

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. It contains the Resolution to be voted on at the General Meeting of Acal plc to be held on 19 November 2009. If you are in any doubt as to the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser who is authorised for the purpose of the Financial Services and Markets Act 2000 (the "FSMA") if you are in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.**

If you sell or have sold or otherwise transferred all of your Ordinary Shares, please forward this document and the accompanying Form of Proxy, at once, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. Any person (including, without limitation, custodians, nominees and trustees) who may have a contractual or legal obligation or may otherwise intend to forward this document to any jurisdiction outside the UK, should seek appropriate advice before taking any action. If you sell or have sold or otherwise transferred only part of your holding of Acal Ordinary Shares, please consult the stockbroker, bank or other agent through which the sale was effected as to the action you should take.

The Directors of Acal, whose names appear on page 5 in Part I of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

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## **Acal plc**

*(Incorporated and registered in England and Wales with registered number 2008246)*

### **Proposed acquisition of Financière BFI Optilas SAS and Notice of General Meeting**

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This document should be read as a whole. Your attention is drawn to the letter from the Chairman of Acal which is set out on Part I of this document, which explains the purpose of the Resolution to be proposed at the General Meeting and includes a unanimous recommendation from the Board to vote in favour of the Resolution.

**Part II of this document, entitled "Risk Factors", includes a discussion of certain risk factors which might affect the value of your shareholding in Acal and which should be taken into account in considering the matters referred to in this document.**

Notice of a General Meeting of Acal, to be held at the Company's offices at 2 Chancellor Court, Occam Road, Surrey Research Park, Guildford GU2 7AH on 19 November 2009 at 11:00 a.m., to approve the Acquisition, is set out at the end of this document. The Form of Proxy for use at the General Meeting is enclosed. To be valid, Forms of Proxy for use in connection with the meeting should be completed, signed and returned as soon as possible and, in any event, so as to reach the Company's registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6ZL by not later than 11:00 a.m. on 17 November 2009 being 48 hours before the time appointed for the meeting.

Alternatively, a proxy may also be appointed via the internet or, for CREST members, by using the CREST electronic proxy appointment service. For further details see the notes to the notice of the General Meeting set out at the end of this document. The appointment of a proxy will not preclude you from attending the General Meeting and voting in person if you wish to do so.

The Acquisition is conditional, *inter alia*, upon the approval of the holders of Acal Shares at the General Meeting. A summary of the action to be taken by holders of Acal Shares is set out on page 8 of this document and in the accompanying Notice of General Meeting.

Copies of this document are available free of charge at the office of Lovells LLP, Atlantic House, Holborn Viaduct, London, EC1A 2FG and from the Company's registered office during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) until 19 November 2009.

Apart from the liabilities and responsibilities, if any, which may be imposed on J.P. Morgan Cazenove by the FSMA or the regulatory regime established thereunder, J.P. Morgan Cazenove accept no responsibility whatsoever for the contents of this document or for any other statement made or purported to be made by it or on its behalf in connection with the Company or the Acquisition. Nothing contained in this document is, or shall be relied upon as, a promise or representation by J.P. Morgan Cazenove as to the past, present or future. J.P. Morgan Cazenove disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this document or any such statement.

J.P. Morgan Cazenove which is authorised and regulated by the Financial Services Authority in respect of regulated activities, is acting as Sponsor to Acal and for no-one else in connection with the Acquisition and will not regard any other person as its client nor be responsible to anyone other than Acal plc for providing the protections afforded to clients of J.P. Morgan Cazenove nor for providing advice in relation to the Acquisition or any matter referred to herein.

**THIS DOCUMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITY, NOR SHALL THERE BE ANY SALE, ISSUANCE OR TRANSFER OF THE SECURITIES REFERRED TO IN ANY JURISDICTION IN CONTRAVENTION OF APPLICABLE LAW.**

## **Information regarding forward-looking statements**

This document contains a number of forward-looking statements relating to the Group and the Enlarged Group with respect to, amongst others, the following: financial condition; results of operations; economic conditions in which the Group operates and in which the Enlarged Group will operate; the business of the Group and the Enlarged Group; future benefits of the Acquisition and management plans and objectives. The Company considers any statements that are not historical facts as “forward-looking statements”. They relate to events and trends that are subject to risks and uncertainties that could cause the actual results and financial position of either the Group or the Enlarged Group to differ materially from the information presented in the relevant forward-looking statement. When used in this document the words “estimate”, “project”, “intend”, “aim”, “anticipate”, “believe”, “expect”, “should” and similar expressions, as they relate to the Group and/or the Enlarged Group or the management, are intended to identify such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this document. Neither the Company nor any member of the Group or the Enlarged Group undertake any obligation publicly to update or revise any of the forward-looking statements, whether as a result of new information, future events or otherwise, save in respect of any requirement under applicable laws, the Listing Rules, the Disclosure and Transparency Rules and other regulations.

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### EXPECTED TIMETABLE OF PRINCIPAL EVENTS

All references to times in this document are to London time unless otherwise stated

Announcement of Acquisition	29 October 2009
Latest time for receipt of Form of Proxy for the General Meeting	11:00 am on 17 November 2009
Latest time for settlement of CREST Proxy Instruction	11:00 am on 17 November 2009
General Meeting	11:00 am on 19 November 2009
Expected date of completion	On or around 16 December 2009

## DIRECTORS, COMPANY SECRETARY AND ADVISERS

<b>Directors</b>	Richard Moon – <i>Non-executive Chairman</i> Nicholas Jefferies – <i>Group Chief Executive</i> Malcolm Cooper BSc ACA – <i>Group Finance Director</i> Eric Barton MA – <i>Senior Non-executive Director</i> Graham Williams MBA CA – <i>Non-executive Director</i>
<b>Group Company Secretary</b>	Gary Shillinglaw FCIS
<b>Registered Office</b>	2 Chancellor Court Occam Road Surrey Research Park Guildford Surrey GU2 7AH
<b>Sponsor and Financial Adviser</b>	J.P. Morgan Cazenove Limited 20 Moorgate London EC2R 6DA
<b>Solicitors</b>	Lovells LLP Atlantic House 50 Holborn Viaduct London EC1A 2FG
<b>Auditors</b>	Ernst & Young LLP 1 More London Place London SE1 2AF
<b>Reporting Accountants to Acal</b>	KPMG LLP Arlington Business Park Theale Reading RG7 4SD
<b>Reporting Accountants to BFI Optilas</b>	Constantin 25 Hosier Lane London EC1A 9LQ
<b>Registrars</b>	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA

**PART I**  
**LETTER FROM THE CHAIRMAN OF ACAL**

**Acal plc**

*(Incorporated and registered in England & Wales with registered number 2008246)*

*Directors*

Richard Moon *Non-executive Chairman*  
Nicholas Jefferies *Group Chief Executive*  
Malcolm Cooper *Group Finance Director*  
Eric Barton *Senior Non-executive Director*  
Graham Williams *Non-executive Director*

*Registered office*

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

29 October 2009

*To Shareholders and, for information only, to holders of options over Ordinary Shares*

Dear Shareholder,

**Proposed acquisition of BFI Optilas (“Acquisition”) and Notice of General Meeting**

**1. Introduction**

On 29 October 2009, Acal announced that it had entered into a conditional agreement to acquire the entire issued share capital of BFI Optilas, for the consideration of €10 million payable in cash on Completion and 2 million Ordinary Shares in Acal to be issued on Completion. The principal terms of the Acquisition are described in more detail in paragraph 6 of this letter and Part V of this document.

The Acquisition, because of its size in relation to the Company, is a Class 1 transaction for Acal under the Listing Rules and is therefore conditional, *inter alia*, upon the approval of Shareholders. A General Meeting is to be held at 2 Chancellor Court, Occam Road, Surrey Research Park, Guildford GU2 7AH at 11:00 am on 19 November 2009 for the purpose of seeking such approval and a notice convening the General Meeting, at which the Resolution will be proposed, is set out at the end of this document.

The purpose of this document is to provide details of the Acquisition, to explain why the Board considers it to be in the best interests of Acal and its Shareholders as a whole to make the Acquisition and to recommend that Shareholders vote in favour of the Resolution. In reaching its decision Acal has obtained the advice of J.P. Morgan Cazenove, its corporate broker and financial adviser, on the Acquisition.

**2. Background to and reasons for the Acquisition**

Acal comprises three divisions: Electronics, Supply Chain and Medical. The Electronics division distributes specialised electronic products to industrial manufacturing and design companies where higher margins can be generated over time.

The Acal Board has stated that it would consider selective acquisitions to accelerate delivery of its strategic goals by adding similar specialised distribution businesses that add scale, strengthen Acal’s business across mainland Europe and expand the product portfolio. The acquisition of BFI Optilas is consistent with Acal’s stated strategy and, in particular, the strategy of its Electronics Division.

BFI Optilas is a similar specialised distributor of electronic and photonic products and in all the geographic areas in which it operates, Acal also has operations. Whereas approximately 50% of Acal’s business is in the United Kingdom, the majority of BFI Optilas’s business is derived from mainland Europe, a region where Acal has continued to suffer losses. The Board believes that the Acquisition provides Acal with the opportunity to cross-sell certain products of each company, win new supplier distributorships and achieve significant operational cost synergies. The Acquisition will create the leading specialist electronics distributor in Europe. Management expect to achieve in excess of €5 million of synergies with minimal impact on sales and marketing resource, largely through the

rationalisation of back office infrastructure, an improved distribution network, a single combined IT platform and operational and logistical efficiencies.

### **3. Information on the Acal Group**

The Acal Group is a European technology-based distributor providing sales, marketing and other services through three divisions: Electronics, Supply Chain and Medical. The Electronics division is described in paragraph 2 above. The Supply Chain division supplies new and refurbished IT, EPOS and ATM spare parts to service providers while the Medical division supplies hi-tech medical equipment to public and private healthcare providers.

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

In its annual report and accounts released on 1 June 2009, Acal reported profit before exceptional items and taxation of £0.5 million for the year ended 31 March 2009 on revenues of £165.4 million. As at 31 March 2009, Acal had net assets of £58.6 million. As at 28 October 2009, Acal had a market capitalisation of £30.6 million and a share price of 116p.

### **4. Information on BFI Optilas**

BFI Optilas is the parent company of the BFI Optilas Group, a privately owned group which can trace its origins back to 1955. It is, like Acal, a specialised distributor of electronic components, modules and systems.

BFI Optilas's activities focus on a number of niche technologies and its principal products comprise sensors, connectors, radiofrequency, microwave and fibre optic components, magnetic materials, wireless modules, laser, optical, photonic and imaging products as well as associated test and measurement instrumentation. In addition, BFI Optilas provides value-added services such as calibration and maintenance.

BFI Optilas's head office is located at Evry near Paris, France and its main geographic areas of operation are Germany, France, the United Kingdom, Spain, Italy, the Benelux countries and the Nordic regions. There is a centralised warehouse in Dietzenbach near Frankfurt in Germany which supplies the majority of the group's products.

BFI Optilas was incorporated on 20 April 2006 at the direction of Activa Capital for the purpose of acquiring the entire share capital of BFI Optilas International SAS from Avnet. As part of the consideration due, Avnet, elected to receive shares in BFI Optilas. As a consequence, the current shareholders of BFI Optilas are Activa Capital, Avnet and certain BFI Optilas employees.

The senior management team of BFI Optilas is led by Philippe Gruson who became President of the BFI Optilas Group on the death of his co-President Philip Dunning in June 2008.

Philippe Gruson, 52, joined BFI-IBEXSA in 1989 having spent seven years with Deloitte Haskins & Sells, including two years in Pittsburgh (USA). He has held various positions in finance and operations and was involved in the company's merger and acquisition activities in Europe, Middle East and Asia. Philippe was appointed as co-President of the Company in 2002 and has since focused on the sales and marketing functions. He became President in June 2008.

### **5. Summary financial information on BFI Optilas**

The historical financial information of the BFI Optilas Group for the fifteen months ended 30 June 2007 and the years ended 30 June 2008 and 2009 as reported on by the Reporting Accountants to BFI Optilas is set out in Part III of this document.

As at 30 June 2009, BFI Optilas had total assets of €41.2 million and net assets, excluding debt and cash, of €20.0 million. For the twelve months ended 30 June 2009, BFI Optilas's revenue was €105.0 million and it made a loss before tax and interest on convertible bonds of €0.4 million (as extracted without material adjustment from the historical financial information on BFI Optilas in Part III of this document).

Shareholders should read the whole of this document and not just rely on the summarised information above.

### **6. Principal terms of the Acquisition**

Under the terms of the Sale and Purchase Agreement, which was signed on 28 October 2009, Acal has agreed to acquire the entire issued share capital of, warrants issued by and convertible bonds of,

BFI Optilas for the consideration of €10 million in cash and 2 million Acal Shares to be issued on Completion.

Acal is purchasing the Convertible Bonds at Completion, which will result in Acal being owed a debt by BFI Optilas equal to the par value of the Convertible Bonds plus accrued interest (at 10% per year). It is intended that this receivable will then be capitalised.

The Consideration Shares will be issued in certificated form represented by definitive share certificates and will be credited as fully paid and will rank *pari passu* in all respects with the existing Acal shares, including the voting rights and the right to receive in full all dividends and other distributions (if any) declared, made or paid by reference to a record date after Completion.

The Sale and Purchase Agreement contains warranties given by the Sellers to Acal which are customary for a transaction of this nature. The Sale and Purchase Agreement also includes certain “locked box” warranties, pursuant to which the Sellers warrant that certain actions have not been taken by BFI Optilas since 30 June 2009, the date of its most recent audited accounts, which might result in a reduction in the value of its business. These warranties broadly fall into two categories: (i) that neither BFI Optilas nor any other member of the BFI Optilas Group has transferred funds or assets (including dividends or redemption of BFI Optilas shares) to, assumed liabilities owed to or waived liabilities owed from the Sellers; and (ii) that there has been no change in the amount of debt owed by any member of the BFI Optilas Group (excluding the Convertible Bonds, trade indebtedness in the ordinary course of business and tax) and no such debt will become repayable as a result of the Acquisition.

