Non-Executive Director (69), was Chairman and Chief Executive of Extel Group plc until 1987 and is currently a non-executive director of Aukett Group plc.

J S Virdee

Finance Director (49), 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.

D Channing-Williams

Non-Executive Director (53), was Managing Director of Vodafone Ltd and a director of Vodafone Group Plc. He also served on the Boards of many overseas subsidiaries of Vodafone. He is a non-executive

director of Project Telecom Plc and a number of small ventures and start-ups.

R A Allen (appointed 8th May 2000)

Director (51), joined Acal in June 1999. He was Chief Executive of the IEC Group Ltd, a European distributor of electronic components, until 1999. From 1992 to 1994 he was a director of W. Canning PLC. He is

responsible for a part of the Group's electronic components business.

R J Williams

Non-Executive Director (67), was a director of GEC plc and is now Chairman of Radstone Technology plc, non-executive director of Filtronic plc, Comunica Holdings Plc and Electron Technologies Limited as

well as Chairman of the Council of Warwick University.

Committees of the Board

R J Williams is the Senior Non-Executive Director.

The Executive Directors' Remuneration Committee comprises R J Williams (Chairman), A B Brooker and D Channing-Williams.

The Non-Executive Directors' Remuneration Committee comprises J A H Curry (Chairman), A J Laughton, J S Virdee and R A Allen.

The Audit Committee comprises A B Brooker (Chairman), R J Williams and D Channing-Williams.

The Nominations Committee comprises J A H Curry (Chairman), A J Laughton, A B Brooker, R J Williams and D Channing-Williams.

Secretary and Advisers

SECRETARY AND REGISTERED OFFICE

Secretary: **J V Pomeroy**
Registered Office: **2 Chancellor Court, Occam Road,
Surrey Research Park, Guildford,
Surrey GU2 7AH**

ADVISERS

Stockbrokers: **Cazenove & Co. Ltd**
Principal Bankers: **Barclays Bank plc
Lloyds TSB Bank plc**
Auditors: **Deloitte & Touche**
Registrars: **Lloyds TSB Registrars**
Solicitors: **Lovells**

Financial Calendar 2001/2002

ANNUAL GENERAL MEETING 18th July 2001

RESULTS

Interim report for the six months
to 30th September 2001: Early December 2001
Preliminary announcement
for the year to 31st March 2002: Early June 2002
Annual Report 2002: Late June 2002

DIVIDEND PAYMENTS

Final dividend 2000/2001: 25th July 2001
Interim dividend 2001/2002: 25th January 2002
Final dividend 2001/2002: 25th July 2002

The Acal Group is committed to effective corporate governance and operates to clear principles and procedures of control appropriate to a multinational business. This statement describes how Acal applies the principles of governance, particularly those set out in The Combined Code published by The London Stock Exchange in June 1998.

Formal Compliance with The Combined Code

In accordance with the Listing Rules of the UK Listing Authority, the Company confirms that it has complied with the Combined Code throughout the year ended 31st March 2001 except as explained below. The Board believes that in the circumstances of the Company the limited areas of non-compliance do not detract from Acal's commitment to and effective implementation of the principles of good corporate governance.

The Board of Acal

Acal is led by a strong and experienced Board. Throughout the year it comprised a Chairman and Chief Executive, a Managing Director, a Finance Director and a part-time Executive Director as well as three independent Non-executive Directors. Mr R A Allen, an Executive Director, joined the Board on 8th May 2000. Mr R J Williams is designated as the Senior Non-executive Director. Brief details of the experience of each of the directors are set out on page 10.

Members of the Board, which reserves to itself decisions on certain important matters, have a broad range of business and financial skills and experience and the Non-executive Directors bring to it independent judgement which is fundamental to good corporate governance.

The Board has regular scheduled meetings throughout the year. In addition, information on the Group's performance is sent to directors each month and telephone contact or ad hoc meetings are arranged to keep the full Board abreast of developments. Minutes of key management meetings are circulated to the Board.

The Company's Articles of Association require that one third of the directors retire by rotation each year and seek re-election. In addition, any director appointed by the Board must retire and seek re-election at the next Annual General Meeting.

Having regard to the composition of the Board, in particular the range of experience of its members, the strong independent element provided by the Non-executive Directors and the sharing of day-to-day operational responsibilities between the Chairman and the Managing Director, each of whom is a significant shareholder in the Company, the directors believe that it is not inappropriate in Acal's current circumstances that the post of Chairman and Chief Executive be combined in one person. The Board is satisfied that no individual has unfettered powers of decision.

The Board has established an Audit Committee, an Executive Directors' Remuneration Committee, a Non-executive Directors' Remuneration Committee and a Nominations Committee. Details of the membership of these committees are set out on page 11.

Relations with Shareholders

The Board believes that it is an important part of its responsibilities to maintain effective and timely communications with the Company's shareholders and institutional investors. The Company's Annual Report includes a statement from the Chairman, an operations review by the Managing Director and a financial review by the Finance Director. At the half-year an Interim Report is published.

Throughout the year regular meetings are held with institutional shareholders as well as stockbroking analysts. Members of the Board and the Chairmen of the Remuneration and Audit Committees are available at the Annual General Meeting to answer any questions and throughout the year the Company responds to any questions from shareholders generally.

Internal Control

The Combined Code includes a requirement that the Board review the Group's system of internal controls. This requirement covers all controls including operational, compliance, risk management as well as financial controls. Formal guidance on the review of non-financial controls was published by the Institute of Chartered Accountants in England & Wales in September 1999 and following that the Board approved a framework for the implementation of this guidance. The relevant procedures have been in place throughout the year ended 31 March 2001 and up to the date of this annual report.

The Board has overall responsibility for the Group's system of internal controls and regularly reviews the effectiveness of the system. Whilst no system of controls can provide absolute assurance against material mis-statement 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. In establishing and reviewing the system of internal controls, the Board has regard to the significance of the risks involved, the likelihood of a loss being incurred and the costs of the relevant controls.

Corporate Governance

The foundation of the Group's system of internal 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;
- an ongoing process for the identification, regular review and management of the principal risks and issues affecting the business, both at Group and operating company levels;
- a regular review of the principal suppliers and customers of the Group, and how each impacts upon the Group's business;
- a comprehensive planning process which starts with a strategic plan and culminates in an annual budget;
- regular forecasting throughout the year, of orders, sales, 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 and commitments;
- a requirement for each operating company to maintain a system of internal controls appropriate to its own local business environment; and
- an annual process under which each operating company reviews its own system of internal controls and reports on the results to the Board.

The above procedures encompass Acal plc and its subsidiary companies, but do not include the group's associated undertakings which operate their own individual systems of internal control.

