For immediate release **30 November 2006**

Abacus Group plc

Preliminary Results

Abacus Group plc (LSE: ABU), a leading European electronic components distributor, is pleased to announce its Preliminary Results for the year ended 30th September 2006.

Financial Highlights

- 44% increase in Turnover to £257m (2005: £179m)
- 48% increase in Gross profit to £64.7m before exceptionals (59% increase to £63.9m after exceptionals)
- Gross margin at 25.2% increased from 24.4%, before exceptionals (24.9% compared to 22.5% in 2005, after exceptionals) - reflecting Axess and Deltron acquisitions
- 47% increase to £11.9m (2005: £8.1m) Profit before tax, amortisation and exceptionals (Loss before tax, after amortisation and exceptionals £0.1m, 2005, profit of £4.0m)
- £12m amortisation and exceptional charge, of which £8.0m integration costs, £1.4m Trident restructuring and £2.6m amortisation of intangibles
- Earnings per share of 13.6p, same as 2005 pre amortisation and exceptionals (0.0p compared to 6.1p in 2005, post amortisation and exceptionals)
- Dividend unchanged at 7.2 p per share. Dividend expected to increase in future years as benefits from integration of recent acquisitions materialise

Operational Highlights

- Deltron Electronics plc acquired in January 2006 for £36.1m in an all share deal - has provided geographic expansion and integration synergies
- Axess Technology acquired in April for €23m (£15.8m) - enhances position in France and strengthens Display position
- £5.5m of integration savings secured – in line with previous forecast and to be realised ahead of schedule, from the beginning of the 2007 financial year.
- Acquisitions provide a presence in all major countries across Europe - attractive to customers and suppliers

Market and Prospects

- Electronic components markets improved since March
- Greater geographic presence, product mix and cross-selling are driving organic growth
- Presence in Germany further reinforced since year end with the employment of an experienced Sales and Marketing team from within the industry

Commenting on the results, Chairman, Harry Westropp, said:
"The Group now has a broader operations base, a wider mix of product and a greater depth of management. The geographical spread has also changed radically during the past year. In 2007 the Abacus Group sales will no longer be dominated by the UK with nearly half the business being overseas. All these factors considerably enhance the opportunities for us going forward as well as delivering a more cost effective and higher margin business. In these circumstances the Board has confidence for the future."

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Chairman's Statement

I am pleased to report that Abacus Group plc's performance in the year ended 30th September 2006 outperformed expectations expressed at the time of our Interim Report. Two acquisitions and their successful integration ahead of schedule, have been the most significant events in the year. Turnover amounted to £257.1 million, an increase of £78.3 million over the previous year, although the annual comparisons are enhanced by the acquisition of Deltron Electronics plc in January 2006 and by the subsequent purchase of Axess Technology Group in April. These new subsidiaries contributed £75.5 million to the total Group sales and £6.5 million to the Group operating profit for the year which totalled £14.7 million, pre amortisation and exceptionals (£2.7 million, post amortisation and exceptionals). They were also responsible for the improvement in gross margin (pre exceptional items) which increased from 24.4% of sales in 2005 to 25.2% in 2006 (post exceptional 24.9% compared to 22.5% in 2005). We expect some further margin enhancement in 2007 as the result of a full year's contribution from both Deltron and Axess. It was anticipated at the time of the acquisitions that earnings would reduce in the short term but in the event there was no earnings dilution in 2006 compared to 2005, with earnings per share (pre exceptionals and amortisation) remaining at 13.6p per share (post exceptional and amortisation, 0.0p per share (2005: 6.1p)). At the year end, net borrowings, at £66.1 million (including £4.6 million deferred consideration loan notes), were in line with expectations.

The integration of the Deltron and Axess businesses and the accompanying reorganisation have been completed ahead of schedule and have delivered the target of £5.5 million annualised cost savings. In the 2006 financial year, the benefit of integration savings was some £1.6 million. In order to secure these savings, including the reorganisation of Trident to exit the higher risk finished product business and refocus on distribution and value added opportunities, a one-off exceptional cost of £9.4 million has been incurred. However, as shown above, the benefits going forward will be material.

The dividend will remain unchanged for 2006 with a proposed final dividend of 3.6p, making a total for the year of 7.2p (2005: 7.2p). Looking to the future, we intend to return to a policy of increasing the dividend as cash flow improves and debt is reduced.

Trading in 2006

The UK market for electronic components was sluggish in the early months of our financial year but appeared to have stabilised by March and thereafter an improvement was seen which continued through the summer months. For Abacus this resulted in a sales increase of 2% for our total UK business although the figure would have been higher but for the decision to withdraw from Trident's finished product business. In Italy our team at ECC were successful in growing sales by 4%, but in Nordic, Promax sales fell by 14%, some of which can be attributed to the decision to close the business in Finland in 2005. However, the 2005 reorganisation of Promax and its integration with the Deltron businesses in Sweden and Norway will result in a larger and much more solid organisation. Indeed the prospects for all the European territories look promising with the strengthening of the existing Abacus companies and the additions of France and Germany, where previously we had no presence. Since the year end Germany has not only been reorganised but also considerably enlarged by the recruitment of a high quality team from within the industry.

In the Far East our operation in Hong Kong has been reinforced with stronger management and we are seeing the benefits of maintaining business with customers who move offshore. We have been successful in growing the value of shipments to mainland China and other territories in Asia.

Outlook

The Group now has a broader operations base, a wider mix of product and greater depth of management. The geographical spread has also changed radically during the past year. In 2007 the Abacus Group sales will no longer be dominated by the UK with nearly half the business being overseas. All these factors considerably enhance the opportunities for us going forward as well as delivering a more cost effective and higher margin business. In these circumstances the Board has confidence for the future.

This year I am particularly grateful to the management and staff and congratulate them on an outstanding performance in acquiring and integrating two complex businesses while maintaining a strong performance from the existing businesses. I also welcome our new colleagues who have also made such a valuable contribution.