The Acquisition is conditional, *inter alia*, upon obtaining the approval of the Shareholders at the General Meeting and the approval of the French Ministère de l’Economie, des Finances et de l’Emploi. This French ministry approval has been applied for through a written application dated 16 October 2009 from Acal, providing details of Acal, BFI Optilas and their respective businesses, which may need to be supplemented by additional information and a meeting in person at the request of the ministry. The ministry is unable to provide an indication before reviewing the application of how long it will take to determine whether to grant approval, but if such approval is not granted within 2 months of the application then it will be deemed granted, providing a long-stop date to the process. The Sale and Purchase Agreement will terminate if the conditions are not satisfied by 31 December 2009. In addition, in order for Completion to occur, the Consideration Shares must have been admitted to trading on London Stock Exchange plc’s main market for listed securities.

Further details of the Sale and Purchase Agreement are set out in Part V of this document.

## **7. Listing, dealing and settlement of the Consideration Shares**

Application will be made to the UKLA for the Consideration Shares to be admitted to the Official List and application will be made to the London Stock Exchange for the Consideration Shares to be admitted to the London Stock Exchange’s main market for listed securities. It is expected that Admission will become effective and that dealings for normal settlement in the Consideration Shares will commence on the London Stock Exchange at 8.00 a.m. on Completion.

## **8. Financial effects of the Acquisition**

Pursuant to the Sale and Purchase Agreement, Acal will pay the Consideration upon Completion. In addition, the Company will incur transaction related fees of approximately £1.5 million. It is intended that the Cash Consideration and transaction related fees will be met from the Company’s existing cash reserves.

The Acquisition is expected to be earnings enhancing (before exceptional items) in the financial year to 31 March 2011.

Your attention is drawn to Part IV of this document which contains an unaudited *pro forma* statement of net assets of the Enlarged Group as at 31 March 2009 as if the Acquisition had been undertaken at this date, for illustrative purposes only. As extracted from Part IV of this document (and on the basis set out in Part IV), the unaudited *pro forma* net assets of the Enlarged Group, assuming the Acquisition had occurred as at 31 March 2009, would be £65.8 million including cash (net of borrowings) of £16.2 million.

Shareholders should read the whole of this document and not rely solely on the summarised financial information.

## **9. Current trading and prospects**

### **9.1 The Acal Group**

Since the Interim Management Statement issued on 24 July 2009, market conditions have remained difficult, with limited visibility. This will impact upon the performance of the business for the first half year. However, we have seen a stabilisation of orders received and an improvement in gross margins in the Electronics division. This has resulted in a stabilisation in revenues. Purchasing Manager Indices continue to show some improvement, which supports this trend.

Since the acquisition of Service Source Europe Limited in January, and despite similar revenue pressures, the Supply Chain division has made significant progress; losses on a major contract have been eliminated and back office systems have been integrated with significant cost reductions being realised.

Cash performance has been strong with a net cash balance of £23 million at 30 September 2009. We continue to focus on implementing the specialisation strategy set out in our preliminary results, and managing our cost base and working capital. As a result, we expect to see improvements in performance in the second half of the year as cost reductions and business improvements take effect.

We are also in the process of the triennial pension scheme valuation review which indicates that the scheme funding deficit at the end of August 2009 is around £15 million. Discussions with the pension fund trustees regarding deficit funding arrangements are ongoing.

As stated in the 2009 annual report and accounts, the Board continues to keep dividend policy under review but is cognisant of the importance of dividends to shareholders. The Board would intend to continue to make dividend payments as appropriate. In setting future dividends the Board will take account of available resources and the prospects of attaining an appropriate level of cover in the foreseeable future.

### **9.2 The BFI Optilas Group**

BFI Optilas has been impacted by the deterioration in the electronics market over the past year, and particularly in the last six months of its financial year. Its accounts for the year ended 30 June 2009 showed an operating profit from current operations of €48,000 and EBITDA before non-current operating income and expenses of €0.7 million though BFI Optilas was loss-making in the final six months of the financial year. Whilst maintaining in place its strong technical sales resources, cash performance has been strong and BFI Optilas had a positive cash balance at the end of September 2009.

Trading has continued to be difficult during the first quarter of the new financial year during which the group incurred a loss. Nevertheless there are signs of a stabilisation in orders which is expected to lead to a stabilisation in sales and further cost reductions are being implemented. These standalone cost reductions will be augmented by the synergy savings that are expected after completion of the Acquisition.

## **10. Risk factors**

Shareholders should consider fully and carefully the risk factors associated with the Group and the Enlarged Group. Your attention is drawn to the risk factors set out in Part II of this document.

## **11. General Meeting**

The Acquisition is conditional upon, *inter alia*, the prior approval of the Shareholders at a General Meeting to be held at the Company's offices at 2 Chancellor Court, Occam Road, Surrey Research Park, Guildford GU2 7AH on 19 November 2009 at 11:00 a.m., notice of which is set out at the end of this document. A Form of Proxy for use in connection with the General Meeting is enclosed with this document. The Resolution will be proposed as an ordinary resolution to approve the Acquisition and any non-material variations to the Sale and Purchase Agreement.

## **12. Letters of Intent from Aberforth Partners LLP and Mr J.A.H. Curry**

Aberforth Partners LLP and Mr J.A.H. Curry have each signed a letter of intent confirming their respective intentions to vote in favour of the Resolution to be proposed at the General Meeting to approve the Acquisition (representing, in aggregate, 27.8% of Acal's share capital).

### **13. Action to be taken**

Enclosed with this document is the Form of Proxy for use by Shareholders at the General Meeting. Whether or not you propose to attend the General Meeting in person, you are requested to complete and sign the Form of Proxy in accordance with the instructions printed on it and return it, as soon as possible, but in any event so as to be received by the Company's registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6ZL no later than 11:00 a.m. on 17 November 2009.

If you hold shares in CREST, a proxy may also be appointed via the internet or, for CREST members, by completing and transmitting a CREST Proxy Instruction to Equiniti Limited, (Crest participant ID RA19) so that it is received no later than 11:00 a.m. on 17 November 2009. Completion and return of the Form of Proxy or CREST Proxy Instruction will not prevent you from attending and voting in person if you wish to do so (and are so entitled).

### **14. Further information**

The expected timetable of principal events for the Acquisition is set out on page 3 of this document. Your attention is drawn to the further information set out in Parts III to VI of this document, and to the risk factors set out in Part II of this document. You are advised to read the whole of this document and not to rely solely on the summarised information contained within this letter.

### **15. Recommendation**

The Acal Board, who have received financial advice from J.P. Morgan Cazenove, consider the terms of the proposed acquisition of BFI Optilas to be in the best interests of the Company and of Shareholders as a whole. In providing its financial advice, J.P. Morgan Cazenove has relied on the Board's commercial assessment of the Acquisition.

**Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Resolution to be proposed at the General Meeting to approve the Acquisition as the Directors intend to do in respect of their own beneficial holdings amounting, in aggregate, to 67,100 Acal Shares, representing approximately 0.25 per cent of the issued ordinary share capital of Acal as at 28 October 2009, being the latest practicable date prior to the posting of this document.**

Yours faithfully

**Richard Moon**  
*Non-executive Chairman*

## PART II

### RISK FACTORS

This Part II addresses certain risks to which the Group and, following Completion, the Enlarged Group as appropriate are exposed, which could adversely affect the business, results of operations, cash flow, turnover, profits, assets, liquidity and/or capital resources of the Group or the Enlarged Group. The Directors consider the following risks to be the most significant for investors in the Company. Additional risks and uncertainties not presently known to the Directors, or that the Directors currently deem immaterial, may also have an adverse effect on the Group and, following Completion, the Enlarged Group. If any of these events occur, the business, financial condition, results of operations of the Group and, following Completion, the Enlarged Group could be materially and adversely affected by the manifestation of any of the risks described below. In such cases, the market price of the Ordinary Shares may decline and investors may lose all or part of their investment. Prior to voting on the Acquisition, Shareholders should consider these risks carefully, together with all the other information set out in this document. You should read the whole of this document and not rely solely on the information set out in this section.

#### A. RISKS ASSOCIATED WITH THE ACQUISITION NOT PROCEEDING

##### **Satisfaction of the conditions of Completion**

Completion is subject to, *inter alia*, the approval of Acal Shareholders at the General Meeting, admission of the Consideration Shares to trading on London Stock Exchange plc's main market for listed securities, and approval of the French Ministère de l'Économie, des Finances et de l'Emploi. Should Acal fail to obtain shareholder approval for the Acquisition, Acal has agreed to pay all reasonably incurred legal fees incurred by the Sellers subject to a cap of €250,000.

If Completion does not occur, the Group may experience a delay in the achievement of its strategic objectives and would nonetheless be obliged to pay approximately £1 million (including irrecoverable VAT) of costs (primarily due diligence and advisory fees) incurred in connection with the Acquisition.

#### B. RISKS ASSOCIATED WITH THE ACQUISITION

##### **Acal's ability to integrate BFI Optilas effectively and fully realise the benefits of the Acquisition**

The success of the Enlarged Group may in part be dependent upon Acal's ability to integrate BFI Optilas without any significant disruption to the businesses. The integration may take longer or prove more costly than anticipated. Any such issues would adversely affect the financial position of the Enlarged Group, and ultimately the trading price of the ordinary shares.

##### **Acal may need to rely on certain key management of the Enlarged Group to integrate BFI Optilas**

The future success of the Enlarged Group will, in part, be dependent upon the successful integration, retention and motivation of key members of the Enlarged Group's management and personnel staff. Failure to retain certain individuals may affect Acal's ability to successfully integrate BFI Optilas into the Enlarged Group. This may have a detrimental impact on the future performance of the Enlarged Group.

##### **Acal may not realise the desired synergy benefits from the Acquisition**

There is a risk that synergy benefits from the Acquisition may fail to materialise, or they may be materially lower than have been estimated. In addition, the costs of funding those synergies may exceed expectations. Such eventualities may have a material effect on the financial position of the Enlarged Group.

#### C. RISKS ASSOCIATED WITH THE GROUP AND, FOLLOWING COMPLETION, THE ENLARGED GROUP

##### **Operational risk**

The Group faces and, following Completion, the Enlarged Group will face a risk of loss resulting from, among other factors, inadequate or flawed processes or systems, theft, fraud and natural disaster. Operational risk of this kind can occur in many forms including, among others, errors, business interruptions, inappropriate behaviour of, or misconduct by, employees of the Group, and following Completion, the Enlarged Group or those contracted to perform services for the Group, and following Completion, the Enlarged Group, and third parties that do not perform in accordance

with their contractual agreements. These events could result in financial losses or other damage to the Group and, following Completion, the Enlarged Group. Furthermore, the Group relies on and, following Completion, the Enlarged Group will rely on internal and external information technology systems to manage its operations and is exposed to risk of loss resulting from breaches in the security, or other failures, of these systems which could have an adverse effect upon the trading performance of the Group and, following Completion, the Enlarged Group.

The Group's approach and, following Completion, that of the Enlarged Group, to operational risk management is intended to reduce the risk of such loss. To monitor and manage operational risk, the Group maintains and, following Completion, the Enlarged Group will maintain a framework of internal controls designed to provide a sound and well-controlled operational environment. The Group strives to maintain appropriate levels of operational risk relative to its businesses' strategies, its competitive and regulatory environment, and the markets in which it operates. The Group is indemnified, to the extent to which the Board considers reasonable, under insurance policies and programmes for those operating risks that can be mitigated through the purchase of insurance. Nevertheless, notwithstanding these control measures and this insurance coverage, the Group and, following Completion, the Enlarged Group remains exposed to operational risk that could negatively impact their business and results of operations.

### **Economic risks**

General public confidence about future economic conditions or the performance of Acal or its suppliers or customers may impact on the ability or desire of others to trade with the Group and, following Completion, the Enlarged Group and result in a downturn in customer demand or affect Acal's ability to meet customer demand.

#### *Liquidity*

Liquidity risk is the risk that the Group may be unable to meet its longer term payment obligations as they fall due (outside the period covered by the statement on the working capital available to the Enlarged Group in paragraph 11 of Part VI of this document). The current economic conditions create uncertainty over the availability of bank financing. Additionally, there is a risk that the provision of credit insurance may be withdrawn resulting in suppliers reducing the credit periods in their payment terms while, at the same time, customers may delay making payments. The Group addresses this risk by maintaining adequate banking facilities and by continuously monitoring forecast and actual cash flows to ensure that liquidity requirements will be met.

#### *Foreign currency*

Foreign currency risk is the risk that the Group, and following completion, the Enlarged Group will sustain losses through adverse movements in currency exchange rates. The Group currently presents its consolidated financial statements in Pounds Sterling. The Group, and following Completion, the Enlarged Group is therefore exposed to foreign exchange risk caused by fluctuations in the value of the Euro and US dollar when the net income and net assets of those non-UK domiciled operations are translated into Pounds Sterling at each balance sheet date. It is Group policy to hedge identified significant foreign exchange exposure on its committed operating cash flows.

#### *Interest rates*

Interest rate risk is the risk that the Group, and following Completion, the Enlarged Group will sustain losses from adverse movements in interest bearing assets and liabilities. The Group has an exposure to interest rate risk arising principally from changes in Euro, Pounds Sterling and US dollar interest rates. The Group does not hedge against its interest rate risk.

### **Competition risk**

The Group and, following Completion, the Enlarged Group faces competition from local, national and international rivals, some of which have large capital resources. Competitor activity could lead to an over-supply which could result in loss of business due to weak demand levels, or lead to price and margin pressure, all of which could have an adverse effect on the financial condition or results of operations of the Group and, following Completion, the Enlarged Group.