The Board receives regular submissions from management concerning the matters set out above and other matters relevant to internal controls and the identification, evaluation and management of risk. In addition, the Board has conducted a specific annual review of the effectiveness of the Group's system of internal controls and risk management. The Group continues to embed internal control and risk management further into the operations of the business and to deal with areas of improvement which come to the attention of management and the Board.

Remuneration

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, and in some cases, participation in the Group's pension scheme, share option schemes and other benefits such as 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 Executive Directors' Remuneration Committee, taking into account individual performance, return on capital employed, the growth of profits, and the net margin as a percentage of turnover. The remuneration of the Non-executive Directors is determined by the Non-executive Directors' Remuneration Committee.

Going Concern

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.

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; and
- use the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

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.

Directors' Report

The Directors submit their Fifteenth Annual Report with the audited financial statements of the Company for the year to 31st March 2001.

1. Activities

Acal plc is the parent company of a Group engaged in the sale and marketing of electronic and industrial control products. Further details of the Group's activities are set out on page 2.

2. Results

The results of activities of the Group for the year to 31st March 2001 are set out in detail in the consolidated profit and loss account on page 18. A review of the results and future prospects is included in the Chairman's Statement, the Operations Review and the Financial Review on pages 3 to 9.

The Directors recommend a final dividend of **11.0p** per share (2000 9.2p). The final dividend together with the interim dividend of **5.5p** (2000 4.6p) makes a total dividend for the year of **16.5p** per ordinary share (2000 13.8p). The total dividends on ordinary shares will absorb **£4,294,000** (2000 £3,558,000).

3. Fixed assets

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

4. Directors' remuneration, service contracts and interests

Details of the remuneration of Directors who served during the years ended 31st March 2001 and 31st March 2000 are as follows:

	Salary or Fees	Bonus	Benefits	Pension Contributions	2001 Total	2000 Total
	£	£	£	£	£	£
Executive Directors						
J A H Curry	240,000	200,000	11,505	—	451,505	284,433
A J Laughton	230,000	200,000	15,148	28,690	473,838	303,073
J V Pomeroy	46,666	10,000	1,125	—	57,791	35,983
J S Virdee	135,000	100,000	14,416	10,095	259,511	175,384
R A Allen (appointed 8th May 2000)	98,333	37,000	41,437	13,892	190,662	—
D F Crook (resigned 4th February 2000)	—	—	—	—	—	257,490
Non-executive Directors						
A B Brooker	19,000	—	—	—	19,000	17,500
R J Williams	20,000	—	—	—	20,000	18,500
D Channing-Williams	18,000	—	—	—	18,000	10,500
	806,999	547,000	83,631	52,677	1,490,307	1,102,863

J S Virdee and R A Allen are the only directors who have service contracts with any member of the Acal Group, and these contracts have a notice period of one year.

J A H Curry was the highest paid director (excluding pension contributions) in the years ended 31st March 2001 and 2000.

Directors' Report

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

Director	Held at 1.04.00	Movements during the year		Held at 31.03.01			
		Granted	Exercised	Number	Date of Grant	Exercise Price	When Exercisable
J A H Curry	72,000	-	-	72,000	June '98	363.5p	June 2001 to June 2005
J A H Curry	50,000	-	-	50,000	July '99	462.5p	July 2002 to July 2006
J A H Curry	-	110,000	-	110,000	July '00	517.5p	July 2003 to July 2007
A J Laughton	100,000	-	-	100,000	June '95	339p	June 1999 to June 2003
A J Laughton	72,000	-	-	72,000	June '98	363.5p	June 2001 to June 2005
A J Laughton	50,000	-	-	50,000	July '99	462.5p	July 2002 to July 2006
A J Laughton	-	50,000	-	50,000	July '00	517.5p	July 2003 to July 2007
J S Virdee	40,000	-	-	40,000	June '94	273p	June 1998 to June 2002
J S Virdee	50,000	-	-	50,000	June '98	363.5p	June 2001 to June 2005
J S Virdee	30,000	-	-	30,000	July '99	462.5p	July 2002 to July 2006
J S Virdee	-	35,000	-	35,000	July '00	517.5p	July 2003 to July 2007
R A Allen*	10,000	-	-	10,000	July '99	462.5p	July 2002 to July 2006
R A Allen*	-	19,000	-	19,000	July '00	517.5p	July 2003 to July 2007

*appointed 8th May 2000

The market price of the shares at 31st March 2001 was 502.5p and the range during the year ended on that date was 377.5p to 785.0p.

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.

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 2001		At 31st March 2000	
	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	1,701,983	-	1,700,858	-
J V Pomeroy	165,000	113,000	165,000	113,000
J S Virdee	15,778	-	15,778	-
R A Allen	-	-	-	-
A B Brooker	-	-	-	-
R J Williams	2,345	-	2,345	-
D Channing-Williams	2,000	-	2,000	-

J A H Curry's non-beneficial shareholding at 31st March 2001 comprises 715,000 shares (2000 715,000) owned by E.I.F Consultants Limited, a company of which his wife is a director and shareholder.

The interests of Directors in the shares of the Company at 4th June 2001 are unchanged from those at 31st March 2001.

5. Issue of shares under option schemes

During the year the Company issued 231,376 ordinary shares of 5p each under the Group's share option schemes.

6. Substantial shareholdings

As at 4th June 2001 the Company had been notified of the following major shareholdings (in addition to the interests of Messrs Curry and Laughton) equal to or in excess of 3 per cent of the issued share capital.

	Holdings of ordinary shares (5p)
Prudential Corporation Group of Companies	3,658,923
3i Group plc	1,662,765
Herald Investment Trust plc	1,042,196
Thompson Clive Investments plc	1,006,605

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

7. Donations

During the year £286 (2000 £775) were donated by Group companies for charitable purposes. No contributions (2000 £nil) were made for political purposes.

Directors' Report

8. Auditors

A resolution is to be proposed at the forthcoming Annual General Meeting for the re-appointment of Deloitte & Touche as auditors of the Company.

9. 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.

10. Special business at the annual general meeting

At the Annual General Meeting to be held on 18th July 2001, a total of three resolutions comprising items of special business will be proposed:

- (a) Resolution 6 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 2,600,000 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 UK Listing Authority's Daily Official List for the five 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 the earlier of the next Annual General Meeting of the Company or 15 months from the passing of the resolution. The Directors have no present intention of exercising this authority. Any authority granted would only be exercised if the Directors had an expectation that such purchase would result in an increase in earnings per share and would be in the best interests of shareholders generally.
- (b) Resolution 7 would authorise the Directors to issue authorised but unissued share capital of the Company of up to 8,660,000 ordinary shares of 5p each (being approximately 33% of the existing issued ordinary share capital). The Directors have no present intention of exercising this authority.
- (c) Resolution 8 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 £65,000 (being approximately 5% of the existing issued ordinary share capital of the Company) for cash otherwise than pro rata to existing shareholders.