Chief Executive's Review

General Review

This year has seen significant positive changes to the Abacus Group. The acquisition of Deltron Electronics plc in January and Axess Technology in April gave Abacus a position in Germany and France, (the 1st and 4th largest markets in Europe, respectively, according to Europartners report 2005) and in the smaller markets of Austria and Benelux as well as a strengthened position in the UK, Scandinavia and Italy. Axess further strengthened the Group's position in France and enhanced the sales of Displays and Wireless Modules, product areas that are a key part of the growth strategy of Abacus. The Abacus Group now has a position in all of the major markets within Europe and according to Europartners is the 5th largest distributor of electronic components to the industrial market. Whilst we are delighted to have a presence in the major markets which we believe will bring, over time, additional benefits to the Group with regard to customer and franchise coverage, we do not intend to portray ourselves as a Pan European distributor. That creates an impression of a business trying to be the same as our major competitors, the USA based global distributors, something we are definitely not.

Our strategy is driven by a recognition that the countries in Europe, and the regions within those countries, have different languages and cultures and to be successful one must work with these differences. In order to continue to grow and increase our penetration of these markets Abacus must create differences between itself and its competitors that the customers and suppliers recognise as being of benefit to them. Abacus will therefore continue with its policy of having regionally based sales offices supported by regionally based product experts offering comprehensive technical and design in support, and local warehouses to fulfil the demands of each individual market. Our goal is to be seen as the leading strong local distributor in all the markets in which we operate. The differences detailed above combined with our approach of selling to all customers irrespective of their size or their sector (we have approximately 20,000 trading customers across Europe), and our broad diversified product range (approximately 180 different franchises across the Group) are key to Abacus achieving this and creating a differentiated platform on which the Group can grow both organically and through further acquisition.

We are confident that the industry is now recognising our market position and our differentiated model, and at the recent European Electronics Industry Awards we were delighted to be chosen as Distributor of the Year 2006.

We have set ourselves a target of having a minimum 5% market share in all of the major countries as we believe that at this level Abacus will be a significant player on the market whereby customers will wish to consider us as a strategic supplier and franchisors will want to speak to us because of our customer coverage.

Review by Region

UK & Ireland

We have a very strong presence on this market with, according to Europartners 2005, a 13.6% market share putting us firmly in the top 3 distribution businesses. The Deltron operation was integrated into the Abacus business at the end of May 2006 and this opened up the opportunity for the combined company to sell all products. The Abacus Group product offering covers a very broad range of electronic components, wireless modules, displays and software enabling us to supply a multitude of customers across a wide range of industrial sectors. We maintain the different businesses within this market (Abacus, Micromark, TDC, Trident) to ensure we bring the appropriate level of technical expertise to the different products but increasingly all products are being sold by each business creating significant opportunities for organic growth. We combine this opportunity with a regular review of technology development within the electronic component market and within the end user industrial sectors to ensure our product offering is kept up to date and meets the needs of existing and future customers. This applies not only to the UK but to the entire Group.

The acquisition of Deltron also enhanced our existing manufacturing operations and these have all been combined into one business unit for sales and marketing purposes and rebranded Alpha 3 Manufacturing. These businesses and our own brand businesses, Dubilier (existing Abacus brand), Eledis and Emcon (Deltron brand), are another part of our strategy to create differences to our major competitors.

Chief Executive's Review(continued)

France

The Abacus Group gained a presence in the French market through the acquisition of Deltron in January 2006. This was quickly enhanced by the acquisition of Axess Technology (comprising two companies, Axess and RDI) in April 2006 creating a position of being the 5th largest distribution business in France with a market share of 5.6% (according to Europartners 2005).

These three companies have a strong product offering with Abacus Deltron representing a broad range of electromechanical products, Abacus RDI being a passive specialist and Axess supplying an excellent range of display, wireless modules and niche semiconductors. The Axess business is very similar in the products it sells and its approach to the market of the UK based Trident and TDC businesses and these companies work closely together with regard to product and industry sector development.

All three business in France are now using the same IT platform and the warehouses have been integrated into one based on the outskirts of Paris.

During the Quarter ending March 2007, the sales and marketing teams of RDI and Deltron will be combined, creating cross-selling opportunities and a stronger business which, over time, can be enhanced with the addition of a number of new franchises currently held by the Abacus Group in other regions.

Scandinavia

The acquisition of Deltron in January 2006 had a major impact on the presence of the existing Abacus business in Scandinavia, enhancing its product offering with the addition of a number of leading electro-mechanical manufacturers, and strengthening its position on the market to the 6th largest distribution business with a market share across the region of 4% (according to Europartners 2005).

In Sweden and Norway the two businesses were integrated in August 2006 under the banner of Abacus Scandinavia, creating a much wider portfolio of products to be sold to all customers. The IT system is the same as that utilised in the UK and Denmark creating efficiencies in support functions such as purchasing. All Scandinavian warehouses have been integrated into one facility in Denmark, today the largest sales region in Scandinavia for Abacus.

In Denmark, the existing Abacus Promax business has also been re-named Abacus Scandinavia and using the same IT platform as Sweden and Norway has enhanced its product offering with access to the Deltron products from those regions. Today the existing Deltron business, Conelec, has remained separate to the Abacus Scandinavia companies in terms of IT and sales and marketing as its approach to the market is one of selling more customer specific assemblies rather than single components and we believe this specialisation is worth maintaining and developing.

We have during the year continued to develop the Trident business in Scandinavia and our wireless module and software sales through the Abacus business. Increasingly these businesses work more closely together and the Trident personnel are located in the Abacus offices creating, as we have in other regions, a broad product offering that is available to all customers giving many opportunities for organic growth.

Italy

The situation in Italy is very similar to that of Scandinavia. The acquisition of Deltron has improved our position on the market to that of the 5th largest distribution business with a market share of 3% (according to Europartners 2005). We have completed the integration of the Deltron business into the existing Abacus operation and now have a common sales and marketing team, IT system and warehouse, creating a business with a stronger product offering that goes to market under the brand of Abacus ECC.

We are also continuing to develop the sale of display, wireless modules and software, and this combined with our stronger position on the market, will bring opportunities to further strengthen our product offering, creating a good environment for organic growth.