### **Contracts risk**

The Supply Chain division enters into significant long-term contracts for the outsourcing of parts services. There is a risk that the Group could suffer losses on such contracts through incorrect

pricing, through an inaccurate assessment of the costs associated with such contracts or through weak business processes.

#### **Risk of loss of key suppliers or customers**

Given the nature of the Enlarged Group's operations, its future performance is reliant on the preservation or enhancement of existing relationships with its key suppliers and key customers. The loss of a major supplier or of a major customer would have a significant detrimental impact upon the performance of the Group and, following Completion, the Enlarged Group.

#### **Risk of loss of key management or personnel**

The Group is and, following Completion, the Enlarged Group will continue to be highly reliant on the continued services of its key personnel, who have skills which are critical to the continued successful operation of the business. Failure to retain such individuals, or to attract and retain strong management and technical staff in the future, could have an adverse effect upon any part of the Group's and, following Completion, the Enlarged Group's business and its results.

Furthermore, as stated above, the future success of the Enlarged Group will, to a greater or lesser extent, be dependent upon the successful integration, retention and motivation of key members of BFI Optilas's management and employees. Failure to retain certain individuals may affect Acal's ability to successfully integrate BFI Optilas into the Enlarged Group. This may have a detrimental impact on the future performance of the Enlarged Group.

The risk of injury or illness to the Group's and, following Completion, the Enlarged Group's employees could lead to the Group and, following Completion, the Enlarged Group failing to achieve objectives, which could have an adverse effect on the financial condition or results of operations of the Group and, following Completion, the Enlarged Group.

#### **Risk relating to retirements benefits funding**

The funding position of the Sedgemoor Group Pension Fund (the "Fund"), a closed legacy defined benefit fund, may be adversely affected by poor investment performance, changes in interest and inflation rates, improved mortality rates and changes in the regulatory environment. The level of cash contributions required to be made to the Fund may be positively or negatively affected by the negotiations with the Fund's trustee in the light of the current triennial valuation.

#### **International trade risk**

The Group derives and, following Completion, the Enlarged Group will continue to derive a significant part of its revenue from customers outside the UK. Acal expects that its sales will continue to be made across a number of territories and as a result, in common with other multi-national organisations, the occurrence of any negative economic, political or geographical events in these locations could have a material impact on revenues. This in turn could cause the Enlarged Group's business to be harmed. These international trade risks include:

- fluctuations in exchange rates;
- unexpected changes in regulatory environments;
- imposition of tariffs and other barriers and restrictions; and
- changes in foreign company law.

#### **Regulatory risk**

Complying, or failing to comply, with existing or new regulations in areas such as competition, employment, environmental and health and safety, pensions and banking could result in additional costs for, or financing or sales restrictions on, the Group and, following Completion, the Enlarged Group which could have an adverse effect on the financial condition or results of operations of the Group and, following Completion, the Enlarged Group.

#### **Tax risk**

Any changes to current UK and international taxation legislation (including corporate, personal, capital and indirect taxation), the interpretation of such legislation by tax authorities as well as changes to accounting standards, may impact on the Company's and consequently the Group's and, following Completion, the Enlarged Group's projected activities, financial situation and results. There

is also a risk of unexpected tax costs through the failure of tax planning or challenge by tax authorities of the bases of transfer pricing.

**Possible volatility of the price of the Ordinary Shares**

The market price of the Ordinary Shares may be affected by a variety of factors such as changes in sentiment regarding the Ordinary Shares, variations in the Group's and, following Completion, the Enlarged Group's operating results compared with the expectations of market analysts and investors, its business developments or those of its competitors, the operating performance of its competitors, speculation about the Group's and, following Completion, the Enlarged Group's business, or regulatory changes affecting the Group's and, following Completion of the Acquisition, the Enlarged Group's operations. Shareholders should be aware that the value of the Ordinary Shares can go down as well as up and may not always reflect the underlying asset value or prospects of the Group and, following Completion of the Acquisition, the Enlarged Group.

## PART III

### FINANCIAL INFORMATION ON THE FINANCIÈRE BFI OPTILAS S.A.S. GROUP FOR THE FIFTEEN MONTHS ENDED 30 JUNE 2007 AND THE TWO YEARS ENDED 30 JUNE 2008 AND 30 JUNE 2009

## PART A

The Directors  
Acal plc  
2 Chancellor Court  
Occam Road  
Surrey Research Park  
Guilford  
GU2 7AH

J.P. Morgan Cazenove Limited  
20 Moorgate  
London  
EC2R 6DA

29 October 2009

Dear Sirs,

#### **Financière BFI Optilas SAS (the “Target” and, with its subsidiaries, the “Target Group”)**

We report on the financial information set out in Part III B. This financial information has been prepared for inclusion in the Class 1 circular of Acal plc relating to the proposed acquisition of BFI Optilas (“the Circular”) on the basis of the accounting policies set out in Note 2 to the financial information. This report is required by paragraph 13.5.21 of the Listing Rules and is given for the purpose of complying with that paragraph and for no other purpose.

#### **Responsibilities**

The directors of Acal plc are responsible for the financial information, which has been prepared on the basis of preparation set out in note 2 to the financial information and in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union.

It is our responsibility to form an opinion as to whether, for the purposes of the Circular, the financial information gives a true and fair view of the matters set out in it and to report our opinion to you.

#### **Basis of opinion**

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity’s circumstances, consistently applied and adequately disclosed.

We planned and performed our work 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 information is free from material misstatement whether caused by fraud or other irregularity or error.

#### **Opinion**

In our opinion, the financial information gives, for the purposes of the Circular, a true and fair view of the state of affairs of the Target Group as at the dates stated and of its profits, cash flows and changes in equity for the periods then ended in accordance with the basis of preparation set out in

note 2 and in accordance with IFRS as adopted by the European Union and has been prepared in a form that is consistent with the accounting policies adopted in Acal plc's latest consolidated accounts.

**Declaration**

For the purposes of the Listing Rules we are responsible for this report as Part III A of the Circular and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Circular in compliance with paragraph 13.5.21 of the Listing Rules.

Yours faithfully,

**Constantin**

*Chartered Accountants*

*Registered Auditors*

## PART B

Historical financial information in relation to the Financière BFI Optilas S.A.S. Group for the fifteen months ended 30 June 2007 and years to 30 June 2008 and 2009.

### Consolidated income statement

For the period ended 30 June

		2007 (15 months) €'000	2008 €'000	2009 €'000
<b>Revenue</b>	19	<b>152,942</b>	<b>128,810</b>	<b>104,951</b>
Cost of sales		(107,458)	(89,799)	(73,548)
<b>Gross profit</b>		<b>45,484</b>	<b>39,011</b>	<b>31,403</b>
Selling and marketing expenses		(22,716)	(21,045)	(18,241)
Administrative expenses		(15,459)	(13,488)	(12,663)
Other operating income and expenses		(378)	(97)	203
Amortisation and depreciation		(1,167)	(772)	(654)
<b>Operating profit from current operations</b>		<b>5,765</b>	<b>3,608</b>	<b>48</b>
Other non-current operating income and expenses	21	5,769	6	(256)
<b>Operating profit/(loss)</b>		<b>11,534</b>	<b>3,615</b>	<b>(208)</b>
Finance revenue	22	198	86	38
Finance costs	22	(1,715)	(1,550)	(1,443)
Net finance costs	22	(1,517)	(1,463)	(1,405)
Other financial income and expenses	22	(56)	119	182
<b>Profit/(loss) before tax</b>		<b>9,961</b>	<b>2,270</b>	<b>(1,431)</b>
Tax expense	23	(1,357)	(848)	544
<b>Profit/(loss) for the year</b>		<b>8,604</b>	<b>1,422</b>	<b>(887)</b>

## Consolidated balance sheet

As at 30 June

		2007 (15 months) €'000	2008 €'000	2009 €'000
<b>Non-current assets</b>				
Property, plant and equipment	5	1,689	1,696	1,400
Intangible assets – other	4	361	307	180
Financial assets	6	384	270	432
Deferred tax assets	23	893	1,141	2,030
		<b>3,327</b>	<b>3,414</b>	<b>4,042</b>
<b>Current assets</b>				
Inventories	7	13,491	11,271	10,004
Trade and other receivables	8,9	31,745	33,497	21,395
Current tax assets		36	245	176
Cash and cash equivalents	10	1,750	2,766	5,583
		<b>47,022</b>	<b>47,781</b>	<b>37,158</b>
<b>Total assets</b>		<b>50,349</b>	<b>51,195</b>	<b>41,199</b>
<b>Current liabilities</b>				
Trade and other payables	16,17	19,602	20,292	13,389
Short-term borrowings	14	1,497	1,454	1,430
Current tax liabilities		567	783	326
Provisions	18	934	1,102	630
		<b>22,600</b>	<b>23,630</b>	<b>15,775</b>
<b>Non-current liabilities</b>				
Long term borrowings	14	12,292	11,685	11,240
Pension liability	15	917	893	567
Deferred tax liabilities	23	849	899	733
		<b>14,058</b>	<b>13,477</b>	<b>12,540</b>
<b>Shareholders' equity</b>				
Share capital	11	3,260	3,306	3,306
Share premium account		105	109	109
Legal reserve		—	52	111
Other reserves		1,512	1,491	1,440
Negative goodwill		—	5,769	5,769
Retained earnings		8,604	4,227	3,331
Cumulative translation reserve		210	(865)	(1,183)
		<b>13,691</b>	<b>14,088</b>	<b>12,883</b>
<b>Total equity and liabilities</b>		<b>50,349</b>	<b>51,195</b>	<b>41,199</b>

**Consolidated cash flow statement**  
**For the year ended 30 June**

		2007 (15 months)	2008	2009
	Note	€'000	€'000	€'000
Profit/(loss) for the year		8,604	1,422	(887)
Negative goodwill	21	(5,769)	—	—
Tax expense	23	1,357	848	(544)
Amortisation of intangible assets	4	220	182	162
Depreciation	5	837	612	524
<b>Operating cash flows before changes in working capital</b>		<b>5,250</b>	<b>3,064</b>	<b>(745)</b>
(Increase)/decrease in inventories		(2,220)	2,220	1,268
(Increase)/decrease in trade and other receivables		(2,254)	(2,001)	11,214
Increase/(decrease) in trade and other payables		5,185	883	(7,865)
Decrease in working capital		711	1,102	4,616
Income taxes paid		(1,023)	(841)	156
<b>Net cash flows from operating activities</b>		<b>4,938</b>	<b>3,325</b>	<b>4,027</b>
<b>Cash flows from investing activities</b>				
Purchase of intangible assets	4	(402)	(128)	(35)
Purchase of property, plant and equipment	5	(403)	(722)	(314)
Proceeds from sale of property, plant and equipment		38	102	87
Changes in other assets		(273)	114	(161)
Changes in scope of consolidation		(12,777)	—	—
<b>Net cash outflows from investing activities</b>		<b>(13,817)</b>	<b>(634)</b>	<b>(424)</b>
<b>Cash flows from financing activities</b>				
Dividends paid		(8,049)	—	—
Inflow/(repayments) of borrowings		12,810	(1,394)	(1,284)
Changes in provision for interest		781	743	815
Changes in shareholders' equity		4,840	50	—
<b>Net cash flows from financing activities</b>		<b>10,383</b>	<b>(600)</b>	<b>(469)</b>
Changes in cumulative translation adjustment		210	(1,075)	(318)
<b>Net increase in cash and cash equivalents</b>		<b>1,713</b>	<b>1,017</b>	<b>2,817</b>
Cash and cash equivalents at 1 July	10	37	1,750	2,766
<b>Cash and cash equivalents at 30 June</b>	10	<b>1,750</b>	<b>2,766</b>	<b>5,583</b>

## Consolidated statement of changes in equity

	<i>Number of shares</i>	<i>Issued share capital €'000</i>	<i>Share premium €'000</i>	<i>Legal reserve €'000</i>	<i>Other reserves €'000</i>	<i>Negative goodwill €'000</i>	<i>Retained earnings €'000</i>	<i>Cumulative translation reserve €'000</i>	<i>Total Shareholders' equity €'000</i>
Initial Shareholders' equity	37,000	37	—	—	—	—	—	—	37
Share capital increase	3,268,785	3,269	109	—	—	—	—	—	3,378
Issue of convertible bonds	—	—	—	—	1,512	—	—	—	1,512
Profit for the year	—	—	—	—	—	—	8,604	—	8,604
Treasury shares	(45,455)	(46)	(4)	—	—	—	—	—	(50)
Changes in cumulative translation adjustment	—	—	—	—	—	—	—	210	210
<b>Shareholders' equity at 30 June 2007</b>	<b>3,260,330</b>	<b>3,260</b>	<b>105</b>	<b>—</b>	<b>1,512</b>	<b>—</b>	<b>8,604</b>	<b>210</b>	<b>13,691</b>
Treasury shares	45,455	46	4	—	—	—	—	—	50
Negative goodwill	—	—	—	—	—	5,769	—	—	5,769
Convertible bonds	—	—	—	—	(21)	—	—	—	(21)
Legal reserve allocation	—	—	—	52	—	—	—	—	52
Profit for the year	—	—	—	—	—	—	1,422	—	1,422
Changes in cumulative translation adjustment	—	—	—	—	—	—	—	(1,075)	(1,075)
Equity dividends paid	—	—	—	—	—	—	(5,799)	—	(5,799)
<b>Shareholders' equity at 30 June 2008</b>	<b>3,305,785</b>	<b>3,306</b>	<b>109</b>	<b>52</b>	<b>1,491</b>	<b>5,769</b>	<b>4,227</b>	<b>(865)</b>	<b>14,088</b>
Convertible bonds	—	—	—	—	(51)	—	(9)	—	(60)
Legal reserve allocation	—	—	—	59	—	—	—	—	59
Profit for the year	—	—	—	—	—	—	(887)	—	(887)
Changes in cumulative translation adjustment	—	—	—	—	—	—	—	(318)	(318)
<b>Shareholders' equity at 30 June 2009</b>	<b>3,305,785</b>	<b>3,306</b>	<b>109</b>	<b>111</b>	<b>1,440</b>	<b>5,769</b>	<b>3,331</b>	<b>(1,183)</b>	<b>12,883</b>

## **Notes to the financial information**

### **1. General information**

Financière BFI Optilas S.A.S. is a company that was incorporated under French law on April 28, 2006, the date at which Financière BFI Optilas S.A.S. acquired BFI Optilas International and all its subsidiaries.