By Order of the Board

J V Pomeroy
Secretary



2 Chancellor Court,
Occam Road,
Surrey Research Park,
Guildford,
Surrey
GU2 7AH

4th June 2001

Auditors' Report to the Members of Acal plc

We have audited the financial statements on pages 18 to 36 which have been prepared under the accounting policies set out on pages 22 and 23.

Respective responsibilities of directors and auditors

The Directors are responsible for preparing the Annual Report, including as described on page 13 preparation of the financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board, the UK Listing Authority and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions with the company and other members of the Group is not disclosed.

We review whether the statement on pages 12 and 13 reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the UK Listing Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report, including the corporate governance statement, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 circumstances of the company and the group, 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 of the group as at 31st March 2001 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

M. White & L. Louché
Deloitte & Touche

Chartered Accountants and Registered Auditors

Hill House
1 Little New Street
London
EC4A 3TR

4th June 2001

Consolidated Profit & Loss Account

for the year to 31st March 2001

	Notes	Year to 31st March	
		2001 £'000	2000 £'000
Turnover	1	325,329	245,360
Operating Profit:			
Excluding exceptional items and goodwill amortisation		22,900	5,558
Exceptional items			(726)
Goodwill amortisation	9	(2,471)	(2,076)
Group Operating Profit (excluding associated undertakings)		20,429	12,756
Group Share of Operating Profits of Associated Undertakings		2,196	434
Total Operating Profit (including associated undertakings)			
Excluding exceptional items and goodwill amortisation		25,098	15,994
Exceptional items		—	(726)
Goodwill amortisation		(2,473)	(2,078)
	2,3	22,625	13,190
Net profit on disposal of investments and tangible fixed assets		—	1,014
Net interest payable – group	4	(2,358)	(1,592)
Net interest payable – associated undertakings		(172)	(32)
Profit before Taxation:			
Excluding exceptional items and goodwill amortisation		22,568	14,370
Exceptional items		—	288
Goodwill amortisation		(2,473)	(2,078)
Profit on Ordinary Activities before Taxation		20,095	12,580
Taxation on Profit on Ordinary Activities:			
United Kingdom		(3,441)	(2,384)
Overseas		(3,782)	(1,756)
Associated Undertakings:		(619)	(129)
	5	(7,842)	(4,269)
Profit on Ordinary Activities after Taxation		12,253	8,311
Minority interests – Equity		—	(79)
Attributable Profit:			
Excluding goodwill amortisation:		14,726	10,310
Amortisation of goodwill		(2,473)	(2,078)
Profit Attributable to Ordinary Shareholders		12,253	8,232
Dividends on Ordinary Shares	6	(4,294)	(3,558)
Retained Profit for the Year	19	7,959	4,674
Earnings per Share	8	47.3p	33.1p
Diluted Earnings per Share	8	46.7p	33.0p
Earnings per Share Excluding Goodwill			
Amortisation and Exceptional Items		56.8p	40.3p

The results for the year relate wholly to continuing operations.

Balance Sheets

at 31st March 2001

	Notes	Group		Parent Company	
		At 31st March		At 31st March	
		2001	2000	2001	2000
		£'000	£'000	£'000	£'000
Fixed Assets					
Intangible assets	9	44,915	47,388	-	-
Tangible assets	10	10,165	9,342	871	885
Investments	11	3,995	2,957	100,493	100,050
		59,075	59,687	101,364	100,935
Current Assets					
Stocks	12	36,223	26,284	-	-
Debtors	13	67,659	52,021	2,338	11,811
Cash at bank and in hand		12,651	8,461	146	915
		116,533	86,766	2,484	12,726
Creditors:					
Amounts falling due within one year	14	(91,997)	(64,503)	(14,300)	(21,419)
Net current assets/(liabilities)		24,536	22,263	(11,816)	(8,693)
Total assets less current liabilities		83,611	81,950	89,548	92,242
Creditors:					
Amounts falling due after more than one year	14	(15,669)	(22,926)	(15,250)	(22,500)
Provisions for liabilities and charges	16	(4,353)	(4,942)	-	-
Net assets		63,589	54,082	74,298	69,742
Capital and reserves					
Called up share capital	18	1,301	1,289	1,301	1,289
Share premium account	19	36,554	35,586	36,554	35,586
Revaluation reserve	19	301	290	-	-
Profit and loss account and other reserves	19	25,433	16,917	36,443	32,867
Equity Shareholders' Funds		63,589	54,082	74,298	69,742

These financial statements were approved by the Board of Directors on 4th June 2001 and signed on its behalf by:

J A H Curry

J S Virdee

Consolidated Statement of Cash Flows

for the year to 31st March 2001

		Year to 31st March	
		2001	2000
		£'000	£'000
	Notes		
Operating activities			
Net cash inflow from operating activities	23a	20,883	13,958
Dividends from associated undertaking			
		300	–
Returns on investments and servicing of finance			
Interest paid		(3,128)	(2,361)
Interest paid on finance leases		(4)	(8)
Interest received		774	777
		(2,358)	(1,592)
Taxation			
		(6,850)	(6,061)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets and investments		(4,049)	(4,982)
Receipts from sale of tangible fixed assets		319	788
		(3,730)	(4,194)
Acquisitions and disposals			
Disposal/(purchase) of subsidiaries	23d	89	(33,005)
Disposal/(purchase) of investments in associated undertakings		133	(198)
Proceeds from sales of investments		–	1,318
		222	(31,885)
Equity dividends paid			
		(3,794)	(3,253)
Net cash inflow/(outflow) before financing			
		4,673	(33,027)
Financing			
Issue of ordinary shares		980	138
(Decrease)/increase in debt due within one year		(45)	8
(Decrease)/increase in debt due after more than one year		(7,273)	22,055
Payment of capital element of finance leases		–	(44)
		(6,338)	22,157
(Decrease) in cash in the year	23b	(1,665)	(10,870)

Reconciliation of net cash flow to movements in net (debt)

for the year to 31st March 2001

		Year to 31st March	
		2001	2000
		£'000	£'000
	Notes		
(Decrease) in cash in the year		(1,665)	(10,870)
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	23b	7,318	(22,019)
Change in net debt/cash from cash flows		5,653	(32,889)
Lease financing acquired with subsidiary		–	(89)
Translation difference and other movements		(73)	67
Movement in net debt/cash in the period		5,580	(32,911)
Net (debt)/cash at 1st April 2000		(23,938)	8,973
Net (debt) at 31st March 2001		(18,358)	(23,938)