Chief Executive's Review(continued)

Germany

The Europartners 2005 report shows that the German market for industrial electronic component distribution is the largest within Europe, being twice the size of the 2nd, the UK, and representing 27% of the total available market.

The acquisition of Deltron brought us a small presence in this market with a business that has two offices in Munich and Stuttgart, and a market share of some 1%.

The products sold by Abacus Deltron are from a small number of leading electro-mechanical component manufacturers, some of which have an existing relationship in other countries with the original Abacus Group, and our primary focus during the coming year will be to seek opportunities to develop in this market to move towards our goal of achieving a minimum 5% market share.

Just after the year end Abacus announced that it had recruited a new General Manager for Abacus Deltron Germany, and had enhanced the sales and marketing team with the recruitment of an additional 14 people, all of whom had previously worked together within the component distribution industry. These people are located across Germany and Abacus is in the process of opening an additional 3 regionally based sales offices, in line with the Group's strategy, to give an improved coverage of the total market.

It is believed that this wider coverage of the market will create organic growth opportunities from the existing product offering but over time, combined with the much improved position of the Abacus Group within Europe, will also bring new franchises to the German market.

Abacus will also continue to seek further acquisition opportunities in this market.

Austria

Austria is a small but important market within Europe and the Deltron acquisition brought us a sales and marketing presence through an office based in Vienna, being served by the warehouse in Munich.

Abacus has enhanced its team by the recruitment after the year end of a new General Manager and two additional sales personnel, all of whom previously worked with the new team in Germany. This will bring the Company a number of organic growth opportunities that will improve the approximately1% market share that Abacus has today.

Benelux

Benelux is the 8th largest market in Europe and the Abacus Group had an existing presence with a Trident sales office in Holland. The acquisition of Deltron brought an additional sales office in Holland served by the UK warehouse.

The Abacus Deltron office has been converted to use the same IT platform as that used in the UK and Scandinavia in June 2006 and during the early part of 2007 Abacus will move both Trident and Abacus Deltron into the same office and onto the same IT system creating a wider product portfolio for the sales team to sell to all customers, giving us the opportunity to organically improve the current 1% market share.

Hong Kong

The office in Hong Kong, established at the beginning of 2006, has been a significant contributor to the success Abacus has had in continuing to supply components to the customers who design and purchase in Europe but manufacture in the Asia Pacific region. We believe this trend will continue albeit at a slower rate than previous years and the Company remain confident that the European market for component distribution, estimated in 2005 at €11.4 billion by Europartners, will continue to be a good market in which to operate.

IT

Our objective is to have all Abacus Group companies, other than our Alpha 3 Manufacturing division, on the same IT platform to enable us to take advantage of the efficiencies and synergies that this brings. Today this is clearly not the case and achieving this objective is a major focus for Abacus senior management.

We will continue with the upgrade of our existing UK system, so that when the roll out is complete this system will meet all the needs of the growing business, including operating in the local language.

Staff

This year has seen a number of positive changes to the Abacus Group and in recognition of this we have, during the year, taken the opportunity to strengthen the management team in all areas of the business creating a structure that is extremely well positioned to take advantage of the growth opportunities that we are creating.

Market

We measure on a daily basis the Bookings across the Group through a long established Management Reporting system, as these are a key indicator of what is happening within our customers and the markets in which we operate. As detailed in the Chairman's report, the UK market in 2006 had a sluggish start but improved as we moved into the 2^{nd} and 3^{rd} quarters of our year and overall our Book to Bill ratio for the complete year stood at 1.09.

We start the new year with our Book to Bill ratio remaining positive and with our daily rate above that of 2005.

The Abacus Group now has in excess of 3% of the total European component market for distribution and a position in all the major markets that will create opportunities for organic growth through cross-selling of products and geographic franchise expansion.

However, the top 10 distribution companies in Europe, of which Abacus is number 5, only take 61% of the market (according to Europartners 2005) and we believe that there exists a good opportunity for further consolidation within the distribution market and that the Abacus Group is well positioned to take advantage of these opportunities.

Financial Review

The year has been characterised by the successful integration of the Deltron and Axess/RDI businesses into the Abacus Group and the implementation of IFRS.

The integration of the Deltron businesses in the UK, Italy, Sweden and Norway with the Abacus operations in those countries took place between January and the end of the financial year and in each case was completed ahead of schedule. The integration of Deltron in France into Axess/RDI took place during the Summer and has also been successfully completed. The acquisition of Deltron gave the Group, for the first time, a presence in Germany and this has been substantially reorganised and enlarged since the year end.

The manufacturing business of Deltron (Deltron Emcon, now known as DEM) has been combined with the two Abacus manufacturing divisions, CTL and CCS, and rebranded as Alpha 3 Manufacturing. Trident has been reorganised, primarily in the UK, to refocus its activities on distribution and value added solutions. It is now working closely with Axess in France to provide a comprehensive European distribution service for displays and related components.

All of the integration and reorganisation activities have absorbed a significant amount of management time but have been completed ahead of schedule and should deliver annualised cost savings of some £5.5 million, in line with the indications given at the time the acquisitions were announced. The benefit of integration savings in the period to 30 September 2006 amount to some £1.6 million. The cost of securing the savings has been £9.4 million, including the cost of withdrawal of Trident from its finished product business; of this amount £5.4 million cash outlay has already been incurred and £1.6 million represents Balance Sheet provisions and write downs, which will not involve cash outlay.

The IFRS accounts format was initially presented in the interim results and the accounting policies used for 2006 are consistent with those used at that time The principal differences between IFRS and GAAP presentation in the Income statement concern the “share based payment” treatment of share options which amounts to a charge of £0.5 million in 2006 (2005: £0.2 million).

Turnover

The results for the year reflect 12 months’ trading for the existing Abacus Group, 9 months’ trading for the Deltron Group and 6 months’ trading for Axess/RDI. For this reason the 2006 results show an incomplete view of the Group’s future financial profile, although the second half of 2006 reflects the combination of businesses throughout the period, albeit with only a small part of the future savings included.