Financière BFI Optilas S.A.S. is the pan-European specialist distributor in the electronics and photonics markets.

The Financière BFI Optilas S.A.S. is headquartered at 203 rue du faubourg Saint-Honoré, 75008 Paris and the consolidated financial statements are available at that address.

The financial information is representative of the accounting position of the parent company and its subsidiaries (hereinafter “the Financière BFI Optilas S.A.S. Group”).

These financial statements have been drawn up in compliance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The 2007 financial statements of Financière BFI Optilas S.A.S. Group cover a period of 15 months. The 2008 and 2009 financial statements cover a period of 12 months.

At June 30, 2009 the Financière BFI Optilas S.A.S. Group had a staff of 300 full-time equivalents.

### **2. Significant accounting policies**

#### **Declaration of compliance**

The financial information has been drawn up in compliance with IFRS (International Financial Reporting Standards), as adopted by the European Union at June 30, 2009 (see web address [http://ec.europa.eu/internal\\_market/accounting/ias\\_en.htm#adopted-commission](http://ec.europa.eu/internal_market/accounting/ias_en.htm#adopted-commission)).

New standards applied by the Group as of 2008 are:

- IFRIC 11 Treasury shares and intra-group transactions
- IAS 39 & IFRS 7 (amendment) Reclassification of financial instruments

The adoption of these standards have no impact on the Group’s financial statements.

The Fiscal Year 2009 Group’s financial statements do not include potential impacts of standards and interpretations issued by the IASB at June 2009, that will become effective next Fiscal Year whether or not adopted by the European Union.

- IFRS 3 (revision) Business combinations
- IFRS 8 Operating segments
- IAS 23 (amendment) Borrowing costs
- IAS 1 (revision) Presentation of Financial Statements
- IFRIC 16 Hedging of net investment in currencies
- IFRIC 17 Distribution of non monetary assets to shareholders
- IFRS 2 (amendment) Share based payments
- IAS 32 & IAS 1 (amendment) Advance repayment of financial instruments at fair value and termination obligations
- IAS 27 & IFRS 1 (amendment) Cost of investment in affiliate, in joint venture, in associate
- IAS 39 (amendment) Financial instruments: booking and valuation – hedging of cash flows related to future intra-group transactions

The Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Group’s financial statements in the period of initial application.

#### **Presentation of the financial information**

The financial information has been drawn up in Euros (EUR) and rounded off to the nearest thousand.

The Financière BFI Optilas S.A.S. Group’s financial information has been drawn up on the historical cost basis.

### **Basis of consolidation**

The consolidated accounts are drawn up at June 30, on the basis of the individual company accounts at that same date, and restated for the purpose of compliance with the principles applied by the Financière BFI Optilas S.A.S. Group.

The subsidiaries are companies controlled by the Financière BFI Optilas S.A.S. Group. At June 30, 2009, all the subsidiaries were wholly owned by Financière BFI Optilas S.A.S. The financial statements of all the subsidiaries are thus included in the financial information at June 30, 2009. The subsidiaries are fully consolidated and there are no minority shareholders.

Intra-group balances and transactions were eliminated in drawing up the financial information.

### **Business combinations and goodwill**

The acquisition method is applied for all business combinations.

Goodwill is the difference between the acquisition price plus related costs paid for the shares in the companies consolidated, the fair value of their net assets at the date of acquisition. According to IFRS 3, negative goodwill (badwill) is carried under “Other non-current operating income and expenses” for the financial period corresponding to the acquisition.

### **Foreign currency translation**

#### *Transactions in foreign currencies*

Transactions in foreign currencies are converted into euro on the basis of the exchange rate in force at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the closing of the accounts are converted at the exchange rate in force at the date of the closing. Unrealised exchange gains or losses are carried in the accounts under income or expenses. Non-monetary assets and liabilities denominated in foreign currencies are booked at their historical cost and converted at the exchange rate in force at the date of each transaction.

#### *Financial statements drawn up in foreign currencies*

All assets and liabilities in foreign currencies are converted into euro at the exchange rate in force at the closing of the accounts. Income and expenses relating to these activities in foreign currencies are converted to euro at the average exchange rate for the period. The related translation adjustments are directly booked to shareholders' equity.

### **Intangible assets**

#### *Intangible assets*

The intangible assets purchased by the Financière BFI Optilas S.A.S. Group are carried at their purchase price less accumulated amortization and any loss of value.

#### *Subsequent expenditure*

Subsequent expenditure on intangible assets is capitalized if it increases the future economic worth of the asset in question, and provided this cost can be reliably appraised and attributed. All other subsequent expenditure is expensed immediately.

#### *Amortization & Impairment*

Depreciation and amortization are expensed according to the straight-line method on the basis of the estimated useful life of the intangible assets under consideration.

Estimated useful life ranges from two to five years depending on the type of asset.

All licences and software are reviewed for impairment in accordance with IAS 36, Impairment of assets, when there are events or changes in circumstances that indicate that the carrying value may not be recoverable.

### **Tangible fixed assets**

#### *Tangibles*

Tangible fixed assets are carried at the purchase price less accumulated depreciation and any loss of value that may have been incurred. These tangibles include leasehold improvements, IT equipment, telecommunications equipment, vehicles, furniture and fixtures.

### *Subsequent expenditure*

Subsequent expenditure on a tangible fixed asset will only be carried as an asset if it improves the state or condition of the asset over and above the originally defined level of performance.

All other subsequent expenditure will be booked to the Income statement for the financial period during which it is incurred.

### *Depreciation & Impairment*

Depreciation of tangibles is expensed according to the straight-line method on the basis of the estimated useful life of the asset under consideration. The following useful life periods are applied:

- Leasehold improvement, installations: 5 to 10 years
- IT equipment: 3 to 5 years
- Vehicles: 4 to 5 years
- Furniture and fixtures: 5 to 10 years

All property and equipment assets are reviewed for impairment in accordance with IAS 36, Impairment of assets, when there are events or changes in circumstances that indicate that the carrying value may not be recoverable.

### *Lease contracts*

In accordance with IAS 17, lease contracts are classified as direct finance leases when they transfer, to the lessee, virtually all the risks and benefits of ownership of the assets leased.

Tangible fixed assets acquired through direct financing leases are carried at market value at the date the lease contract comes into effect.

Lease payments made are divided into financial cost of the financing and depreciation of the fixed asset. The financial expense is computed so as to obtain a constant periodic rate of interest through the duration of the lease.

The depreciation policy concerning assets held under direct finance leases is the same as the policy applying to tangible fixed assets belonging to the Financière BFI Optilas S.A.S. Group.

Lease contracts in respect of which a significant proportion of the risks and benefits of ownership remains effectively with the lessor are classified as ordinary leases. Payments made in respect of this type of contract are charged to the Income statement for the period.

### **Trade and other accounts receivable**

Trade and other accounts receivable are carried at the cost of acquisition less value adjustments.

### **Inventory**

Finished goods are appraised using the weighted average price method.

Goods in process are assessed on the basis of the direct cost of supplies and sub-contracting.

The value of goods in inventory allows for their realisable value and depreciation due to the obsolescence of slow-moving stocks.

### **Convertible bonds**

Bonds that can be converted into shares are booked as hybrid instruments.

The convertible bond component carried under shareholders' equity corresponds to the capital benefit conferred by the bonds being convertible.

This component results from the difference between the initial capital from the borrowing and the capital obtained by discounting total outflows relating to the initial borrowing and a rate of debt without equity warrants.

### **Borrowings bearing interest**

Borrowings bearing interest are booked at the value of the original nominal amount less the directly chargeable cost of arranging the financing. The latter are then carried at their amortized cost. The variance between the amortized cost and the redemption price is charged to the Income statement on the basis of the effective rate over the duration of the borrowing.

## **Personnel benefits**

### *Defined contributions schemes*

Defined contributions schemes refer to retirement pension plans in respect of which the group pays, for certain categories of staff, predetermined contributions to an insurance company or independent pension fund. These contributions are paid in exchange for services rendered by employees during the financial period under consideration. They are carried as expenses as they occur, and obey the same logic as salaries and wages. As defined contributions schemes do not give rise to a future commitment on the part of the group, the booking of provisions is not required.

In the group, defined contributions schemes are exclusively pension plans. In most cases, they are private pension plans that supplement the employees' public pension plan for which the companies contribute directly through a social organisation, those public pension plan contributions being carried in the Income statement in accordance with the same rationale applying to salaries and wages.

### *Defined benefits schemes*

Defined benefits schemes refer to retirement pension plans that guarantee additional resources to certain categories of employees either by contractual arrangement or by collective bargaining agreements. This guarantee of additional resources constitutes a future outlay for the Financière BFI Optilas S.A.S. Group in respect of which a commitment is calculated in accordance with IAS 19.

The corresponding provision is computed by estimating the benefits employees will have accumulated in exchange for services rendered up to and during the period under consideration. The calculation takes into account demographic hypotheses concerning the future characteristics of former and current staff (mortality rate, staff turnover, etc.) as well as financial hypotheses such as future salary and wage levels and the rate at which future benefits should be discounted. Benefits are discounted in order to determine the actual amount of the commitment under the defined benefits scheme. The proportion relating to benefit increase due in respect of previous services provided by staff is charged to the Income statement.

Within the Financière BFI Optilas S.A.S. Group, the defined benefits scheme relates to allowances due when employees retire.

### *Protection of commitments in respect of defined benefit schemes*

Considered over time and on an individual basis, these commitments are not significant enough to warrant protection in the form of insurance policies.

### *Compensation in shares or share-related compensation*

The Financière BFI Optilas S.A.S. Group has not instituted any stock option plan.

## **Other provisions**

The Group recognises a provision when there is a present obligation (legal or constructive) as a result of a past event and if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

### *Warranties*

A provision for warranties is booked when products or services covered by a warranty are sold.

The estimated liability to be provided is based on a combination of past experience and a statistical approach.

### *Restructuring*

A provision for restructuring is made when a detailed, formalised restructuring plan has been approved and implemented by the Financière BFI Optilas S.A.S. Group, or when the details of a restructuring plan have been made public.

## **Trade and other accounts payable**

Trade and other accounts payable are carried at cost.

## **Deferred taxes**

In calculating deferred taxes for each entity, a distinction is made between temporary variances and permanent variances between accounting income and taxable income. These variances depend on tax

rules in force in each country where the Financière BFI Optilas S.A.S. Group has operations. Deferred tax debits and credits are appraised on the basis of the tax rates applied at the closing of the accounts.

Deferred tax debits are booked to the accounts when it is probable that the Financière BFI Optilas S.A.S. group will be posting taxable profits from which unused tax losses can be deducted.

### Revenue & Interest Income

#### *Product sales, rendering of services and commission*

Revenue from the sale of products is booked when the risks and benefits inherent in the ownership of the goods has been transferred to the buyer. In practice, revenue is included in the Income statement when goods leave the warehouses for delivery.

Revenue from the rendering of services or from commission on sales is booked as soon as the service has been provided.

#### *Interest Income*

Interest income is carried on the Income Statement on the basis of the achieved income.

### Financial risk management policy

#### *Derivative instruments*

A gain or a loss on hedging instruments is recognized in the Income Statement if the instruments meet the criteria of a fair value hedge or in equity for a future cash flow hedge.

### 3. Scope of consolidation

At June 30, 2009, the scope of consolidation of the Financière BFI Optilas S.A.S. Group comprised, in addition to BFI Optilas International S.A.S., eight fully consolidated companies:

<i>Companies</i>	<i>Country of incorporation</i>	<i>Ownership (%)</i>
BFI Optilas International SAS	France	100
<i>Sub-group including nine companies</i>		
BFI Optilas S.A.S.	France	100
BFI Optilas GmbH	Germany	100
BFI Optilas SRL	Italy	100
BFI Optilas Limited	UK	100
BFI Optilas SL	Spain	100
BFI Optilas AB	Sweden	100
BFI Optilas AS	Denmark	100
BFI Optilas BV	Netherlands	100

In 2008, the subsidiary named BFI Iboxsa Electronics Limited set up in the United Kingdom has been dissolved without any impact on the consolidated accounts.