Consolidated Statement of Total Recognised Gains and Losses

for the year to 31st March 2001

	Year to 31st March	
	2001	2000
	£,000	£'000
Profit attributable to ordinary shareholders	12,253	8,232
Gain/(loss) on currency translation – Subsidiary Undertakings	504	(1,388)
Gain on currency translation – Associated Undertakings	64	16
Total recognised gains and losses for the financial year	12,821	6,860

Reconciliation of Movements in Shareholders' Funds

for the year to 31st March 2001

	Group		Parent Company	
	2001	2000	2001	2000
	£'000	£'000	£'000	£'000
Attributable profit for the financial year	12,253	8,232	7,870	28,489
Dividends	(4,294)	(3,558)	(4,294)	(3,558)
Gain/(loss) on currency translation	568	(1,372)	–	–
New share capital issued	980	22,329	980	22,329
Adjustments to goodwill	–	16	–	–
Net addition to shareholders' funds	9,507	25,647	4,556	47,260
Shareholders' funds at 1st April 2000	54,082	28,435	69,742	22,482
Shareholders' funds at 31st March 2001	63,589	54,082	74,298	69,742

All of the shareholders' funds are equity.

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 prepared 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 impairment. 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 asset value.

5. Goodwill

Goodwill arising on acquisitions is capitalised within fixed assets in the year of acquisition and amortised on a straight line basis over its expected useful life. Goodwill represents the excess of the fair value of the consideration paid over the fair value of the net assets acquired.

Purchased goodwill arising on consolidation in respect of acquisitions before 1st April 1998, when FRS 10 "Goodwill and intangible assets" was adopted, was written off to reserves in the year of acquisition. When a subsequent disposal occurs, any related goodwill previously written off to reserves is written back through the profit and loss account as part of the profit or loss on disposal.

6. Turnover

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

7. Depreciation and amortisation

Depreciation and amortisation of 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%
Goodwill	5%

8. 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.

9. Fixed assets

In accordance with FRS 15, fixed assets are stated at cost, adjusted for any revaluations existing on the adoption of the FRS.

Accounting Policies

10. Stocks

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

11. 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. Further information relating to pension schemes is set out in note 17 to the Financial Statements.

12. 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.

13. Foreign currency and financial instruments

Exchange profits and losses resulting from trading are accounted for in the results for the period.

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.

Notes to the Financial Statements

1. Turnover

	Year to 31st March	
	2001	2000
	£'000	£'000
Sales are made to the following markets:		
Western Europe (excluding UK)	188,831	126,947
United Kingdom	122,125	108,212
Rest of the World	14,373	10,201
	325,329	245,360

Only one class of business, the sale and marketing of electronic and industrial control products is undertaken within the Group.

Due to the nature of the Group's 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. Cost of sales and net operating expenses

	Year to 31st March	
	2001	2000
	£'000	£'000
Operating profit is stated after deducting cost of sales and net operating expenses as follows:		
Cost of sales	249,406	185,191
Net operating expenses:		
Distribution and selling costs	33,121	27,800
Administrative expenses	20,365	18,084
	53,486	45,884
Less: other operating income	(463)	(547)
	53,023	45,337

3. Operating profit

	Year to 31st March	
	2001	2000
	£'000	£'000
Operating profit is stated after charging:		
Depreciation of tangible fixed assets	2,826	2,640
Amortisation of goodwill in respect of:		
Subsidiary undertakings	2,471	2,076
Associated undertakings	2	2
Auditors' remuneration in respect of:		
Audit of Group	165	222
(of which, Parent Company £20,000 (2000 £40,000))		
Other fees paid to the auditors and their associates	113	172
Operating lease rentals:		
Plant and machinery	511	428
Land and buildings	2,573	2,358

Notes to the Financial Statements

4. Net interest payable and similar charges

	Year to 31st March	
	2001	2000
	£'000	£'000
This comprises:		
Interest on bank overdrafts and loans	3,128	2,362
Interest on finance leases	4	8
Interest payable	3,132	2,370
Less: interest receivable and similar income	(774)	(778)
Net interest payable	<u>2,358</u>	<u>1,592</u>

5. Tax on profit on ordinary activities

	Year to 31st March	
	2001	2000
	£'000	£'000
The tax charge represents:		
UK Corporation tax at 30% (2000 30%)		
Current year	3,467	2,460
Prior year	(26)	(75)
	<u>3,441</u>	<u>2,385</u>
Overseas tax		
Current year	3,654	1,774
Prior year	97	(65)
	<u>3,751</u>	<u>1,709</u>
Deferred tax	31	46
Associated undertakings	619	129
	<u>7,842</u>	<u>4,269</u>

6. Dividends

	Year to 31st March	
	2001	2000
	£'000	£'000
These comprise:		
Ordinary equity shares		
Interim dividend	1,431	1,186
Proposed final dividend	2,863	2,372
	<u>4,294</u>	<u>3,558</u>

The total dividends payable on ordinary shares for the year represent an amount of **16.5p** (2000 13.8p) per ordinary share.

7. Directors and employees

	Year to 31st March	
	2001	2000
(a) The aggregate emoluments of the Directors were:	£	£
Fees	57,000	46,500
Salary and benefits	833,630	745,479
Performance-related bonuses	547,000	160,000
Pension contributions	52,677	150,884
	1,490,307	1,102,863

During the year A J Laughton, J S Virdee and R A Allen were members of the Group's pension scheme which is a defined contribution scheme. Further details of the emoluments of and options held by the Directors, including the highest paid director, are set out in section 4 of the Directors' Report and form part of these financial statements.

(b) The average number of employees (including Executive Directors) during the year was as follows:

	No.	No.
Marketing, sales and service	803	718
Administration	187	204
	990	922

The average number of employees for the year to 31st March 2000 is a weighted average, taking into account the fact that the Sedgemoor companies were part of the Acal group for 10 months only in the relevant period.

(c) Group employment costs for all employees (including Executive Directors) were as follows:

	Year to 31st March	
	£'000	£'000
Salaries and bonuses	27,895	23,989
Social security costs	3,773	3,381
Pension contributions	1,558	1,497
	33,226	28,867

8. Earnings per share

Earnings per share of **47.3p** (2000 33.1p) represent the profit attributable to shareholders of Acal plc of **£12,253,000** (2000 £8,232,000) divided by **25,920,651** (2000 24,852,857) being the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share are calculated after recognising weighted average dilutive options in respect of **1,111,876** (2000 1,059,150) ordinary shares, adjusted by a weighting factor between the average exercise price of the share options and the average market price per share during the year. The number of shares used for the calculation is **26,227,887** (2000 24,966,473).