Total turnover for the 12 months amounted to £257.1 million (2005: £178.8 million). The figures include £55.0 million (£35.4 million in the second half) in respect of Deltron and £20.5 million in respect of Axess. The existing Abacus sales for the full year of £181.6 million showed an increase of 2% over 2005, but in the second half of the year the increase was 5% over the same period in 2005. This was notwithstanding the expected reduction in turnover in 2006 in Abacus Promax, which operates in Scandinavia, following the closure in summer 2005 of the Abacus Finnish operation and the restructuring of the Swedish and Danish activities. This loss of turnover was compensated by increased sales by Trident in Scandinavia. For the UK and Italy, existing Abacus sales for the year grew by 2% and 4% respectively and by 5% and 18% respectively in the second half of the year. Deltron sales for the 12 months to September were £71.4 million, in line with market forecasts for the Company at the time of the acquisition by the Abacus Group. With effect from the end of the financial year, the Deltron activities in Sweden, Italy and UK have been fully integrated into Abacus’ businesses in these countries and the transparency of performance will be blurred going forward as the positive cross-selling opportunities are exploited. The performance of the finished product business in Trident had a detrimental impact on the Abacus turnover in the UK for the year, recording turnover of only £0.4 million (2005: £7.7 million).

Within the above figures, the manufacturing business for the year reported turnover of £17.8 million, including a 9 month contribution of £5.1 million from DEM, Deltron’s UK manufacturing division, a small underlying reduction compared to 2005 (£13.2 million).

Financial Review(continued)

Gross Margin

The Gross profit for the Group, pre exceptional items, for the period ended September 2006 improved from £43.7 million in 2005 (24.4% of sales) to £64.7 million (25.2% of sales) (£63.9 million in 2006 compared to £40.2 million, post exceptional items). The improvement in the margin percentage was due to the higher margins earned in Axess/RDI and, more particularly, Deltron. In the second half, the Gross profit of the existing Abacus business grew by 7%, more than compensating for a reduction in the first half. The overall Abacus Group Gross profit of £37.7 million in the second half represented an increase of 75% on the previous year.

The Deltron accounting treatment of expenditure has been aligned to that of Abacus, which has resulted in some costs being moved from operating expenses to cost of sales. This has led to a reduction of some 1.5% in the Deltron gross margin to 29.4% in the 9 months to September 2006. Notwithstanding this realignment of expenditure, Deltron Group has a higher margin compared to the existing Abacus business because it distributes a different mix of products. It is therefore expected that the margin for Abacus Group for the full year 2007 with Deltron and Axess/RDI included for the full 12 months is likely to be somewhat higher than in the past. The great part of the integration savings achieved will in future affect the operating expenses rather than cost of sales.

Operating Expenses

The Abacus Board maintains a tight discipline over headcount and expenditure. In 2006, in order to ensure strong management control over the enlarged Group, certain new managers were recruited at the Newbury head office. Although this has increased costs, the improved control and management guidance has significantly assisted with the integration of the acquisitions in the year.

A key element of the Deltron acquisition rationale was the opportunity to save costs through combining its infrastructure and support services with those of Abacus. These savings, which were estimated at £5 million, have been realised quicker than forecast due to the speed of the integration process. In total, £5.5 million annualised savings have been achieved, including those from the integration of Deltron France with Axess/RDI. The full year effect of these savings will be substantially available from the beginning of the 2007 financial year. The cost of realising these savings has totalled £8.0 million.

During the year, the Board took the decision to refocus the Trident business on distribution and value added activities and to withdraw from the higher risk profile of its finished product business. As a consequence, 9 staff were made redundant and certain provisions were made against inventory and receivables on the Balance Sheet. The charge associated with this reorganisation has amounted to £1.4 million which, because of its size and nature, has been treated as exceptional in the Income statement.

The Group headcount at 30 September 2006 was 1,147 compared to 762 the previous year. At the date of acquisition, the Deltron Group had 360 staff and Axess/RDI had 88 staff. During the integration process there has thus been a net decrease of 63 in the total number employed by Abacus Group. The manufacturing business headcount included in these numbers was 239 at 30 September 2006 (2005: 172), with 84 included in the Deltron number at the date of acquisition.

Amortisation of acquired intangibles and exceptional items

The change to IFRS, from 2006, has necessitated changes to the treatment of goodwill. In the past, this has been amortised through the Profit and Loss account together with amortisation of intangible assets. Under IFRS, goodwill is not amortised but rather, is subject to an annual impairment review by management. No impairment has been identified during this review in respect of 2006. Also under IFRS, an intangible asset should be recognised, for Abacus, in respect of the measurable value of a short term order book and customer relationships taken on as the result of an acquisition; this is then subject to short term amortisation. The amortisation so recognised in 2006 of £2.3 million (nil in 2005) has been analysed separately on the Income statement to assist with the identification of the underlying trading performance of Abacus Group.

Similarly, as previously highlighted, the Board has identified £9.4 million of exceptional charges including £8.0 million arising from the acquisition and integration of Deltron and Axess/RDI and £1.4 million from the restructuring of Trident following its withdrawal from the finished product business. These charges are “one off” and not expected to recur.

Financial Review(continued)

Net finance costs and profit

Net finance costs in 2006 increased from £1.3 million in 2005 to £2.8 million. As explained later in the working capital section, the principal reason for this was the increase in debt levels following the two acquisitions in the year. The interest cover, based on Operating profit before amortisation and exceptionals (as measured for the Group's bank covenants), remained above 5 times in this year of significant change (7 times in 2005). The Group has not sought to apply hedge accounting under IAS39 for its hedging derivatives. Rather "commercial" forward exchange cover is used that provides protection and certainty for future exchange rates, even though under IAS39, a gain or loss on these derivatives has to be recognised at the end of the accounting period (£0.3 million loss at 30 September 2006, £nil in 2005).

The Profit before tax, amortisation and exceptionals of £11.9 million (2005: £8.1 million) was after £0.5 million (2005: £0.2 million) of share based payments. After amortisation and exceptional charges, the current year results before tax show a loss of £0.1 million against £4.0 million profit in 2005.