### 4. Intangible assets – other

	<i>Software</i>	<i>Patents and licenses</i>	<i>Total</i>
	<i>€'000</i>	<i>€'000</i>	<i>€'000</i>
Opening cost at 1 April 2006	—	—	—
Additions	402	—	402
Disposals	—	—	—
Other*	179	—	179
<b>Cost at 30 June 2007</b>	<b>581</b>	<b>—</b>	<b>581</b>
Opening amortisation	—	—	—
Charge for the year	(220)	—	(220)
Exchange adjustments	—	—	—
<b>Amortisation at 30 June 2007</b>	<b>(220)</b>	<b>—</b>	<b>(220)</b>
<b>Net book amount at 30 June 2007</b>	<b>361</b>	<b>—</b>	<b>361</b>

\* Mainly, changes in scope of consolidation

	<i>Software</i> €'000	<i>Patents and licenses</i> €'000	<i>Total</i> €'000
Cost at 1 July 2007	581	—	581
Additions	128	—	128
Disposals	(82)	—	(82)
Other	(15)	—	(15)
<b>Cost at 30 June 2008</b>	<b>612</b>	<b>—</b>	<b>612</b>
Amortisation at 1 July 2007	(220)	—	(220)
Charge for the year	(182)	—	(182)
Exchange adjustments	82	—	82
Other	15	—	15
<b>Amortisation at 30 June 2008</b>	<b>(305)</b>	<b>—</b>	<b>(305)</b>
<b>Net book amount at 30 June 2008</b>	<b>307</b>	<b>—</b>	<b>307</b>

	<i>Software</i> €'000	<i>Patents and licenses</i> €'000	<i>Total</i> €'000
Cost at 1 July 2008	612	—	612
Additions	10	24	35
Disposals	(10)	—	(10)
Other	76	—	76
<b>Cost at 30 June 2009</b>	<b>688</b>	<b>24</b>	<b>712</b>
Amortisation at 1 July 2008	(305)	—	(305)
Charge for the year	(160)	(2)	(162)
Release of amortisation	10	—	10
Other	(76)	—	(76)
<b>Amortisation at 30 June 2009</b>	<b>(530)</b>	<b>(2)</b>	<b>(532)</b>
<b>Net book amount at 30 June 2009</b>	<b>158</b>	<b>22</b>	<b>180</b>

## 5. Property, plant and equipment

	<i>Leasehold improvements, installations €'000</i>	<i>IT Equipment €'000</i>	<i>Communi- cation equipment €'000</i>	<i>Transport equipment €'000</i>	<i>Furniture and fixtures €'000</i>	<i>Total €'000</i>
Opening cost as of 1 April 2006	—	—	—	—	—	—
Additions	50	249	6	13	86	403
Disposals	—	—	—	—	—	—
Exchange adjustments	—	16	—	4	13	34
Other*	429	434	47	683	524	2,117
<b>Cost at 30 June 2007</b>	<b>479</b>	<b>699</b>	<b>53</b>	<b>700</b>	<b>623</b>	<b>2,554</b>
Additions	99	461	1	56	104	722
Disposals	(103)	(248)	—	(344)	(11)	(706)
Exchange adjustments	—	(72)	(0)	(8)	(66)	(146)
Other	—	0	(31)	(0)	25	(6)
<b>Cost at 30 June 2008</b>	<b>475</b>	<b>840</b>	<b>24</b>	<b>404</b>	<b>675</b>	<b>2,418</b>
Additions	33	62	—	47	172	314
Disposals	(12)	(235)	(9)	(289)	(241)	(785)
Exchange adjustments	—	(29)	—	—	(46)	(76)
Reclassification**	89	496	20	279	310	1,193
<b>Cost at 30 June 2009</b>	<b>584</b>	<b>1,135</b>	<b>35</b>	<b>441</b>	<b>870</b>	<b>3,065</b>

\* Mainly, changes in scope of consolidation

\*\*Reclassification as of June 2009

	<i>Leasehold improvements, installations €'000</i>	<i>IT Equipment €'000</i>	<i>Communi- cation equipment €'000</i>	<i>Transport equipment €'000</i>	<i>Furniture and fixtures €'000</i>	<i>Total €'000</i>
Opening depreciation	—	—	—	—	—	—
Charge for the year	(126)	(276)	(30)	(242)	(163)	(837)
Exchange adjustments	—	(14)	—	(2)	(12)	(28)
Other	—	—	—	—	—	—
<b>Depreciation at 30 June 2007</b>	<b>(126)</b>	<b>(290)</b>	<b>(30)</b>	<b>(243)</b>	<b>(175)</b>	<b>(865)</b>
Charge for the year	(109)	(242)	(1)	(143)	(116)	(612)
Release of depreciation	101	248	—	266	11	625
Exchange adjustments	—	69	—	6	61	136
Other	—	—	11	—	(17)	(6)
<b>Depreciation at 30 June 2008</b>	<b>(134)</b>	<b>(215)</b>	<b>(21)</b>	<b>(115)</b>	<b>(237)</b>	<b>(722)</b>
Charge for the year	(98)	(203)	—	(110)	(113)	(524)
Release of depreciation	1	219	9	244	233	705
Exchange adjustments	—	24	—	—	42	67
Reclassification**	(89)	(496)	(20)	(278)	(308)	(1,191)
<b>Depreciation at 30 June 2009</b>	<b>(321)</b>	<b>(671)</b>	<b>(32)</b>	<b>(259)</b>	<b>(382)</b>	<b>(1,665)</b>
<b>Net book amount at 30 June 2007</b>	<b>353</b>	<b>409</b>	<b>23</b>	<b>457</b>	<b>448</b>	<b>1,689</b>
<b>Net book amount at 30 June 2008</b>	<b>341</b>	<b>625</b>	<b>3</b>	<b>289</b>	<b>438</b>	<b>1,696</b>
<b>Net book amount at 30 June 2009</b>	<b>264</b>	<b>464</b>	<b>3</b>	<b>181</b>	<b>487</b>	<b>1,400</b>

\*\*Reclassification as of June 2009.

## 6. Financial assets

	2007 €'000	2008 €'000	2009 €'000
Deposits and guarantees given for premises	167	180	307
Successful completion guarantees given	178	63	100
Deposits and guarantees to Diners' Club	22	21	18
Miscellaneous deposits and guarantees	18	6	7
<b>Financial assets</b>	<b>384</b>	<b>270</b>	<b>432</b>

## 7. Inventories

	2007 €'000	2008 €'000	2009 €'000
Semi-finished products	21	18	20
Finished products and goods	17,754	15,284	14,036
<b>Total gross inventories</b>	<b>17,775</b>	<b>15,302</b>	<b>14,056</b>
Provision for depreciation of inventory	(4,284)	(4,030)	(4,052)
<b>Total net inventories</b>	<b>13,491</b>	<b>11,271</b>	<b>10,004</b>

## 8. Trade accounts receivable

	2007 €'000	2008 €'000	2009 €'000
Trade receivables	23,307	27,041	17,549
Notes receivable	5,503	3,768	2,502
Doubtful trade receivables	934	917	1,212
Unrealised exchange gain/loss on trade receivables	111	(13)	(73)
<b>Trade accounts receivable</b>	<b>29,856</b>	<b>31,714</b>	<b>21,190</b>
Provision for doubtful receivables	(1,357)	(1,416)	(1,803)
<b>Total net trade accounts receivable</b>	<b>28,499</b>	<b>30,297</b>	<b>19,387</b>

## 9. Other receivables

	2007 €'000	2008 €'000	2009 €'000
Down payments to suppliers for orders placed	251	76	108
Credit notes receivables	379	150	141
Other trade receivables	36	38	24
<b>Total other trade receivables</b>	<b>666</b>	<b>264</b>	<b>273</b>
Tax receivables	1,781	1,843	933
Other receivables	234	213	95
Provision for depreciation of other receivables	(43)	(43)	(69)
<b>Total other receivables</b>	<b>1,973</b>	<b>2,014</b>	<b>959</b>
Prepaid expenses	607	923	777
<b>Total other accounts receivable</b>	<b>3,246</b>	<b>3,200</b>	<b>2,008</b>

## 10. Cash and cash equivalents

	2007	2008	2009
	€'000	€'000	€'000
Cash in bank	1,735	2,726	5,533
Marketable securities	—	26	37
Cash in hand	15	14	13
<b>Total cash and cash equivalents</b>	<b>1,750</b>	<b>2,766</b>	<b>5,583</b>

## 11. Shareholders' equity

### *Share capital and share premium*

The entire subscribed share capital is made of 3,305,785 shares for a total amount of 3,305,785 EUR. Among these shares, 1,090,909 shares benefit from a warrant per share.

	<i>Number of shares</i>
<i>Changes in number of shares</i>	
28 April 2006	3,305,785
Treasury shares	(45,455)
30 June 2007	<u>3,260,330</u>

During the financial period, Financière BFI Optilas S.A.S. bought back the shares owned by one of its officers leaving the group and, according to IFRS accounting rules, cancelled their value in equity. As these shares were sold outside of the group during 2007, the cancellation booked as of June 2007 has been reversed.

	<i>Number of shares</i>
<i>Changes in number of shares</i>	
1 July 2007	3,260,330
Treasury shares	45,455
30 June 2008	<u>3,305,785</u>

	<i>Number of shares</i>
<i>Changes in number of shares</i>	
1 July 2008	3,305,785
Treasury shares	—
30 June 2009	<u>3,305,785</u>

### *Cumulative translation adjustment*

Cumulative translation adjustment in Shareholders' equity exists insofar as the consolidation process involves entities using foreign currencies. The assets and liabilities in foreign currencies are converted at the exchange rate at the closing of the accounts, while income and expenses are carried at the average exchange rate for the period. Exchange adjustment for each year totalled 210,000 EUR as of June, 2007, (865,000) EUR as of June 2008 and (1,183,000) EUR as of June 2009.

### *Other reserves*

Other reserves totalled 1,512,000 EUR as of June 2007, 1,491,000 EUR as of June 2008 and 1,440,000 EUR as of June 2009 correspond to the convertible bonds component carried under Shareholders' equity after booking of a deferred tax credit.

## 12. Dividends

No dividends have been distributed since 2007. No dividends were proposed with respect to the year ended 30 June 2009.

### 13. Earnings per share

Earnings per share is calculated by dividing the net result for the year attributable to ordinary shares of the parent company by the weighted average number of ordinary shares outstanding during the years (treasury shares are excluded from the calculation).

	2007	2008	2009
	€'000	€'000	€'000
Profit/(loss) for the year from continuing operations	8,604	1,422	(887)
Number of weighted outstanding shares	3,286	3,294	3,306
Basic earning per share (€)	2.62	0.43	(0.27)
<i>Impact of dilutive instruments</i>			
Number of options	6,511	6,511	6,511
Net income adjusted to dilutive instruments impact	9,283	2,083	(133)
Diluted number of shares	9,797	9,805	9,817
Diluted earnings per share (€)	0.95	0.21	(0.01)

### 14. Borrowings bearing interest

	2007	2008	2009
	€'000	€'000	€'000
Debts to lending institutions	1,430	1,430	1,430
Liabilities on leased assets	67	24	—
<b>Current portion of long term debt</b>	<b>1,497</b>	<b>1,454</b>	<b>1,430</b>
Convertible bonds	4,152	4,260	4,430
Debts to lending institutions	7,140	5,710	4,280
Miscellaneous borrowings and financial debt	114	114	114
Liabilities on leased assets	29	—	—
Interest accrued on convertible bonds	782	1,525	2,340
Interest accrued on miscellaneous borrowings and financial debt	75	75	75
<b>Long term borrowings</b>	<b>12,292</b>	<b>11,685</b>	<b>11,240</b>

The Group benefits from a bank loan of €5,710,000 as of June 30, 2009 and meets the bank covenants at the same date.

### 15. Pension liability

	2007	2008	2009
	€'000	€'000	€'000
Provision for allowance upon retirement	917	893	567
<b>Pension liability</b>	<b>917</b>	<b>893</b>	<b>567</b>

The Financière BFI Optilas S.A.S. Group's pension commitments relate to France and Italy.

When commitments to employees give rise to future benefits to be granted by the group, a provision is calculated using actuarial evaluation methods. The group calls in independent experts to evaluate these commitments.

For pensions in France, the provision is calculated according to the Projected Unit Credit method (prospective option), using the following hypotheses:

- retirement age: 65
- applicable social welfare taxes: 45%
- collective bargaining agreement of the wholesale trade sector
- 13% staff turnover used to calculate the turnover coefficient

- coefficient of survival taken from the TPRV93 annuities table
- 3% revaluation used to calculate the revaluation coefficient
- 1.8% discounting factor used to calculate the discounting coefficient

In the case of Italy, the provision is calculated on the basis of gross salary, benefits and the variable component of compensation. The provision is reviewed every year. The re-evaluation rate applied is 1.5% + 75% of the ISTAT index (consumer price index for household consumption).

#### 16. Trade accounts payable

	<i>2007</i>	<i>2008</i>	<i>2009</i>
	€'000	€'000	€'000
Trade accounts payable	9,194	8,101	5,668
Invoices not yet received	2,913	3,403	1,354
Payments on account	348	1,104	396
Payroll liabilities	3,946	3,818	3,513
Credit notes to be drawn up	1	—	1
	<u>16,402</u>	<u>16,427</u>	<u>10,932</u>
<b>Trade accounts payable</b>	<b><u>16,402</u></b>	<b><u>16,427</u></b>	<b><u>10,932</u></b>

#### 17. Other accounts payable

	<i>2007</i>	<i>2008</i>	<i>2009</i>
	€'000	€'000	€'000
Other tax liabilities	2,119	2,513	1,482
Provision for tax liabilities	91	92	97
Interest accrued on operating liabilities	35	24	13
Invoices not yet received	955	1,236	865
	<u>3,200</u>	<u>3,865</u>	<u>2,457</u>
<b>Other accounts payable</b>	<b><u>3,200</u></b>	<b><u>3,865</u></b>	<b><u>2,457</u></b>

#### 18. Provisions

	<i>2007</i>	<i>2008</i>	<i>2009</i>
	€'000	€'000	€'000
Provisions for warranty	293	298	299
Provisions for litigation	86	68	—
Provisions for tax risk	55	50	50
Provisions for reorganisation	500	686	282
	<u>934</u>	<u>1,102</u>	<u>630</u>
<b>Provisions</b>	<b><u>934</u></b>	<b><u>1,102</u></b>	<b><u>630</u></b>

The provisions for reorganisation relate to lease obligations in respect of unoccupied properties. These provisions are expected to be fully utilised in the next two years.