Notes to the Financial Statements

9. Goodwill

	Associated Undertakings £'000	Subsidiary Companies £'000	Total £'000
Cost of Goodwill:			
At 1st April 2000 and 31st March 2001	39	49,428	49,467
Amortisation:			
At 1st April 2000	3	2,076	2,079
Amortisation during the year	2	2,471	2,473
At 31st March 2001	5	4,547	4,552
Net book value of goodwill at 31st March 2001	34	44,881	44,915
Net book value of goodwill at 31st March 2000	36	47,352	47,388

The amortisation of goodwill on the above investments is over a period of 20 years.

10. Tangible fixed assets

	Freehold property £'000	Leasehold property (short) £'000	Plant & equipment £'000	Total £'000
GROUP				
Cost or valuation:				
At 1st April 2000	3,230	1,732	13,983	18,945
Disposed of with subsidiaries	–	–	(63)	(63)
Additions	29	136	3,687	3,852
Disposals	(16)	–	(2,574)	(2,590)
Exchange adjustments	47	2	204	253
At 31st March 2001	3,290	1,870	15,237	20,397
Depreciation:				
At 1st April 2000	482	589	8,532	9,603
Disposed of with subsidiaries	–	–	(54)	(54)
Charge for the year	90	131	2,605	2,826
Disposals	(13)	–	(2,250)	(2,263)
Exchange adjustments	9	1	110	120
At 31st March 2001	568	721	8,943	10,232
Net book value at 31st March 2001	2,722	1,149	6,294	10,165
Net book value at 31st March 2000	2,748	1,143	5,451	9,342
Comparable amounts under the historical cost convention:				
Cost	2,430	1,870	15,237	19,537
Accumulated depreciation	(531)	(721)	(8,943)	(10,195)
Net book value at 31st March 2001	1,899	1,149	6,294	9,342

The historical cost depreciation charge for the year would have been £2,817,000, being £9,000 lower than the amount charged in the year as set out above.

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 £421,000 (2000 £413,000) which is not depreciated.

The net book value of assets held under finance leases at 31st March 2001 was £67,000.

10. Tangible fixed assets (continued)

	Freehold property £'000	Total £'000
PARENT COMPANY		
Cost:		
At 1st April 2000 and 31st March 2001	925	925
Depreciation:		
At 1st April 2000	40	40
Charge for the year	14	14
At 31st March 2001	54	54
Net book value at 31st March 2001	871	871
Net book value at 31st March 2000	885	885

Freehold property includes land at £200,000 (2000 £200,000) which is not depreciated.

11. Investments

	Group £'000	Parent Company £'000
(a) MOVEMENTS		
At 1st April 2000	2,957	100,050
Further investments	–	555
Disposals	(187)	(112)
Share of retained profit of associated undertakings	1,461	–
Dividends received from associated undertakings	(300)	–
Exchange adjustments	64	–
At 31st March 2001	3,995	100,493

The Group's investments are mainly in unlisted undertakings and include £2,568,000 (2000 £1,043,000) in respect of the post-acquisition retained profits of associated undertakings.

The further investments by the Parent Company during the year relate to a transfer of shares from a subsidiary and an investment in Acal Australia Pty Ltd.

The disposal during the year relates to the sale of 13,681 shares in Westech Electronics (Pte) Ltd. The Group also disposed of its subsidiary Willow Technologies Ltd at no gain or loss. There was no goodwill written off as a result of this disposal.

Investments in the Parent Company balance sheet represent the investment in shares of group undertakings including an amount of £2,142,000 (2000 £2,255,000) in respect of associated undertakings.

Notes to the Financial Statements

11. Investments (continued)

(b) PRINCIPAL GROUP AND ASSOCIATED UNDERTAKINGS AND OTHER INVESTMENTS AS AT 31st MARCH 2001

Name of Undertaking	Country of incorporation or registration and operation	Type of shares/investment	Percentage of issued ordinary 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%
Amega Group Limited	England	Ordinary	–	100%
EAF (UK) Ltd	England	Ordinary	–	100%
Gothic Crellon Limited	England	Ordinary	–	100%
Headway Technology Group Ltd	England	Ordinary	100%	–
Radiatron Components Ltd	England	Ordinary	–	100%
Stortech Electronics Ltd	England	Ordinary	–	100%
Townsend Coates Ltd	England	Ordinary	–	100%
Vertec Scientific Ltd	England	Ordinary	–	100%
Acal SA	France	Ordinary	–	100%
EAF France SA	France	Ordinary	–	100%
Headway Mediagraph SA	France	Ordinary	–	100%
Acal NV/SA	Belgium	Ordinary	–	100%
Acal GmbH	Germany	Ordinary	–	100%
EAF GmbH	Germany	Ordinary	–	100%
Amega Ireland Ltd	Eire	Ordinary	–	100%
Acal Auriema AB	Sweden	Ordinary	–	100%
Acal Nederland BV	Netherlands	Ordinary	–	100%
EAF Nederland BV	Netherlands	Ordinary	–	100%
Acal Italia Srl	Italy	Ordinary	–	100%
Acal New York Inc	USA	Ordinary	–	100%
Acal Australia Pty Ltd	Australia	Ordinary	100%	–
Ceratech Holdings PLC	England	Ordinary	–	30%
Premark Products (Pty) Ltd	South Africa	Ordinary	45%	–
Scientific Digital Business (Pte) Ltd	Singapore	Ordinary	40%	–
Westech Electronics (Pte) Ltd	Singapore	Ordinary	45.9%	–
Sartek (UK) Ltd	England	Preference	–	–
Management services				
Acal Management Services Ltd	England	Ordinary	100%	–

The issued share capital of Ceratech Holdings PLC comprises 100,000 £1 shares of which a group undertaking owns 30,000. 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 2000.

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 2001.

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. In addition, the Group owns the entire issued preference share capital of Scientific Digital Business (Pte) Ltd comprising 100,000 preference shares of S\$1 each. Its accounting period ends on 30th September and the Group has included its appropriate share of the results to 31st December 2000.

The issued share capital of Westech Electronics (Pte) Ltd comprises 450,000 ordinary shares of S\$10 each, of which the Group owns 206,435. Its accounting period ends on 31st December and the Group has included its appropriate share of the results to 31st December 2000.

Notes to the Financial Statements

12. Stocks

	Group	Group	Parent	Parent
	2001	2000	Company	Company
	£'000	£'000	£'000	£'000
Finished goods and goods for resale	36,223	26,284	–	–

13. Debtors

	Group	Group	Parent	Parent
	2001	2000	Company	Company
	£'000	£'000	£'000	£'000
Trade debtors	64,485	48,834	–	–
Amounts owed by subsidiary undertakings	–	–	2,082	11,218
Amounts owed by associated undertakings	217	263	–	–
Other debtors	1,275	979	256	593
Prepayments and accrued income	1,682	1,945	–	–
	67,659	52,021	2,338	11,811

No debtors were receivable after more than one year (2000 £nil).