With the Group now profitable in all its major operating subsidiaries, deferred tax assets can now be recognised. This has had the effect of reducing the effective tax rate, pre amortisation and exceptionals, in 2006 to 28%, just below that for 2005. The tax rate is expected to remain at this level for at least the next year.

The basic earnings per share pre amortisation and exceptionals has remained at 13.6p, the same as 2005 (post amortisation and exceptionals; 0.0p against 6.1p in 2005). This is a most satisfactory outcome given the major acquisitions made in the year and the expected benefits that are still anticipated from 2007.

Cash flow and working capital

The net debt position of Abacus Group was £66.1 million at 30 September 2006 (2005: £29.1 million). Included in this figure was Euro 7 million (£4.6 million) loan notes issued in the year to the vendors of Axess Technology Group as part of the consideration paid. These are repayable equally in April 2007 and April 2008. The net bank debt is £61.4 million at 30 September 2006; the increase in the year is partly accounted for by £12.1 million and £1.8 million net debt acquired with Deltron and Axess Technology respectively and £6.9 million cash paid as consideration for Axess Technology. In addition "exceptional" payments to date connected with the transaction and integration costs of the acquisitions, as explained previously, amounted to £5.4 million.

The remaining increase in bank borrowings results from a significant increase in working capital. The Deltron business, in particular, had minimised working capital in the years' prior to acquisition to such an extent that it was unable to fully satisfy the requirements of customers; stock was not always available to meet orders and credit terms were uncompetitive. Since the half year the enlarged Group's receivables have increased by £9.1 million and inventory by £2.3 million. This partly reflects the increased "tempo" of business in the Group and partly a conscious effort to more fully meet the needs of former Deltron customers. Because Abacus Group is able to borrow under its bank "invoice discounting" facilities, which are based on the total level of debtors, there is reduced pressure to minimise the trade debtors' level. The debtors' days outstanding at September 2006 for the Group were 72 (2005: 69 days) whilst stock turn at 30 September 2006 was 5.9 times (2005: 5.2 times). Both performance indicators show that working capital movements have been contained within previous Abacus Group KPI parameters.

Notwithstanding this increase in working capital, the Board is comfortable with the level of borrowings which are in-line with expectations and are well within the Group's bank covenants (total facilities available to the Group at 30 September 2006 were £82 million). Further, tight control is exercised over working capital and it is expected to return to lower levels in 2007 as the integrated businesses settle down.

Financial Review(continued)

Treasury

The Group's treasury function is managed centrally from Newbury, providing a service to the operating businesses, with regular reporting to the Board. The Group's treasury policy is to ensure that adequate financial resources are available to the Group for its business operations and that this is provided in a cost-effective fashion. No speculative transactions are undertaken, in that all foreign currency purchases are related to current or projected transactions.

Capital expenditure

As a result of the adoption of IFRS, the investment project to replace the Abacus business IT system has been recategorised as an intangible asset. Some £8.1 million has been spent to date on this project (£6.0 million at 30 September 2005) and it continues to progress in line with the Board's expectations. Following the Deltron and Axess/RDI acquisitions, the need for such a system is further enhanced although, as a consequence of the significant increase in business locations, it will not now be fully operational until 2008.

Dividend

As announced at the Interims in May 2006, the Board is proposing a final dividend for 2006 of 3.6p per share (the same as the Interim dividend and the 2005 equivalent), making 7.2p for the year. This will be paid on 2 February 2007 to shareholders on the register on 5 January 2007. £4.2 million dividends have been paid in 2006, £5.3 million dividends have been declared out of 2006 profits.

Consolidated Income Statement

for the year ended 30 September 2006

Continuing operations	Notes	**Before amortisation of acquired intangibles and exceptional items 2006 £'m**	**Amortisation of acquired intangibles and exceptional items 2006* (note 1) £'m**	**Total 2006 £'m**	Before amortisation of acquired intangibles and exceptional items 2005 £'m	Amortisation of acquired intangibles and exceptional items 2005* (note 5) £'m	Total 2005 £'m
Revenue							
Existing operations		181.6	-	**181.6**	178.8	-	178.8
Acquisitions		75.5	-	**75.5**	-	-	-
Continuing operations		257.1	-	**257.1**	178.8	-	178.8
Cost of sales		(192.4)	(0.8)	**(193.2)**	(135.1)	(3.5)	(138.6)
Gross profit		64.7	(0.8)	**63.9**	43.7	(3.5)	40.2
Other operating expenses	2	(50.0)	(11.2)	**(61.2)**	(34.3)	(0.6)	(34.9)
Operating profit							
Existing operations		8.2	(1.4)	**6.8**	9.4	(4.1)	5.3
Acquisitions		6.5	(10.6)	**(4.1)**	-	-	-
Continuing operations		14.7	(12.0)	**2.7**	9.4	(4.1)	5.3
Finance revenue		0.3	-	**0.3**	0.1	-	0.1
Finance costs		(3.1)	-	**(3.1)**	(1.4)	-	(1.4)
Profit (loss) before taxation		11.9	(12.0)	**(0.1)**	8.1	(4.1)	4.0
Income tax expense (credit)		(3.3)	3.4	**0.1**	(2.3)	0.9	(1.4)
Profit for the year attributable to equity holders of the parent	6	8.6	(8.6)	**-**	5.8	(3.2)	2.6
Earnings per share (pence)	3						
Basic earnings (loss) per share		13.6p	(13.6p)	**0.0p**	13.6p	(7.5p)	6.1p
Diluted earnings (loss) per share		13.4p	(13.4p)	**0.0p**	13.6p	(7.5p)	6.1p

Consolidated Statement of Recognised Income and Expense

for the year ended 30 September 2006

	2006 £'m	2005 £'m
Foreign exchange and translation differences	**(0.3)**	-
Actuarial gains on defined benefit pension plans	**0.2**	-
Net income and expense recognised directly in equity	**(0.1)**	-
Profit for the year	**-**	2.6
Total recognised income and expense relating to the year	(0.1)	2.6
Effects of changes in accounting policy		
Net loss on cash flow hedges on first time application of IAS 39	(0.3)	-
Total recognised income and expense for the year	**(0.4)**	**2.6**

*Amortisation of acquired intangibles and exceptional items have been disclosed separately in order to give an indication of the underlying earnings of the Group.