#### 19. Revenue

An analysis of the group revenue for the periods ended 30 June is as follows:

	<i>2007</i>	<i>2008</i>	<i>2009</i>
	<i>(15 months)</i>		
	€'000	€'000	€'000
Sales of goods	148,412	124,922	101,135
Rendering of services	2,564	2,614	2,725
Commissions	1,460	833	723
Freight out recovery	506	441	368
	<u>152,942</u>	<u>128,810</u>	<u>104,951</u>
<b>Revenue</b>	<b><u>152,942</u></b>	<b><u>128,810</u></b>	<b><u>104,951</u></b>

## 20. Personnel costs

	2007 (15 months) €'000	2008 €'000	2009 €'000
Salaries and wages	19,335	17,669	15,092
Payroll charges	4,208	4,187	3,835
Training expenses	187	183	125
Other personnel costs	1,441	1,139	1,149
Employee profit-sharing	62	—	—
Funding of provision for allowance upon retirement	128	149	120
Release of provision for allowance upon retirement	(94)	(268)	(231)
<b>Personnel costs</b>	<b>25,286</b>	<b>23,059</b>	<b>20,089</b>

## 21. Other non-current operating income and expenses

	2007 (15 months) €'000	2008 €'000	2009 €'000
Negative goodwill	5,769	—	—
Other	—	6	(256)
<b>Other non-current operating income and expenses</b>	<b>5,769</b>	<b>6</b>	<b>(256)</b>

Financière BFI Optilas acquired BFI Optilas International as of April 28th, 2006.

As a result of the acquisition, Financière BFI Optilas recognized a negative goodwill of €5,769,000.

## 22. Financial result

	2007 (15 months) €'000	2008 €'000	2009 €'000
Interest income from bank accounts	176	83	32
Income from marketable securities	21	3	6
Finance revenue	198	86	38
Interest expense from short term borrowings	(211)	(178)	(86)
Interest expense from long term borrowings	(1,504)	(1,371)	(1,357)
Finance costs	(1,715)	(1,550)	(1,443)
<b>Net finance costs</b>	<b>(1,517)</b>	<b>(1,463)</b>	<b>(1,405)</b>
Other financial income	87	131	192
Other financial expenses	(142)	(12)	(10)
<b>Net other financial income and expenses</b>	<b>(56)</b>	<b>119</b>	<b>182</b>
<b>Financial result</b>	<b>(1,573)</b>	<b>(1,345)</b>	<b>(1,223)</b>

## 23. Tax expense

### Tax charge

*Analysis of tax charge:*

	2007 (15 months)	2008	2009
	€'000	€'000	€'000
Current tax expense	(1,409)	(1,071)	(490)
Deferred tax expense	52	223	1,034
<b>Income tax expense</b>	<b>(1,357)</b>	<b>(848)</b>	<b>544</b>

*Reconciliation of the tax charge applicable to PBT at statutory tax rate to the actual tax charge:*

	2007 (15 months)	2008	2009
	€'000	€'000	€'000
Profit/(loss) before tax	9,961	2,270	(1,431)
Negative goodwill	(5,769)	—	—
Profit/(loss) before tax	4,192	2,270	(1,431)
PBT multiplied by standard tax rate in France of 33.33%	(1,397)	(757)	477
<i>Reconciliation:</i>			
Taxes on permanent differences	(445)	(331)	(259)
Deferred tax liabilities resulting from temporary differences	(35)	(40)	(80)
Deferred tax assets from tax losses carried forward	184	20	358
UK group release resulting from fiscal group	316	—	104
Miscellaneous	19	259	(56)
<b>Actual tax charge</b>	<b>(1,357)</b>	<b>(848)</b>	<b>544</b>

*Taxes on permanent differences mainly relate to the following:*

	2007 (15 months)	2008	2009
	€'000	€'000	€'000
Non-deductible interest	(136)	(118)	(118)
Value added	(124)	(63)	(57)
Non-deductible vehicle expenses	(71)	(36)	(35)
Tax on dividends	(72)	(67)	(41)
Other non-deductible or non-taxable income and expenses	(42)	(47)	(8)
<b>Total</b>	<b>(445)</b>	<b>(331)</b>	<b>(259)</b>

### Deferred taxes

Origin of deferred tax assets

	2007 (15 months)	2008	2009
	€'000	€'000	€'000
Temporary differences in France	62	86	72
Tax credit on dividends in Germany	52	44	36
Non-deductible provisions			
Provisions for reorganisation in consolidation	214	—	167
	75	41	—
Deductions from investment in the UK	51	33	6
Tax losses carried forward	514	736	1,875
<b>Total</b>	<b>893</b>	<b>1,141</b>	<b>2,030</b>

#### Origin of deferred tax liabilities

	<i>2007</i> <i>(15 months)</i>	<i>2008</i>	<i>2009</i>
	€'000	€'000	€'000
Debt forgiveness	104	104	—
Convertible bond component carried under Shareholders' equity	745	720	674
Inventory revaluation	—	70	54
Unrealized FOREX gain in consolidation	—	6	4
<b>Total</b>	<b>849</b>	<b>899</b>	<b>733</b>

The following deferred tax assets are not recognised by the Financière BFI Optilas S.A.S. Group

	<i>2007</i> <i>(15 months)</i>	<i>2008</i>	<i>2009</i>
	€'000	€'000	€'000
Tax losses carried forward	268	266	300

#### 24. Transactions with related parties

The financial information includes transactions carried out by the Financière BFI Optilas S.A.S. Group in the normal course of its business with related parties. These transactions are conducted at arm's lengths.

	<i>2007</i> <i>(15 months)</i>	<i>2008</i>	<i>2009</i>
	€'000	€'000	€'000
AVNET Group	159	20	—
Other related parties	868	456	409
<b>Total purchase of services</b>	<b>1,027</b>	<b>476</b>	<b>409</b>

#### *Purchases and sales of goods*

Financière BFI Optilas S.A.S. carried out the following commercial transactions with AVNET Group:

	<i>2007</i> <i>(15 months)</i>	<i>2008</i>	<i>2009</i>
	€'000	€'000	€'000
Sales	732	285	43
Purchases	76	23	—

#### 25. Financial instruments

The Financière BFI Optilas S.A.S. Group buys and sells forward to hedge transactions denominated in foreign currencies. Swaps may also be used to swap one currency for another in order to manage exposure to exchange risks. The Financière BFI Optilas S.A.S. Group's main exposure is to variations in value arising from currency fluctuations affecting its purchasing of goods in foreign currencies.

The Financière BFI Optilas S.A.S. Group's usual policy is to invoice customers in their own currency. Each country is responsible for its own forex risks, within the set of rules defined by the Financière BFI Optilas S.A.S. Group, relating to current or future transactions. Similarly, the objectives set for each country is to balance its assets and liabilities in foreign currency every week in order to neutralise exposure to currency risk.

If the impact is material, the adjustment to the fair value of the derivative instrument is booked in the accounts.

	<i>2007</i>	<i>2008</i>	<i>2009</i>
	€'000	€'000	€'000
Currencies buy forward	599	491	425
Currencies sale forward	1,162	173	455
Currencies swaps	3,027	2,001	685

The forward instruments are denominated in the following currencies:

2007 <i>Currencies sold</i>	<i>Currencies purchases (€'000)</i>		
	<i>EUR</i>	<i>USD</i>	<i>GBP</i>
USD	130		
YEN	1,032		
EUR		468	26
SEK		106	

2008 <i>Currencies sold</i>	<i>Currencies purchases (€'000)</i>		
	<i>EUR</i>	<i>USD</i>	<i>GBP</i>
USD	173		
EUR		239	11
SEK		240	

2009 <i>Currencies sold</i>	<i>Currencies purchases (€'000)</i>				
	<i>EUR</i>	<i>SEK</i>	<i>USD</i>	<i>GBP</i>	<i>JPY</i>
USD	329				
YEN	97				
EUR		20	183	33	42
SEK			143		
NOK		8	23		

## 26. Financial risks management objectives and policies

The main financial risks faced by the Group are liquidity risk, interest rate risk, exchange risk on foreign currencies and customer credit risk.

### Liquidity risk

The Group covers this risk by maintaining adequate banking facilities, by monitoring forecast and actual cash flows to ensure that liquidity requirements will be met.

Management of Working Capital is a top priority in the Group and a basic of company culture. A specific monthly reporting related to Working Capital is in place as well as a monthly communication to Group managers.

As at 30 June 2009, existing short term banking facilities are available.

Financière BFI Optilas meets bank covenants as at 30 June 2009.

### Interest rate risk

In April 2006, Financière BFI Optilas agreed a bank borrowing of €10 million, with a variable rate (EURIBOR 3 month + 1.90%).

Group does not hedge against the associated interest rate risk.

The sensitivity implies that an interest rate increase by 1% would increase interest expenses by approximately €64,000 on a yearly basis.

Excess cash is placed in marketable securities not risky.

### Exchange risk on foreign currencies

The Group covers this risk by hedging the main operating cash flows in currencies.

In addition to these forward exchange contracts, the Group implements a policy consisting in a weekly balancing of payables and receivables in foreign currencies in order to neutralize exposure to exchange rate fluctuations.

Currency risk is managed locally based on actual committed orders and sales and within the set of rules defined by the Group.

### Customer credit risk

Because of the large products portfolio, the Group has a wide range of customers but deals with recognised creditworthy third parties.

The Group monitors this risk by applying very strict rules for credit check.

Doubtful customers are analysed on a case by case and depreciation is booked based on each doubtful customer status.

## 27. Commitments given or received

The commitments set forth in this note do not include the commitments covered in Note 25.

### Commitments given

	<i>2007</i>	<i>2008</i>	<i>2009</i>
	€'000	€'000	€'000
Discounted notes not yet matured	226	—	—
Operating lease commitments	4,135	4,034	5,345
Other guarantees	1,255	1,080	1,077
<b>Total commitments given</b>	<b>5,616</b>	<b>5,114</b>	<b>6,422</b>

The Group benefits from a bank loan and meets bank covenants as at 30 June 2009.

The table below shows the operating lease commitment over the coming years:

	<i>2007</i>	<i>2008</i>	<i>2009</i>
	€'000	€'000	€'000
Due within one year	1,768	2,003	2,157
Due after one year but not more than five years	2,263	1,995	3,185
Due after five years	104	36	3
<b>Total</b>	<b>4,135</b>	<b>4,034</b>	<b>5,345</b>

Other guarantees are mainly guarantees relating to customs and excise duty, office rent, sales contracts and calls for tender.

## 28. Events after the balance sheet date

There is no subsequent event to be disclosed.

## PART IV

### PART A

#### UNAUDITED PRO FORMA STATEMENT ON THE IMPACT OF THE ACQUISITION ON THE NET ASSETS OF THE ACAL GROUP

##### Basis of preparation

The unaudited *pro forma* statement of net assets set out below has been prepared to illustrate the impact of the acquisition on the assets and liabilities of the Acal Group as if it had occurred as at 31 March 2009.

It has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and therefore does not represent the Enlarged Group's actual financial position or results.

The *pro forma* statement of net assets is based upon the audited consolidated balance sheet of Acal as at 31 March 2009 which was published on 1 June 2009 and incorporated by reference in this document and the balance sheet of BFI Optilas as at 30 June 2009 as set out in section Part III B of this document, after making the adjustments on the basis described in the notes below.

The unaudited *pro forma* statement has been prepared on the basis set out in the notes below, in a manner that is consistent with the accounting policies adopted by Acal and in accordance with paragraph 13.5.31 of the Listing Rules.

	<i>Acal Group</i>	<i>Financiere</i>	<i>Adjustments</i>	
	<i>31 March</i>	<i>BFI</i>	<i>Optilas</i>	<i>Pro forma</i>
	<i>2009</i>	<i>30 June</i>	<i>Acquisition</i>	<i>balance</i>
	<i>Note 1</i>	<i>Note 2</i>	<i>adjustments</i>	<i>sheet</i>
	<i>£m</i>	<i>£m</i>	<i>Note 3</i>	<i>sheet</i>
			<i>£m</i>	<i>£m</i>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	4.7	1.2	—	5.9
Intangible assets – goodwill	13.5	—	—	13.5
Intangible assets – other	1.5	0.1	—	1.6
Financial assets	—	0.4	—	0.4
Deferred tax assets	2.6	1.7	—	4.3
	22.3	3.4	—	25.7
<b>Current assets</b>				
Inventories	24.7	8.5	—	33.2
Trade and other receivables	39.5	18.2	—	57.7
Current tax assets	0.4	0.2	—	0.6
Cash and cash equivalents	33.2	4.8	(9.3)	28.7
	97.8	31.7	(9.3)	120.2
<b>TOTAL ASSETS</b>	<b>120.1</b>	<b>35.1</b>	<b>(9.3)</b>	<b>145.9</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payable	(37.5)	(11.4)	(1.5)	(50.4)
Short-term borrowings	(8.6)	(1.2)	—	(9.8)
Current tax liabilities	(5.1)	(0.3)	—	(5.4)
Provisions	(2.5)	(0.5)	—	(3.0)
	(53.7)	(13.4)	(1.5)	(68.6)

	<i>Adjustments</i>			<i>Pro forma balance sheet sheet £m</i>
	<i>Acal Group 31 March 2009 Note 1 £m</i>	<i>Financiere BFI Optilas 30 June 2009 Note 2 £m</i>	<i>Acquisition adjustments Note 3 £m</i>	
<b>Non-current liabilities</b>				
Long-term borrowings	(0.1)	(9.6)	7.0	(2.7)
Pension liability	(5.7)	(0.5)	—	(6.2)
Deferred tax liabilities	(0.5)	(0.6)	—	(1.1)
Provisions	(1.5)	—	—	(1.5)
	<u>(7.8)</u>	<u>(10.7)</u>	<u>7.0</u>	<u>(11.5)</u>
<b>TOTAL LIABILITIES</b>	<b><u>(61.5)</u></b>	<b><u>(24.1)</u></b>	<b><u>(5.5)</u></b>	<b><u>(80.1)</u></b>
<b>NET ASSETS</b>	<b><u>58.6</u></b>	<b><u>11.0</u></b>	<b><u>(3.8)</u></b>	<b><u>65.8</u></b>

#### Notes

- 1) The consolidated balance sheet of Acal has been extracted without material adjustment from the audited financial statements for the year ended 31 March 2009 which were published on 1 June 2009 and are incorporated by reference in this document.
- 2) The consolidated balance sheet of BFI Optilas has been extracted from the financial information set out in Part III B of this document, translated at the rate of £1.00:€1.17, being the closing rate at 30 June 2009.
- 3) Pro forma acquisition adjustments comprise:
  - (i) An adjustment to intangible fixed assets as follows:

	<i>£m</i>
Initial consideration	
In the form of cash	1.1
In the form of shares	2.5
	<u>3.6</u>
Total consideration	3.6
Estimated transaction costs	1.5
	<u>5.1</u>
Cost of acquisition	5.1
	<u>11.0</u>
Net assets of BFI Optilas acquired at 30 June 2009	11.0
	<u>(5.9)</u>
Pro forma adjustment to goodwill (taken to reserves)	(5.9)

No adjustments have been made to reflect any fair value adjustments to the assets and liabilities of the BFI Optilas Group as at 30 June 2009.