14. Creditors

	Group	Group	Parent	Parent
	2001	2000	Company	Company
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Bank loans and overdrafts	15,295	9,428	2,046	11,053
Trade creditors	50,480	36,392	11	–
Trade bills payable	252	95	–	–
Amounts owed to subsidiary undertakings	–	–	9,125	7,798
Other creditors	2,576	1,861	84	10
Corporation tax	4,745	4,417	–	–
Social security and other taxes	5,750	4,130	4	–
Proposed dividend	2,863	2,372	2,863	2,372
Accruals and deferred income	9,991	5,763	167	186
Finance lease obligations	45	45	–	–
	91,997	64,503	14,300	21,419

Bank loans and overdrafts to certain subsidiary undertakings amounting to **£60,000** (2000 £253,000) were secured on the assets of those subsidiary undertakings.

Notes to the Financial Statements

14. Creditors (continued)

	Group	Group	Parent Company	Parent Company
Amounts falling due after more than one year:	2001	2000	2001	2000
Secured Borrowings	£'000	£'000	£'000	£'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	57	–	–
Repayable 2-5 years	166	172	–	–
Repayable after 5 years	156	197	–	–
	382	426	–	–
Unsecured Borrowings				
Term loans repayable by instalments at market interest rates:				
Repayable 1-2 years	262	22,250	250	22,250
Repayable 2-5 years	15,025	250	15,000	250
	15,287	22,500	15,250	22,500
Total loans (secured and unsecured)	15,669	22,926	15,250	22,500

15. Financial instruments

Financial instruments are used as appropriate to achieve the operational and financial objectives of the Group. Bank loans and overdrafts both in sterling and foreign currencies are used to finance local working capital.

It is the Group's policy to hedge foreign currency exposure on trading transactions into the local currencies of the operating companies conducting the relevant transactions. This is carried out primarily by entering into short term forward contracts to match cashflows. It is not the Group's policy to hedge the net investment in overseas subsidiaries.

Short term debtors and creditors have been excluded from the disclosures in this note, with the exception of the currency profile note below.

Financial liabilities

An analysis of bank loans and overdrafts by currency is as follows: Sterling denominated **£17,912,000** (2000 £23,422,000); Euro denominated **£12,418,000** (2000 £8,383,000); US\$ denominated **£332,000** (2000 £360,000) and other currencies **£302,000** (2000 £189,000).

Cash

An analysis of cash by currency is as follows: Sterling denominated **£2,481,000** (2000 £1,035,000); Euro denominated **£6,638,000** (2000 £3,883,000); US\$ denominated **£2,902,000** (2000 £3,106,000); and other currencies **£630,000** (2000 £437,000). Cash balances carry floating rate interest based on relevant national interbank rates.

Interest rate profile

Bank overdrafts carry floating rate interest based on relevant national inter bank rates. Group and parent company loans include a sterling denominated term loan of £15 million (2000 £22 million) which carries interest based on Libor and a further sterling loan of £500,000 (2000 £750,000) which carries a fixed rate of interest of 7.95%. The weighted average maturity of sterling denominated loans is 2.9 years (2000 1.3 years). The balance of group loans of **£490,000** (2000 £483,000) are Euro denominated and carry fixed interest rates of between 4.95% and 5.75%. The weighted average rate and maturity were 5.14% (2000 5.08%) and 3.64 years (2000 4.36 years) respectively.

Currency profile

Group companies reporting in Sterling had net currency monetary assets as follows: US\$ £1,549,000, Euro £853,000 and other £208,000. Group companies reporting in Euros had net monetary (liabilities)/assets as follows: Sterling (£1,206,000), US\$ £3,514,000 and other £208,000. Group companies reporting in other currencies had net monetary assets as follows: US\$ £374,000 and Euro £27,000.

Fair values

There is no material difference between the fair value and book value of cash, borrowings and other financial liabilities.

15. Financial instruments (continued)

Gains and losses on financial instruments

At 31st March 2001 the Group had total unrecognised gains and losses relating to forward exchange contracts entered into to hedge cash flows amounting to £24,000 and £103,000 respectively. These gains and losses are expected to be recognised in the profit and loss accounts in the year ending 31 March 2002 so as to match equal and opposite gains and losses on the underlying cash flows which were being hedged by these instruments. Gains and losses unrecognised in previous years of £30,000 and £40,000 respectively were included in the profit and loss account for this year, and matched by equal and opposite gains and losses on the underlying cash flows which were being hedged.

16. Provisions for liabilities and charges

(a) Provisions for liabilities and charges are as follows:

Group	Pensions and	Deferred tax	Other	Total
	severance indemnity			
	£'000	£'000	£'000	£'000
At 1st April 2000	4,037	90	815	4,942
Movement for the year	68	31	(20)	79
Utilised	(603)	(10)	(60)	(673)
Exchange adjustments	12	(7)	–	5
At 31st March 2001	<u>3,514</u>	<u>104</u>	<u>735</u>	<u>4,353</u>

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

	At 31st March 2001		At 31st March 2000	
	Liability/ (Asset) provided £'000	Liability/ (Asset) unprovided £'000	Liability/ (Asset) provided £'000	Liability/ (Asset) unprovided £'000
Excess tax allowances over depreciation	–	(116)	–	(173)
Other timing differences	104	(51)	90	(34)
Capital gains	–	77	–	86
	<u>104</u>	<u>(90)</u>	<u>90</u>	<u>(121)</u>

In the Company there are no deferred taxation liabilities provided or unprovided for (2000 £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 **£321,000** (2000 £318,000).

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. Pensions

The Group makes payments to various defined contribution pension schemes, the assets of which are held separately in independently administered funds. In the United Kingdom the relevant scheme is the Acal Group Employee Pension Scheme ("the Acal Scheme"). The amount charged to the profit and loss account represents employer contributions payable in respect of the accounting period of £819,000 (2000: £266,000).

The Sedgemoor Group's principal pension scheme was the Sedgemoor Group Pension Fund ("the Sedgemoor Scheme"). The Sedgemoor Scheme provides retirement benefits based on final pensionable salary and years of service. The assets of the Sedgemoor Scheme are held in a separate trustee-administered fund.

Following the acquisition of Sedgemoor by Acal in June 1999, the Sedgemoor Scheme was closed to new members with effect from 10th August 1999. Since 31st March 2000 no future service benefits accrue under the Sedgemoor Scheme and the trustees are operating it as a frozen scheme. Active members of the Sedgemoor Scheme have had the opportunity to join the Acal Scheme from 1st April 2000.