Consolidated Balance Sheet

as at 30 September 2006

	Note	**2006 £'m**	2005 £'m
Non-current assets			
Property, plant and equipment		**17.6**	14.3
Goodwill		**50.0**	10.9
Intangible assets		**21.4**	7.3
Deferred tax assets		**0.6**	-
		89.6	32.5
Current assets			
Trade and other receivables		**67.5**	36.1
Inventories		**38.8**	26.8
Other financial assets		**0.1**	-
Income tax receivables		**1.9**	0.2
Cash		**1.6**	1.3
		109.9	64.4
Total assets		**199.5**	96.9
Current liabilities			
Trade and other payables		**43.0**	20.1
Financial liabilities		**47.1**	22.7
Income tax payable		**0.9**	0.6
Provisions		**0.2**	0.2
		91.2	43.6
Non-current liabilities			
Financial liabilities		**21.0**	7.7
Other payables		**0.6**	-
Deferred tax liabilities		**3.2**	0.1
Provisions		**1.9**	1.2
Defined benefit pension plan deficit		**1.4**	-
		28.1	9.0
Total liabilities		**119.3**	52.6
Net assets		**80.2**	44.3
Equity			
Called-up share capital		**3.7**	2.1
Share premium account		**47.6**	9.2
Capital redemption reserve		**0.4**	0.4
Merger reserve		**3.3**	3.3
Share option reserve		**0.8**	0.3
Hedging and translation reserve		**(0.6)**	-
Retained earnings		**25.0**	29.0
Total equity available to the shareholders of the parent	6	**80.2**	44.3

Consolidated Cash Flow Statement

for the year ended 30 September 2006

	Notes	2006 £'m	2005 £'m
Cash flows from operating activities			
Operating profit from continuing operations		**2.7**	5.3
Depreciation of property, plant and equipment		**1.1**	1.3
Impairment loss on property, plant and equipment		**0.5**	-
Fair value loss on derivative financial instruments		**0.3**	-
Loss on disposal of fixed assets		**0.5**	-
Amortisation of intangible assets		**2.7**	0.1
Share-based payment		**0.5**	0.2
Operating cashflows before changes in working capital		**8.3**	6.9
(Increase) decrease in inventories		**(2.3)**	8.8
(Increase) decrease in trade and other receivables		**(9.1)**	3.6
Increase (decrease) in trade and other payables		**4.1**	(6.1)
Movement in provisions		**0.4**	0.3
Cash generated from operations		**1.4**	13.5
Income tax paid		**(2.4)**	(3.1)
Operating cash flow		**(1.0)**	10.4
Cash flows from investing activities			
Interest received		**-**	0.1
Sale of property, plant and equipment		**0.1**	0.1
Acquisition of subsidiary undertaking		**(6.9)**	-
Purchase of subsidiary undertakings (transaction costs)		**(1.5)**	-
Net cash acquired with subsidiaries		**-**	-
Purchase of property, plant and equipment		**(1.4)**	(0.5)
Payments to acquire intangible fixed assets		**(2.1)**	(3.8)
Net cash flow from investing activities		**(11.8)**	(4.1)
Cash flows from financing activities			
Interest paid		**(2.5)**	(1.4)
Exercise of share options		**1.3**	0.1
New loan		**17.0**	8.0
Issue costs of new loan		**(0.2)**	-
Repayment of loans		**(13.3)**	(7.6)
Repayment of loan notes		**(0.2)**	(0.2)
Repayment of capital element of finance leases		**(0.2)**	(0.2)
Dividends paid	7	**(4.2)**	(4.6)
Net cash flow from financing activities		**(2.3)**	(5.9)
Net movement in cash and cash equivalents		**(15.1)**	0.4
Effects of exchange rates		**0.1**	0.1
Cash and cash equivalents at the beginning of the period		**(19.5)**	(20.0)
Cash and cash equivalents at the end of the period	5	**(34.5)**	(19.5)

1. Amortisation of acquired intangibles and exceptional items

	2006 £'m	2005 £'m
Amortisation of intangible arising on acquisition of Eurodis marketing information	**0.3**	0.1
Amortisation of intangibles arising on acquisitions of Deltron and Axess	**2.3**	-
Provision for excess and obsolete stock in anticipation of the introduction of Restriction of Hazardous Substances (RoHS) legislation in July 2006***	**-**	3.5
Provision for restructuring Abacus Nordic business	**-**	0.5
Restructuring and transaction costs following Deltron and Axess acquisitions*		-
Provision for empty property costs	**1.3**	-
Assets write down/write offs**	**1.1**	-
Redundancy costs	**4.0**	-
Other costs	**1.6**	-
Restructuring costs and write downs on inventory and receivables following exit from Trident Finished products business		-
Provision for empty property costs	**0.2**	-
Assets write downs/write offs	**0.6**	-
Redundancy costs	**0.5**	-
Other costs	**0.1**	-
	12.0	4.1

* A rationalisation of the Deltron and Axess businesses was carried out following their acquisitions. This resulted in the closure of a number of locations and a reduction and relocation of headcount due to duplication of activities.

** Deltron had a policy of capitalising some of its inhouse Group IT development activities. This was written off as a consequence of the decision taken to move the Deltron businesses onto the Abacus systems. In addition fixed assets such as fixtures and fittings in vacated properties have also been written off.

*** RoHS legislation is an EU directive that took effect on 1July 2006 and states that no electronic equipment may be sold into the market containing any more than 0.1% of six different hazardous substances, including lead.

The Directors have decided that Trident will concentrate on its core business, which is the sale and distribution of displays, As a consequence, the facilities for the design and sub-contract manufacture of bespoke systems were closed with subsequent redundancy costs and write down of excess and obsolete assets and working capital.