- (ii) An adjustment to cash to reflect consideration payable of €1.2 million (£1.1 million), €8.8 million (£8.2 million) to reflect the acquisition of the convertible bonds and to shares of £2.5 million to reflect additional shares being issued. (Note: The €8.8 million does not form part of the consideration of the net assets – see part (iv) below).
  - (iii) An adjustment to creditors due within one year to reflect the estimated expenses relating to the Acquisition of £1.5 million.
  - (iv) An adjustment to cash of €8.8 million (£8.2 million) and to long term borrowings (£7.0 million) and reserves (£1.2 million) to reflect the acquisition of convertible bonds (which would be eliminated on consideration in the Enlarged Group balance sheet).
- 4) The unaudited proforma statement of net assets does not reflect any changes in the trading performance or cash flows of either Acal since 31 March 2009, other than those outlined in the above notes, or of BFI Optilas since 30 June 2009.
  - 5) The proforma statement of net assets does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

## PART B

### Report on pro forma financial information



KPMG LLP  
Arlington Business Park  
Theale  
Reading  
RG7 4SD

The Board of Directors  
on behalf of Acal plc  
2 Chancellor Court  
Occam Road  
Surrey Research Park  
Guildford  
Surrey  
GU2 7AH

29 October 2009

Dear Sirs,

#### **Acal plc (the “Company”)**

We report on the *pro forma* financial information (the “Pro Forma Financial Information”) set out in Part IV of the Class 1 circular dated 29 October 2009 (the “Circular”), which has been prepared on the basis described in notes 1 to 4, for illustrative purposes only, to provide information about how the transaction might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the period ended 31 March 2009. This report is required by paragraph 13.3.3R of the Listing Rules of the Financial Services Authority and is given for the purpose of complying with that paragraph and for no other purpose.

#### **Responsibilities**

It is the responsibility of the directors of the Company (together the “Directors”) to prepare the Pro Forma Financial Information in accordance with paragraph 13.3.3R of the Listing Rules of the Financial Services Authority.

It is our responsibility to form an opinion, as required by paragraph 7 of Annex II of the Prospectus Directive Regulation, as to the proper compilation of the Pro Forma Financial Information and to report that opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to Ordinary shareholders as a result of the inclusion of this report in the Circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Listing Rule 13.4.1R(6), consenting to its inclusion in the Circular.

#### **Basis of Opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

**Opinion**

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company.

Yours faithfully

*KPMG LLP*

## PART V

### SUMMARY OF THE PRINCIPAL TERMS OF THE ACQUISITION

Summarised below are the principal terms and conditions of the Acquisition:

#### 1. Background

- 1.1 The Sale and Purchase Agreement, dated 28 October 2009, is for the sale and purchase of the entire issued share capital of, warrants issued by and convertible bonds of BFI Optilas.
- 1.2 The parties to the Sale and Purchase Agreement are Acal (as purchaser) and the shareholders of BFI Optilas (as vendors).

#### 2. Consideration

- 2.1 The Consideration payable on Completion in respect of the purchase of the entire issued share capital of, warrants issued by and convertible bonds of BFI Optilas is €10 million payable in cash and the Consideration Shares.
- 2.2 Acal is purchasing the Convertible Bonds at Completion, which will result in Acal being owed a debt by BFI Optilas equal to the par value of the Convertible Bonds plus accrued interest (at 10% per year). It is intended that this receivable will then be capitalised.
- 2.3 The Consideration Shares will be issued in a certificated form represented by definitive share certificates and will be credited as fully paid and will rank *pari passu* in all respects with the existing Acal shares, including the voting rights and the right to receive in full all dividends and other distributions (if any) declared, made or paid by reference to a record date after Completion.

#### 3. Conditions and completion

- 3.1 Completion of the acquisition is conditional upon:
  - (a) the passing by Acal Shareholders of the Resolution to approve the Acquisition at the General Meeting;
  - (b) approval of the French Ministère de l'Economie, des Finances et de l'Emploi.
- 3.2 Should Acal fail to obtain shareholder approval for the Acquisition, it has agreed to pay all reasonably incurred legal fees incurred by the Sellers subject to a cap of €250,000.
- 3.3 In addition, in order for Completion to occur, the Consideration Shares must have been admitted to trading on London Stock Exchange plc's main market for listed securities; and
- 3.4 The Sale and Purchase Agreement will terminate if the conditions referred to above are not satisfied by 31 December 2009.
- 3.5 Completion is expected to occur on or around 16 December 2009.

#### 4. Warranties and indemnities

- 4.1 The Sale and Purchase Agreement includes commercial warranties, and an indemnity against tax risks, common for a transaction of this nature. The Sellers are themselves liable for claims under fundamental warranties relating to title and capacity (which are uncapped). Liability for claims under all other warranties given by the Sellers has been insured, subject to a cap of €5 million and the terms and conditions of the insurance policy, which are customary for a transaction of this nature.
- 4.2 Amongst the insured warranties, the Sale and Purchase Agreement includes certain "locked box" warranties, pursuant to which the Sellers warrant that certain actions have not been taken by BFI Optilas since 30 June 2009, the date of its most recent audited accounts, which might result in a reduction in the value of its business. These warranties broadly fall into two categories: (i) that neither BFI Optilas nor any other member of the BFI Optilas Group has transferred funds or assets (including dividends or redemption of BFI Optilas shares) to, assumed liabilities owed to or waived liabilities owed from the Sellers; and (ii) that there has been no change in the amount of debt owed by any member of the BFI Optilas Group (excluding the Convertible Bonds, trade indebtedness in the ordinary course of business and tax) and no such debt will become repayable as a result of the Acquisition.

**5. Listing, dealing and settlement of the Consideration Shares**

Application will be made to the UKLA for the Consideration Shares to be admitted to the Official List and application will be made to the London Stock Exchange for the Consideration Shares to be admitted to the London Stock Exchange's main market for listed securities. It is expected that Admission will become effective and that dealings for normal settlement in the Consideration Shares will commence on the London Stock Exchange at 8.00 a.m. on Completion.

**PART VI**  
**ADDITIONAL INFORMATION**

**1. Responsibility**

The Directors, whose names appear below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Directors and their principal functions are as follows:

Richard Moon	<i>Non-executive Chairman</i>
Nicholas Jefferies	<i>Group Chief Executive</i>
Malcolm Cooper	<i>Group Finance Director</i>
Eric Barton	<i>Senior Non-executive Director</i>
Graham Williams	<i>Non-executive Director</i>

**2. Registered office**

The Company was incorporated and registered in England and Wales on 9 April 1986 as a private company limited by shares with the name Spurfame Limited and with the registered number 2008246. Its name was changed to Acal Limited on 20 March 1987. On 22 October 1987, the Company re-registered under the Act as a public company limited by shares with the name Acal plc.

The Company is domiciled in the United Kingdom and the registered and head office of the Company is 2 Chancellor Court, Occam Road, Surrey Research Park, Guildford GU2 7AH. The telephone number of the registered office is +44 (0) 1483 544500.

**3. Directors' interests**

Directors' interests in share capital

As at 28 October 2009 (being the latest practicable date prior to the publication of this document) the interests of the Directors in the share capital of Company (all of which are beneficial unless otherwise stated) which are required to be notified to the Company pursuant to the Disclosure and Transparency Rules and the existence of which is known to or could with reasonable diligence be ascertained by the relevant Director were as follows:

<i>Director</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued ordinary share capital</i>
N.J. Jefferies	—	—
M.H. Cooper	—	—
R.J. Moon	65,100	0.25
E.A. Barton	1,000	—
G.J. Williams	1,000	—

Acal has an approved and an unapproved executive share option scheme both of which are now closed for the purposes of granting further share options. It also has a long-term incentive scheme. In addition, on 31 March 2009, Mr Jefferies was granted an award in the form of a nil cost option over 620,498 shares in the Company. The outstanding options held by the Directors, and the exercise price in respect of such options, are set out below:

#### Unapproved executive share options over Ordinary Shares

<i>Director</i>	<i>Number held</i>	<i>Date of grant</i>	<i>Exercise price (pence)</i>	<i>When exercisable</i>
NJ Jefferies	620,498	March 2009	Nil	April 2012 – March 2019
MH Cooper	2,000	June 2003	525.00	June 2006 – June 2010
MH Cooper	2,000	July 2004	480.00	July 2007 – July 2011
MH Cooper	2,000	June 2005	335.00	June 2008 – June 2012
MH Cooper	2,000	June 2006	367.50	June 2009 – June 2013
MH Cooper	2,000	June 2007	387.25	June 2010 – June 2014
MH Cooper	125,603	December 2008	Nil	December 2011 – November 2018

Save as disclosed in this paragraph 3, no Director, nor any person connected to any Director, has any interests in the issued share capital or any options over unissued shares of Acal or any of its subsidiaries.

#### 4. Directors' interests in transactions

No Director has or has had any interest in any transaction which is or was unusual in its nature or conditions or which is or was significant to the business of Acal or any of its subsidiaries during the current or immediately preceding financial year, or which, having been in effect during an earlier financial year, remains in any respect outstanding or unperformed.

#### 5. Related party transactions

Details of related party transactions the Company has entered into:

- (a) during the financial year ended 31 March 2007 are disclosed in accordance with the respective standard adopted according to Regulation (EC) No1606/2002 in note 37 on page 66 of the Company's 2007 annual report and accounts;
- (b) during the financial year ended 31 March 2008 are disclosed in accordance with the respective standard adopted according to Regulation (EC) No 1606/2002 in note 36 on page 61 of the Company's 2008 annual report and accounts;
- (c) during the financial year ended 31 March 2009 are disclosed in accordance with the respective standard adopted according to Regulation (EC) No 1606/2002 in note 36 on pages 63 and 64 of the Company's 2009 annual report and accounts; and
- (d) during the period from since 31 March 2009 up to 28 October (being the latest practicable date prior to the publication of this document), are disclosed in accordance with the respective standard adopted according to Regulation (EC) No 1606/2002 in note 36 on page 64 of the Company's 2009 annual report and accounts.

#### 6. Executive Directors' service contracts and Non-executive Directors' letters of appointment

##### 6.1 Executive Directors' service contracts

Details of the terms of Executive Directors' service contracts appear in the section entitled Directors' Remuneration Report on pages 21 to 25 of the Company's 2009 annual report and accounts. There have been no changes to the terms of these contracts since the publication of the 2009 Annual Report.

##### 6.2 Non-executive Directors' remuneration

A summary of each of the Non-executive Directors' letters of appointment can be found on page 23 of the Company's 2009 annual report and accounts in the section entitled the Directors' Remuneration Report. There have been no changes to the terms of these letters of appointment since 31 March 2009.

A summary of the termination dates of the appointments of Non-executive Directors is set out below:

<i>Name</i>	<i>End of current term of appointment</i>
Richard Moon	31 March 2010
Eric Barton	30 June 2010
Graham Williams	30 June 2010

## 7. Major interests in shares

In addition to the interests of the Directors disclosed in paragraph 3 of this Part VI, the Company is aware that the following persons were interested, directly or indirectly, in 3 per cent or more of the Company's issued share capital as at 28 October 2009 (being the latest practicable date prior to the publication of this document):

<i>Shareholder</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued ordinary share capital</i>
Aberforth Partners LLP	5,200,000	19.68%
Gartmore Investment Management Ltd	2,921,389	11.05%
J A H Curry Family Holding	2,411,000	9.13%
M & G Investment Management Ltd	1,920,143	7.27%
Liontrust Asset Management Ltd	1,658,035	6.28%
A J Laughton Family Holding	1,511,982	5.73%
Herald Investment Management Ltd	1,439,992	5.45%

Save as disclosed above, the Company is not aware of any person who is interested directly or indirectly in 3 per cent or more of the issued share capital of the Company.

## 8. Material contracts

### 8.1 The Acal Group

- (a) A sale and purchase agreement between Acal and Avnet Technology, Inc. dated 27 September 2007 pursuant to which Acal sold the entire issued share capital of Acal IT Limited and Acal Nederland BV, together with certain assets and liabilities of Acal GmbH, Acal NV/SA, Acal SA and Acal AB businesses (all of which together constituted Acal's IT Solutions Business) for a total consideration of £41 million in cash at completion. This amount is subject to certain adjustments calculated in accordance with the provisions of the sale and purchase agreement.
- (b) A sale and purchase agreement dated 26 November 2008 between (1) Acal Supply Chain Limited and (2) George Buchan, Mark Hesketh, James Bruce, Robert Hall, Jonathan King and The RMP Investment Partnership pursuant to which Acal Supply Chain Limited acquired 75% of the issued share capital of Service Source Europe Limited for a consideration of £1.85 million. In addition, as part of the Acquisition, Acal Supply Chain Limited subscribed for deferred shares in SSE with a total nominal value of £346,625 for the purpose of redeeming all of the preference shares previously issued by SSE.
- (c) A sale and purchase agreement dated 26 November 2008 between (1) Acal Supply Chain Limited and (2) George Buchan, Mark Hesketh, James Bruce, Robert Hall, Jonathan King and The RMP Investment Partnership pursuant to which Acal Supply Chain Limited acquired the remaining 25% of the issued share capital of Service Source Europe Limited for a total cash consideration of £1 million.
- (d) A conditional sale agreement dated 28 October 2009 made between (1) Acal and (2) the Sellers relating to the Acquisition, further details of which are set out in Part V of this document.