At 31st March 1999 the funding level of the Sedgemoor Scheme, calculated on the Minimum Funding Requirement ("MFR") basis, was 89% with a deficit of approximately £3,500,000. A provision was held in the accounts of Sedgemoor for the year ended 31st March 1999 in respect of this deficit. It is at present intended to fund the deficit over a seven-year period commencing 1st April 2000.

During the year ended 31st March 2001, employers' contributions of £500,000 were made into the Sedgemoor Scheme, and these have been charged against the provision.

Notes to the Financial Statements

18. Share capital

	Ordinary Shares of 5p			
	Authorised		Issued (fully paid)	
	Number	Nominal value £'000	Number	Nominal value £'000
At 1st April 2000	35,000,000	1,750	25,783,071	1,289
Issued under option schemes	–	–	231,376	12
At 31st March 2001	35,000,000	1,750	26,014,447	1,301

All ordinary shares in issue have equal voting and dividend rights.

The following options over ordinary shares have been granted under various Group share option schemes and remain outstanding at 31st March 2001:

Outstanding at 31st March 2000	Granted during the year	Lapsed during the year	Exercised during the year	Outstanding at 31st March 2001	Exercise price	Exercise dates
71,500	–	–	(13,500)	58,000	273.00p	1998-2002
100,000	–	–	–	100,000	339.00p	1999-2003
61,000	–	–	(48,000)	13,000	339.00p	1997-2002
41,000	–	–	(18,000)	23,000	527.00p	1999-2003
21,000	–	–	(21,000)	–	527.00p	1995-2000
349,000	–	–	(4,000)	345,000	363.50p	2001-2005
38,000	–	(3,000)	(3,000)	32,000	363.50p	1998-2003
3,500	–	–	–	3,500	447.50p	1999-2004
203,500	–	(5,000)	–	198,500	462.50p	2002-2006
–	444,000	–	–	444,000	517.50p	2003-2007
888,500	444,000	(8,000)	(107,500)	1,217,000		

As part of the acquisition of Sedgemoor plc, certain option holders in Sedgemoor converted their holdings to options in Acal. The movements on these options are as follows:

Outstanding at 31st March 2000	Lapsed during the year	Exercised during the year	Outstanding at 31st March 2001	Exercise price	Exercise dates
124,140	(10,243)	(91,295)	22,602	465.72p	2001-2008
33,032	(451)	(32,581)	–	379.38p	October 2000
157,172	(10,694)	(123,876)	22,602		

The total consideration received on the exercise of options during the year was **£980,000** (2000 £138,000). The market value per Acal share on the date of exercise of those options exercised during the year ranged between 382.5 pence and 752.5 pence.

19. Reserves

Movements in the year are as follows:

	Share premium account	Revaluation reserve	Merger reserve	Profit and loss and other reserves Profit & loss account	Goodwill elimination	Total
	£'000	£'000	£'000	£'000	£'000	£'000
(a) Group						
At 1st April 2000	35,586	290	789	32,719	(16,591)	16,917
Retained profit for the year	–	–	–	7,959	–	7,959
Loss/gain on currency translation	–	11	–	557	–	557
Issue of shares	968	–	–	–	–	–
At 31st March 2001	36,554	301	789	41,235	(16,591)	25,433

The goodwill elimination represents the cumulative amount of goodwill on acquisitions written off (net of goodwill attributable to subsidiary undertakings or businesses disposed of) prior to the introduction of FRS 10.

(b) Parent Company

At 1st April 2000	35,586	–	2,970	29,897	–	32,867
Retained profit for the year	–	–	–	3,576	–	3,576
Issue of shares	968	–	–	–	–	–
At 31st March 2001	36,554	–	2,970	33,473	–	36,443

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

20. Capital commitments

At 31st March 2001 capital expenditure for the Group amounting to **£617,000** (2000 £286,000) had been approved and contracted for. The Parent Company had no capital commitments (2000 £nil).

21. Contingent liabilities

At 31st March 2001 group companies had given counter indemnities to bankers in respect of their guarantees to the value of **£2,210,000** (2000 £1,200,000).

The Parent Company has given guarantees and offset arrangements to support bank facilities made available to subsidiary undertakings. At 31st March 2001 the relevant subsidiary bank borrowings amounted to **£5,489,000** (2000 £3,855,000).

22. Commitments under leases

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

	2001 Land & buildings £'000	2001 Other £'000	2000 Land & buildings £'000	2000 Other £'000
Within 1 year	133	479	160	194
Between 2-5 years	1,114	551	871	787
After 5 years	1,038	–	940	–
	2,285	1,030	1,971	981

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

	2001 £'000	2000 £'000
Within 1 year	18	25
Between 2-5 years	27	9
	45	34

Notes to the Financial Statements

23. Notes to the consolidated statement of cash flows

(a)	Year to 31st March	
	2001	2000
	£'000	£'000
Reconciliation of operating profit to net cash inflow from operating activities:		
Operating profit	20,429	12,756
Depreciation and amortisation	5,297	4,716
Change in provisions	(615)	(250)
Loss/(profit) on sale of fixed assets	8	(97)
(Increase) in stocks	(9,734)	(5,223)
(Increase) in debtors	(14,730)	(7,363)
Increase in creditors	20,228	9,419
Net cash inflow from operating activities	<u>20,883</u>	<u>13,958</u>

(b) Analysis of changes in net debt

	At 1st April 2000	Cash flow	Other movements	Exchange movement	At 31st March 2001
	£'000	£'000	£'000	£'000	£'000
Cash in hand and at bank	8,460	3,943	-	248	12,651
Overdrafts	(9,064)	(5,608)	-	(302)	(14,974)
	(604)	(1,665)	-	(54)	(2,323)
Debt due within a year	(363)	355	(310)	(3)	(321)
Debt due beyond a year	(22,926)	6,963	310	(16)	(15,669)
Finance leases	(45)	-	-	-	(45)
	(23,334)	7,318	-	(19)	(16,035)
Total	(23,938)	5,653	-	(73)	(18,358)

(c) Disposal of subsidiary undertaking	£'000
Net assets disposed of:	
Tangible fixed assets	9
Investments	-
Stock	269
Debtors	151
Cash and financing	186
Creditors	(340)
Net assets disposed of	<u>275</u>
Consideration received during the year	<u>275</u>

(d) Analysis of the net inflow of cash in respect of the disposal of subsidiary undertakings	£'000
Cash consideration	275
Cash disposed of with subsidiary	(186)
Cash inflow in respect of the disposal of subsidiary undertaking	<u>89</u>

24. Related party transactions

The Group has taken advantage of the exemptions from disclosure permitted under FRS 8.

During the year the Group had interests in Ceratech Holdings Ltd, Premark Products (Pty) Ltd, Scientific Digital Business (Pty) Ltd and Westech Electronics (Pty) Ltd, all of which were Associated Undertakings, and St@r Technology Group Limited which was a trade investment (together "Related Parties").