2. Other operating expenses

Other operating expenses are analysed as follows:

	2006 £'000	2005 £'000
Administrative expenses	**8.6**	5.1
Distribution expenses	**41.4**	29.2
Amortisation of intangibles arising on acquisitions (see note 1)	**2.6**	0.1
Exceptional items (see note 1)	**8.6**	0.5
	61.2	34.9

3. Earnings per share

	2006 **£'m**	2005 £'m
Profit after taxation, exceptionals and amortisation of intangible	**-**	2.6
Amortisation of intangible (post taxation)	**1.9**	0.1
Exceptional items (post taxation)	**6.7**	3.1
Profit after taxation but before exceptionals and amortisation of intangible	**8.6**	5.8
Weighted average number of shares ('000)	**63,267**	42,569
Employee share options ('000)	**683**	104
Diluted weighted average number of shares ('000)	**63,950**	42,673
After exceptionals and amortisation of intangible:		
Basic (loss) earnings per share	**(0.0p)**	6.1p
Diluted (loss) earnings per share	**(0.0p)**	6.1p
Before exceptionals and amortisation of intangible:		
Basic earnings per share	**13.6p**	13.6p
Diluted earnings per share	**13.4p**	13.6p

4. Business combinations

Principal Group investments

On 16 January 2006, the Group acquired 100% of the share capital of Deltron Electronics plc, a UK public company distributing an extensive range of electromechanical products in the UK, Nordic region, Italy, Germany, France and Benelux. Consideration comprised £34.5 million of Abacus Group plc shares (26.6 million shares at a closing price on 15 January 2006 of 129.5p per share), £1.4 million of transaction costs and £0.2 million fair value of Deltron share options exercised or exchanged for Abacus shares on acquisition.

On 12 April 2006 the Group acquired 100% of the share capital of Axess Technology S.A.S. and its wholly owned subsidiary RDI S.A.S. The Axess Technology Group is a privately owned distributor in France specialising in display and wireless communication products and components. The consideration was €23.0 million, satisfied by the immediate issue of €6.0 million Abacus shares (2.85 million shares based on an average share price for 5 days of 146.35p per share), €10.0 million in cash and €7 million in loan notes. The loan notes are redeemable in €3.5 million in cash in April 2007 and €3.5 million in cash in April 2008.

2006 acquisitions summary fair value table is as follows:

	Deltron Group			Axess Group			
	Book value £'m	Fair value adjustments £'m	Fair value £'m	Book value £'m	Fair value adjustments £'m	Fair value £'m	Total £'m
Non-current assets							
Property, plant and equipment	2.8	(0.3)	2.5	0.6	0.8	1.4	3.9
Intangible assets	0.2	-	0.2	-	-	-	0.2
Goodwill	17.3	16.2	33.5	1.0	4.7	5.7	39.2
Deferred taxation	-	2.0	2.0	-	(0.1)	(0.1)	1.9
	20.3	17.9	38.2	1.6	5.4	7.0	45.2
Current assets							
Inventories	9.5	(2.9)	6.6	3.4	(0.3)	3.1	9.7
Trade and other receivables	13.6	(0.5)	13.1	9.6	(0.1)	9.5	22.6
Cash	2.4	-	2.4	0.4	-	0.4	2.8
Total assets	45.8	14.5	60.3	15.0	5.0	20.0	80.3
Liabilities							
Bank overdrafts	2.8	-	2.8	-	-	-	2.8
Corporation tax	0.3	-	0.3	0.3	-	0.3	0.6
Deferred taxation	0.3	-	0.3	-	-	-	0.3
Pension deficit	-	1.6	1.6	-	-	-	1.6
Other liabilities	23.9	0.6	24.5	8.4	-	8.4	32.9
Total liabilities	27.3	2.2	29.5	8.7	-	8.7	38.2
Net assets	18.5	12.3	30.8	6.3	5.0	11.3	42.1
Intangible assets							
Customer relationships			7.1			6.0	13.1
Order books			0.6			0.7	1.3
Deferred taxation on intangible assets			(2.4)			(2.2)	(4.6)
Total consideration			36.1			15.8	51.9

4. **Business combinations (continued)**

	Deltron Group			Axess Group			
	Book value £'m	Fair value adjustments £'m	Fair value £'m	Book value £'m	Fair value adjustments £'m	Fair value £'m	Total £'m
Represented by:							
Fair value of shares issued			34.5			4.2	38.7
Fair value of share options exercised or exchanged			0.2			-	0.2
Cash consideration			-			6.9	6.9
Loan notes			-			4.6	4.6
Other costs of acquisitions, settled in cash			1.4			0.1	1.5
Total consideration			36.1			15.8	51.9
Acquisition cash flows during the year:							
Cash paid for acquisitions during the year			1.4			7.0	8.4
Net cash and cash equivalents acquired			0.4			(0.4)	-
Net cash outflow from acquisitions			1.8			6.6	8.4
Total consideration including assumed debt net of cash and cash equivalents acquired:							
Total consideration (as above)			36.1			15.8	51.9
Debt acquired			11.7			2.2	13.9
Cash and cash equivalents acquired			0.4			(0.4)	-
Total consideration (including assumed debt)			48.2			17.6	65.8

Due to the proximity of the timing of some of the integration activity close to the year end, the Directors have made a provisional assessment of the fair value of Axess net assets acquired. Any further adjustments, relating to conditions which existed at the acquisition date, arising will be accounted for in 2007.

Included within goodwill are the following assets which are specially excluded by IFRS 2 in the identification of intangible assets on acquisition:

- Assembled workforce: and
- Strategic acquisition synergies.

Consolidation of the Deltron Group and the Axess Group
The three months' pre-acquisition revenue and operating profit for the Deltron Group amounted to £16.4 million and £0.2 million respectively. The 2006 Consolidated Income Statement includes the following amounts in respect of the Deltron Group: revenue £55.0 million; costs of sales £38.9 million; and operating expenses £11.7 million giving an operating profit of £4.4 million. After exceptionals and amortisation (see note 1) operating expenses were £21.0 million, giving an operating loss of £4.9 million.