Save as set out in paragraphs 8.1 (a), (b), (c) and (d), there are no contracts, other than contracts entered into in the ordinary course of business, which have been entered into by any member of the Group within the period of two years immediately preceding the issue of this document which are, or may be, material or that contain any provisions under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this document.

## 8.2 The BFI Optilas Group

There are no contracts, other than contracts entered into in the ordinary course of business, which have been entered into by any member of the BFI Optilas Group within the period of two years immediately preceding the issue of this document, which are, or may be, material or that contain any provisions under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this document.

## 9. Litigation

No member of the Group is or has been engaged in, nor (so far as the Company is aware) has pending or threatened by or against it, any government, legal or arbitration proceedings which may have or have had in the recent past (including at least the 12 months immediately preceding the date of this document) a significant effect on the financial position or profitability of the Group.

No member of the BFI Optilas Group is or has been engaged in, nor (so far as the Company is aware) has pending or threatened by or against it, any government, legal or arbitration proceedings which may have or have had in the recent past (including at least the 12 months immediately preceding the date of this document) a significant effect on the financial position or profitability of the BFI Optilas Group, save for the following:

The tax authorities in Italy have recently been successful in a tax claim against BFI Optilas S.r.l. relating to the accounting treatment of certain expenses in the financial year ended 30 June 2004. The award against BFI Optilas S.r.l. amounted to €173,129, consisting of a tax liability of €80,626, and penalties and interest of €92,503. An amount of €50,000 was provided for in the accounts for the year ended 30 June 2009.

## 10. Significant changes

Save for the stabilisation of orders received, improvement in margins in the Electronics division and significant progress in the Supply Chain division and strong cash performance, as disclosed in paragraph 9.1 of Part I of this document, there has been no material change in the financial or trading position of Acal since 31 March 2009 (the date to which the last published accounts of Acal were prepared).

Save for the continuing deterioration in the Electronics market, stabilisation in orders and cost reductions that are being implemented, as disclosed in paragraph 9.2 of Part I of this document, there has been no material change in the financial or trading position of the BFI Optilas Group since 30 June 2009 (the date to which the historical financial information of the BFI Optilas Group, as set out in Part III of this document, was prepared).

## 11. Working capital

Acal is of the opinion that, following the Acquisition, taking into account bank and other facilities, the working capital available to the Enlarged Group is sufficient for its present requirements, that is for at least the next 12 months following the date of this document.

## 12. Sources and bases

In this document, unless otherwise stated or the context otherwise requires, the following sources and bases of information have been used:

12.1 Unless otherwise stated, financial information relating to BFI Optilas has been extracted without material adjustment from the historical financial information, as at 30 June 2009, set out in Part III of this document

12.2 Unless otherwise stated, financial information relating to the Acal Group has been extracted without material adjustment from the audited financial statements of the Acal Group for year ended 31 March 2009.

12.3 The information relating to BFI Optilas has been provided by the BFI Optilas directors.

12.4 The information relating to the Acal Group has been provided by the Acal Directors.

## 13. Consent

J.P. Morgan Cazenove has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name in the form and context in which it appears.

KPMG LLP has given and has not withdrawn its written consent to the inclusion of its report in Part IV of this document in the form and context in which it appears.

Constantin Associates has given and has not withdrawn its written consent to the inclusion of its report in Part III of this document in the form and context in which it appears.

#### 14. Information incorporated by reference

Information from the following documents has been incorporated in this document by reference:

Documents containing information incorporated by reference	Paragraph in which the document is referred to	Where the information can be accessed by Shareholders
Company's 2009 annual report and accounts (note 36 on pages 63 and 64 and pages 21 to 25)	Part VI, paragraph 5(c), 5(d) and 6	The Company's website, <a href="http://www.acalplc.co.uk/acalplc/irhome.jsp?nav=4">http://www.acalplc.co.uk/acalplc/irhome.jsp?nav=4</a>
Company's 2008 annual report and accounts (note 36 on page 61)	Part VI, paragraph 5(b)	The Company's website, <a href="http://www.acalplc.co.uk/acalplc/irhome.jsp?nav=4">http://www.acalplc.co.uk/acalplc/irhome.jsp?nav=4</a>
Company's 2007 annual report and accounts (note 37 on page 66)	Part VI, paragraph 5(a)	The Company's website, <a href="http://www.acalplc.co.uk/acalplc/irhome.jsp?nav=4">http://www.acalplc.co.uk/acalplc/irhome.jsp?nav=4</a>

A copy of each of the documents listed above has been filed with the FSA and is also available for inspection in accordance with paragraph 15 below.

#### 15. Documents available for inspection

Copies of the following documents will be available for inspection during normal working hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Lovells LLP, Atlantic House, Holborn Viaduct, London, EC1A 2FG and at the registered office of the Company, from the date of this document until the conclusion of the General Meeting on 19 November 2009:

- (a) the memorandum and articles of association of the Company;
- (b) the Sale and Purchase Agreement;
- (c) the Company's annual report and accounts for the financial years ended 31 March 2009, 2008 and 2007;
- (d) the report from Constantin Associates on the historical financial information in relation to BFI Optilas set out in Part III of this document;
- (e) the report from KPMG LLP on the *pro forma* statement of net assets of the Enlarged Group set out in Part IV of this document;
- (f) the letters of consent set out in paragraph 13 of this Part VI; and
- (g) a copy of this document and the Form of Proxy.

Dated: 29 October 2009

## DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

“Acal” or the “Company”	Acal plc, a public limited company, incorporated and registered in England (registered number 2008246)
“Acal Group” or the “Group”	Acal and its subsidiary undertakings
“Acal Shares”	the ordinary shares of 5p each in the capital of the Company
“Acquisition”	the proposed acquisition by Acal of the BFI Optilas Group under the terms of the Sale and Purchase Agreement
“Activa Capital”	FCPR Activa Capital Fund
“Admission”	admission to the Official List in accordance with the Listing Rules and to trading on the London Stock Exchange plc’s main market for listed securities in accordance with the requirements contained in the publication “Admission and Disclosure Standards” dated 10 February 2009 (as amended from time to time) containing, amongst other things, the admission requirements to be observed by companies seeking admission to trading on the London Stock Exchange plc’s main market for listed securities;
“Avnet”	BFI Vermögensverwaltungs GmbH
“BFI Optilas”	Financière BFI Optilas SAS
“BFI Optilas Group”	BFI Optilas and its subsidiary undertakings, or prior to BFI Optilas’s incorporation, BFI Optilas International SAS and its subsidiary undertakings
“Cash Consideration”	the element of the consideration comprising cash, which amounts to €10 million and which is payable on Completion
“Circular”	this document detailing the terms of the Acquisition
“Completion”	completion of the Acquisition pursuant to the Sale and Purchase Agreement
“Consideration”	the Cash Consideration and the Consideration Shares
“Consideration Shares”	the 2 million shares in Acal to be issued to the selling shareholders of BFI Optilas on Completion
“Convertible Bonds”	the 6,510,881 convertible bonds issued by BFI Optilas on 28 April 2006, held by Activa Capital and Avnet as at the date of this document
“CREST”	the relevant system (as defined in the Regulations) in respect of which Euroclear is the operator (as defined in the Regulations)
“CREST Proxy Instruction”	the form of appointment of proxy to vote through the Euroclear system
“Directors” or “Board”	the Directors of the Company listed on page 4 of this document
“Disclosure and Transparency Rules”	the disclosure rules and transparency rules made by the Financial Services Authority pursuant to Part VI of the Financial Services and Markets Act 2000, as revised from time to time
“EBITDA”	earnings before interest, taxes, depreciation and amortisation
“Enlarged Group”	the Acal Group as enlarged by the Acquisition
“Euroclear”	Euroclear UK & Ireland Limited

“General Meeting”	the general meeting of Acal convened for the purpose of considering the Resolution to be held on 19 November 2009 (or any adjournment of it), notice of which is set out at the end of this document
“Form of Proxy”	the pre-paid form of proxy for use at the General Meeting which accompanies this document
“Fund”	the Sedgemoor Group Pension Fund, acquired as part of the Sedgemoor Group acquisition in June 1999
“IFRS”	International Financial Reporting Standards
“IT Solutions Business”	the IT Solutions Business, comprising the IT Solutions Division, excluding Vertec, which was disposed of by the Company on 17 December 2007
“Listing Rules”	the listing rules of the UKLA under the Financial Services and Markets Act 2000
“London Stock Exchange”	London Stock Exchange plc
“Management Shareholders”	the existing and former managers who held shares in BFI Optilas at the time the Sale and Purchase Agreement was entered into
“Official List”	the list maintained by the Financial Services Authority in accordance with section 74(1) of the Financial Services and Markets Act 2000
“Ordinary Shares” or “Acal Shares”	ordinary shares of 5 pence each in the capital of the Company
“Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)
“Resolution”	the resolution set out in the notice of the General Meeting set out at the end of this document
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 28 October 2009 between Acal and the Sellers relating to the Acquisition as described in Part V of this document, a copy of which will be on display at the addresses specified in paragraph 15 of Part VI of this document
“Sellers”	Activa Capital, Avnet, the Management Shareholders and the heirs of Philip Dunning
“Shareholders”	the existing holders of Ordinary Shares
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UKLA”	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000

## ACAL PLC

### NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of Acal plc (the “**Company**”) will be held at the offices of the Company at 2 Chancellor Court, Occam Road, Surrey Research Park, Guildford, Surrey, GU2 7AH on 19 November 2009 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution:

### ORDINARY RESOLUTION

THAT:

the proposed acquisition by the Company of the entire issued share capital of Financière BFI Optilas SAS (the “**Target**”) pursuant to the terms and subject to the conditions contained in the conditional sale and purchase agreement dated 28 October 2009 made between the Company and FCPR Activa Capital Fund and the other shareholders of the Target (“the Agreement”) as described in the circular to the shareholders of the Company dated 29 October 2009 of which this Notice forms part, be and is hereby approved and that the Directors of the Company (or a duly authorised committee of the Directors) be and they are hereby authorised to take all steps necessary to execute, complete and give effect to the Agreement in accordance with such terms and conditions and the documents referred to in the Agreement with such non-material modifications, variations, amendments or revisions as they consider, in their absolute discretion, to be in the best interests of the Company.

*Registered office:*  
2 Chancellor Court  
Occam Road  
Surrey Research Park  
Guildford  
Surrey  
GU2 7AH

*by order of the Board*  
Gary Shillinglaw  
Company Secretary

Date: 29 October 2009

#### Notes

1. A member of the Company entitled to attend, speak and vote at the meeting convened by the notice set out above may appoint a proxy to exercise all or any of his rights to attend, speak and vote at the meeting on his/her behalf. A proxy need not be a member of Company. A member may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to different shares held by the member. To appoint more than one proxy you should contact Equiniti’s shareholder helpline on 0871 384 2001 from within the UK (or +44 121 415 7040 from outside the UK) between 9.00 a.m. and 5.30 p.m. (London time) Monday to Friday.
2. To be valid, Forms of Proxy must be received by post or (during normal business hours only) by hand at the offices of the Company’s registrars, Equiniti Limited, at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6ZL not later than 48 hours before the time fixed for holding the meeting and must be accompanied by any power of attorney or other authority. The Form of Proxy is enclosed.
3. As an alternative to completing the Form of Proxy enclosed, you can appoint a proxy electronically by visiting [www.sharevote.co.uk](http://www.sharevote.co.uk) where details of the procedure to be followed are given. The Voting ID, Task ID and Shareholder Reference Number shown on the face of the Form of Proxy enclosed will be required to complete the procedure. For an electronic proxy appointment to be valid, it must be received no later than 48 hours before the time fixed for holding the meeting. It will not be accepted if found to contain a computer virus.
4. Completion and return of a Form of Proxy will not prevent a member from attending and voting at the meeting in person should he wish to do so.
5. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with section 146 of the Companies Act 2006 (“nominated persons”). Nominated persons may have a right under an agreement with the registered shareholder who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such agreement to give instructions to the person holding the shares as to the exercise of voting rights.
6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting to be held on 19 November 2009 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members, sponsored CREST members and CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action for them.
7. In order for a proxy appointment or instruction made using the CREST service to be valid, the CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with CRESTCo Limited’s specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid,

be transmitted so as to be received by the issuer's agent (IDRA19) 48 hours before the time fixed for the meeting (or any adjournment thereof). The time of receipt of the instruction will be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which Equiniti is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the proxy another way.

8. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will apply to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by a particular time. CREST members and, where applicable, their CREST sponsors or voting service providers should refer to the sections of the CREST Manual concerning practical limitations of the CREST system and timings.
9. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.
10. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that to be entitled to attend and vote at the General Meeting or any adjournment thereof (and for the purposes of determining the number of votes that may be cast) a person must be entered on the Company's register of members at 6pm on 17 November 2009 (or, in the case of an adjourned meeting, at 6pm on the day which is 2 days before the time of the adjourned meeting). Changes to entries on the register of members after this time shall be disregarded in determining the rights of any person to attend or vote at the General Meeting or any adjourned meeting (as the case may be).
11. As at 28 October 2009 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 26,418,354 shares carrying one vote each. Therefore the total voting rights in the Company as at 28 October 2009 are 26,418,354.
12. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
13. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the company or the good order of the meeting that the question be answered.
14. A copy of this notice, and other information required by section 311A of the Companies Act 2006, can be found at [www.acalplc.co.uk](http://www.acalplc.co.uk).