During the year ended 31st March 2001, purchases amounting in aggregate to **£13,000** (2000 £9,000) were made from Related Parties and sales amounting in aggregate to **£311,000** (2000 £148,000) were made to them. In addition fees amounting to **£71,000** (2000 £63,000) were charged in respect of services provided to them and fees of **£nil** (2000 £nil) were paid in respect of services provided by them. All these transactions were on an arms length basis.

At 31st March 2001 aggregate amounts of **£237,000** (2000 £260,000) were receivable from Related Parties and of **£nil** (2000 £nil) were payable to them.

During the year ended 31st March 2001 interest of **£14,000** (2000 £13,000) was received from Related Parties.

5 Year Record

Financial Statistics	2001	2000	1999	1998	1997
	£'000	£'000	£'000	£'000	£'000

Group Profit & Loss

Turnover	325,329	245,360	170,824	159,597	149,046
Profit before tax and goodwill amortisation	22,568	14,658	12,952	10,294	9,769
Amortisation of goodwill	(2,473)	(2,078)	(1)	–	–
Profit before tax	20,095	12,580	12,951	10,294	9,769
Tax	(7,842)	(4,269)	(4,648)	(3,771)	(3,508)
Profit after tax	12,253	8,311	8,303	6,523	6,261
Minority interests	–	(79)	(540)	89	(107)
Attributable profit	12,253	8,232	7,763	6,612	6,154
Dividends	(4,294)	(3,558)	(2,904)	(2,195)	(1,921)
Retained profits	7,959	4,674	4,859	4,417	4,233

Group Balance Sheet

Intangible fixed assets	44,915	47,388	574	–	–
Tangible fixed assets	10,165	9,342	5,885	6,780	6,264
Investments	3,995	2,957	2,945	3,671	2,187
Net current assets	24,536	22,263	22,216	15,831	14,144
Other creditors	(15,669)	(22,926)	(904)	(1,338)	(568)
Provisions for liabilities and charges	(4,353)	(4,942)	(402)	(663)	(738)
Net assets	63,589	54,082	30,314	24,281	21,289

Represented by:

Shareholders' funds	63,589	54,082	28,435	22,985	19,837
Minority interests	–	–	1,879	1,296	1,452
	63,589	54,082	30,314	24,281	21,289

Statistics

Earnings per ordinary share	47.3p	33.1p	38.5p	32.8p	30.7p
Earnings per share before goodwill amortisation	56.8p	41.5p	38.5p	32.8p	30.7p
Dividends (net) per Acal ordinary share	16.5p	13.8p	12.3p	10.9p	9.56p
Return on capital employed*	68%	53%	44%	44%	43%

*Return on capital employed is based on profit before interest, goodwill amortisation and tax and net tangible assets adding back net debt but not deducting net cash.

Notice of Meeting

Notice is hereby given that the Fifteenth Annual General Meeting of Acal plc will be held at the offices of Cazenove & Co. Ltd, 12 Tokenhouse Yard, London EC2R 7AN, on 18th July 2001 at 11.00 am for the following purposes:

Resolutions (being ordinary resolutions unless otherwise stated):

1. To receive and adopt the Report of the Directors and the financial statements for the year ended 31st March 2001.
2. To approve the final dividend.
3. To re-elect the following Director retiring by rotation: Mr J A H Curry. Biographical details are set out on page 9 of the Annual Report and Accounts.
4. To re-elect the following Director retiring by rotation: Mr J V Pomeroy. Biographical details are set out on page 9 of the Annual Report and Accounts.
5. To consider and if thought fit pass the following resolution: "That Deloitte & Touche be and is hereby re-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 agreed by the Directors."
6. To consider and if thought fit pass the following resolution which will be proposed as a special 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 2,600,000 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 Financial Services Authority's Daily Official List for the five 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 the earlier of the next Annual General Meeting of the Company or 15 months from the passing of this resolution 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."
7. 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 £433,000 such authority to expire on 12th July 2006 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."
8. 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 7 to be proposed at the Annual General Meeting of the Company to be held on 18th July 2001 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 7 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

Notice of Meeting

(b) the allotment (otherwise than pursuant to paragraph (a) of this resolution) of equity securities up to an aggregate nominal amount of £65,000;

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

15th June 2001

Notes: 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 enclosed 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 with a notice period of more than one year between any of the Directors and any member of the Acal Group.

Principal Locations

Country	Company/Division	Locations
Electronic Components		
United Kingdom	Acal Electronics Ltd	Church Crookham, Hampshire
	Amega Group Ltd	Church Crookham, Hampshire
	Gothic Crellon Ltd	Wokingham, Berkshire
	Radiatron Components Ltd	Egham, Surrey
	Stortech Electronics Ltd	Harlow, Essex
	Townsend Coates Ltd	Leicester
Belgium	Acal NV/SA	Brussels
France	Acal SA	Paris
Germany	Acal GmbH	Flein/Heilbronn
		Munich
		Hamburg
Ireland	Amega Ireland Ltd	Dublin
Italy	Acal Italia Srl	Milan
		Rome
		Eindhoven
Netherlands	Acal Nederland BV	Eindhoven
Sweden	Acal Auriema AB	Stockholm
Norway	Acal Auriema AB	Honefoss
Finland	Acal Auriema AB	Helsinki
Denmark	Acal Auriema AB	Copenhagen
IT Products		
United Kingdom	Headway Technology Group Ltd	Farnham, Surrey
Belgium	Acal NV/Headway Technology	Brussels
France	Headway Mediagraph SA	Paris
Germany	Acal GmbH/Headway Technology	Munich
		Hanover
Netherlands	Acal Nederland BV/Headway Technology	Eindhoven
IT Parts Services		
United Kingdom	EAF (UK) Ltd	Wokingham, Berkshire
France	EAF France SA	Paris
Germany	EAF GmbH	Goch
Netherlands	EAF Nederland BV	Etten-Leur
Industrial Controls		
United Kingdom	Acal Auriema Ltd	Slough, Berkshire
	Vertec Scientific Ltd	Hook, Hampshire
		Aldermaston, Berkshire
Belgium	Acal NV/SA	Brussels
France	Acal SA	Paris
Germany	Acal GmbH	Flein/Heilbronn
Italy	Acal Italia Srl	Milan
Netherlands	Acal Nederland BV	Eindhoven
USA	Acal New York Inc.	New York
		Florida
Rest of the World	Acal New York Inc.	Sao Paulo, Brazil
		Singapore
		Shanghai, China
		New Delhi, India
		Beirut, Lebanon
	Acal Australia Pty Ltd.	Melbourne, Australia

Further details of the Group's locations can be found on the Acal plc website
(address www.acalplc.co.uk)