The six months' pre-acquisition revenue and operating profit for the Axess Group amounted to £8.4 million and £0.4 million respectively. The 2006 Consolidated Income Statement includes the following amounts in respect of the Axess Group: revenue £20.5 million; cost of sales £15.6 million; and operating expenses £2.8 million giving an operating profit of £2.1 million. After exceptionals and amortisation (see note 1) operating expenses were £3.8 million, giving an operating profit of £1.1 million.

5. Analysis and reconciliation of net debt

Analysis of net debt

	1 October 2005 £'m	Cash flow £'m	Debt acquired with acquisitions* £'m	Other non-cash changes £'m	Exchange differences £'m	**30 September 2006 £'m**
Cash at bank	1.3	(2.5)	2.8	-	-	**1.6**
Bank overdrafts and invoice discounting	(20.8)	(12.6)	(2.8)	-	0.1	**(36.1)**
	(19.5)	(15.1)	-	-	0.1	**(34.5)**
Debt due after 1 year	(7.7)		(11.4)	(1.7)	(0.2)	**(21.0)**
Debt due within 1 year	(1.8)	(0.2)	(7.1)	(1.4)	-	**(10.5)**
Finance leases due within 1 year	(0.1)	0.2	-	(0.2)	-	**(0.1)**
	(29.1)	(15.1)	(18.5)	(3.3)	(0.1)	**(66.1)**

* including loan notes issued

Increase of net debt

	2006 £'m	2005 £'m
(Reduction) increase in net debt resulting from cashflows	**(15.1)**	0.4
Translation differences on cash and cash equivalents	**0.1**	0.1
Movement in net debt resulting from cashflows	**(15.0)**	0.5
Movement in loan balances	**(3.3)**	-
Loans and finance leases acquired with subsidiary	**(13.9)**	-
Issue of new loan notes to purchase subsidiary undertaking	**(4.6)**	-
New finance leases	**(0.2)**	-
Non-cash movements	**0.2**	(0.2)
Translation differences on loan balances	**(0.2)**	-
Net debt at the beginning of the period	**(29.1)**	(29.4)
Net debt at the end of the period	**(66.1)**	(29.1)

Exceptional items
Net cash outflow from operating activities of £5.4 million in 2006 are in respect of restructuring and transactional costs (2005: £0.5 million).

6. Consolidated statement of change in equity

	Called up share capital £'m	Share premium account £'m	Capital redemption reserve £'m	Merger reserve £'m	Share option reserve £'m	Hedging and translation reserve £'m	Retained profits £'m	Total Equity £'m
At 1 October 2004 – UK GAAP	2.1	9.1	0.4	3.3	-	-	29.3	44.2
IFRS's adjustments								
Reverse proposed dividend	-	-	-	-	-	-	3.0	3.0
Revenue recognition adjustment	-	-	-	-	-	-	(0.2)	(0.2)
Deferred tax	-	-	-	-	-	-	0.2	0.2
Employee benefits	-	-	-	-	-	-	0.1	0.1
Goodwill impairment	-	-	-	-	-	-	(1.5)	(1.5)
IFRS 2 "Share-based payment"	-	-	-	-	0.1	-	0.1	0.2
At 1 October 2004 – IFRS's	2.1	9.1	0.4	3.3	0.1	-	31.0	46.0
Total recognised income and expense for the year	-	-	-	-	-	-	2.6	2.6
Dividends	-	-	-	-	-	-	(4.6)	(4.6)
New share capital issued	-	0.1	-	-	-	-	-	0.1
Share-based payment	-	-	-	-	0.2	-	-	0.2
At 30 September 2005 – IFRS's	2.1	9.2	0.4	3.3	0.3	-	29.0	44.3
Total recognised income and expense for the year	-	-	-	-	-	(0.6)	0.2	(0.4)
Dividends	-	-	-	-	-	-	(4.2)	(4.2)
New share capital issued	1.6	38.4	-	-	-	-	-	40.0
Share-based payment	-	-	-	-	0.5	-	-	0.5
At 30 September 2006	**3.7**	**47.6**	**0.4**	**3.3**	**0.8**	**(0.6)**	**25.0**	**80.2**

The share option reserve represents the cumulative share option charge under IFRS 2 less the value of any share options that have been exercised.

The hedging and translation reserve represents movements in the Consolidated Balance Sheet as a result of movements in exchange rates which are taken directly to reserves.

7. Dividends paid and proposed

	2006 £'m	2005 £'m
Amounts recognised in the year:		
Interim dividend for the year ending 30 September 2006 – 3.6p	**2.7**	-
Final dividend for the year ended 30 September 2005 – 3.6p	**1.5**	-
Final dividend for the year ended 30 September 2004 – 7.0p	**-**	3.0
Interim dividend for the year ended 30 September 2005 – 3.6p	**-**	1.6
	4.2	4.6
Amounts determined after the balance sheet date:		
Final dividend for the year ending 30 September 2006 – 3.6p	**2.6**	-
Final dividend for the year ending 30 September 2005 – 3.6p	**-**	1.5

8. Financial Information

These are the Group's first full year consolidated financial statements prepared in accordance with IFRS and the accounting policies set out in the 2006 Interim Report have been applied in their preparation. IFRS 1, "first time adoption of IFRS" has been applied in conjunction with those policies.

The financial information set out above does not constitute the Company's statutory accounts for the years ended 30 September 2006 and 30 September 2005, but is derived from them. Statutory accounts for 2005 have been delivered to the Registrar of Companies. The Auditors have reported on the accounts to 30 September 2005: their report was unqualified and did not contain statements under section 237 (2) or (3) of the Companies Act 1985. This preliminary announcement was approved by the Board on 30 November 2006.

The Company will hold its Annual General Meeting on 31 January 2007, following which the statutory accounts for 2006 will be posted and delivered to the Registrar of Companies. The Auditors have reported on these accounts and their report was unqualified and did not contain statements under section 237 (2) or (3) of the Companies Act 1985.

The Annual Report and Accounts will be posted to shareholders in January 2007. Copies of the Annual Report and Accounts and of this announcement will be available at the Company's registered office: Abacus House, Bone Lane, Newbury, RG14 5SF or from the web site: www.abacus-group.co.uk.