DISPOSAL OF IT SOLUTIONS

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Acal PLC
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ACAL plc

(Leading pan-European, value-added technology based distributor

providing specialist design-in, sales and marketing services)

PROPOSED DISPOSAL OF THE ACAL IT SOLUTIONS BUSINESS FOR £41 MILLION

Highlights

- Proposed sale of IT Solutions Business to Avnet, Inc., a US-listed distribution group, for a cash consideration of £41 million.
- Initially, the net proceeds will be used to reduce the Group's debt and the balance placed on deposit. In due course, they will be used to invest in growing the Continuing Group.
- In view of its size the sale is conditional, amongst other things, upon the approval of Shareholders. A circular containing a notice convening the EGM, at which the Resolution will be proposed, will be sent to Shareholders shortly.

Richard Moon, Chairman of Acal plc, said,

"Following a strategic review last year the Board of Acal plc has concluded that the development of its IT Solutions Business would be best served as a part of a larger organisation with an international reach. Avnet provides an exciting opportunity for the staff and stakeholders of this growing business to maximise its opportunities for the future.

Acal will concentrate its focus on the group's core Electronics and Parts Services businesses."

For further information:-

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Notes to Editors:

1 The Acal Group is a leading European technology based distributor providing specialist design-in, sales, marketing and other services at present through three divisions: Electronics, Parts Services and IT Solutions. Its value-added philosophy and geographic coverage enables Acal to provide specialist knowledge and support to customers on a pan-European basis.

2 Design-in is the process by which Acal's sales engineers work with customers and suppliers to procure components which meet the specific technical and performance needs of the customers.

3 Acal has operating companies in the UK, Netherlands, Belgium, Germany, France, Italy, Spain and Scandinavia. Westech Electronics, an associated company, is based in Singapore and covers the Far East region.

This announcement contains a number of forward-looking statements relating to the Group and the Continuing Group with respect to, amongst others, the following: financial condition; results of operations; economic conditions in which the Group operates and in which the Continuing Group will operate; the business of the Group and the Continuing Group; future benefits of the Disposal 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 Continuing 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 Continuing 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 Continuing 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.

KPMG Corporate Finance, a division of KPMG LLP which is authorised and regulated by the Financial Services Authority for investment business activities, is acting for the Company as Sponsor and financial adviser in relation to the Disposal and is not acting for any other person in relation to such Disposal. KPMG Corporate Finance will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the contents of this announcement or any transaction or arrangement referred to herein.

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PROPOSED DISPOSAL OF THE ACAL IT SOLUTIONS BUSINESS

1. Introduction

The Board of Acal announces today that the Company has conditionally agreed to sell its IT Solutions division excluding Vertec (the ''Acal IT Solutions Business''), to Avnet, Inc., a US-listed distribution group, for a cash consideration of £41 million. The consideration is subject to certain adjustments calculated in accordance with the Disposal Agreement.

In view of its size the Disposal is conditional, amongst other things, upon the approval of Shareholders. A circular containing a notice convening the EGM, at which the Resolution will be proposed, will be sent to Shareholders shortly.

2. Background to and reasons for the Disposal

Acal currently comprises three divisions: Electronics, Parts Services and IT Solutions.

The strategy of the Acal Group is to concentrate on products and services which can generate superior margins when compared to ''broadline'' distributors. This is largely achieved by selecting products that require significant support and/or added value. On a regular basis the Board reviews all businesses within the Acal Group in order to ensure that this strategy is being delivered and to examine other opportunities to enhance shareholder value.

The Board believes that, in future, the interests of Shareholders will be better served by Acal concentrating its management and other resources on the development and growth of its Electronics and Parts Services divisions. Both have opportunities for growth in areas in which they are strong.

The Electronics business has at its core a strategy of ''demand creation'' distribution, or ''design-in'', rather than demand fulfilment, and this is the key differentiator between Acal and most other distributors in the industry. This has been considerably enhanced in the past two years by a greater emphasis on higher technology products, and in particular, the introduction of a number of new specialised semiconductor suppliers, which the Board believes not only provide access to a far greater market potential than the Company's more traditional passive and electromechanical portfolio but also a higher potential for growth over the longer term. It has involved considerable investment in people and skills which will continue as further complementary suppliers are added. Acal's ''design-in'' approach to distribution means that there is inevitably a time lag, which can vary from 9 to 24 months, between introduction of a new product line and generation of revenue from that line. In the last year or so we have started to see the benefits of an enhanced product portfolio. As new product lines have been introduced at different times in different territories, these benefits have arisen, and will correspondingly arise, over different periods in different territories.

The Parts Services business concentrates on the supply and management of parts for IT infrastructure maintenance and service companies. It offers a distinctive model which combines our knowledge of failure rates in IT equipment and technical expertise to provide reduced inventory expenditure for customers without affecting service levels. Acal Parts Services takes control of all aspects of the supply chain and converts the unpredictability of inventory cost for customers into accurate pricing for all aspects of supply and life cycle management 24 hours a day, 7 days a week, whilst at the same time removing from these customers uncertainties relating to inventory obsolescence and the need for stock write downs - these are increasingly attractive services required by maintenance and service organisations which operate in an industry with constantly reducing unit prices and margin pressure. There is a high level of

interest among customers and potential customers in the Acal Parts Services offering. However, the change to what is essentially an outsourced model for procurement and management of spare parts involves fundamental changes in customer organisations and therefore takes considerable time to ''sell'' and implement.

Whilst Acal's strategy is primarily based on organic growth, the Board will consider selective acquisitions where they accelerate the delivery of this strategy.

Given the decision to concentrate on the Electronics and Parts Services divisions, the Board has decided to dispose of the Acal IT Solutions Business.

Following the Disposal, for reporting purposes, Vertec, our medical instrumentation business will be included within the Electronics division.

3. Principal terms of the Disposal

Under the terms of the Disposal Agreement which was signed on 27 September 2007, the Company has agreed to sell the companies and businesses comprising the Acal IT Solutions Business to Avnet, for a cash consideration of £41 million which is subject to adjustment, inter alia, for cash and debt in that business as at Completion. The Disposal Agreement contains warranties, covenants and indemnities given by the Company to the Purchaser and from the Purchaser to the Company which are customary for a transaction of this nature.

The Disposal is conditional upon obtaining the approval of the Shareholders at the Extraordinary General Meeting and on merger control clearance. The Disposal Agreement will terminate if, amongst other things, shareholder approval is not received or if merger control clearance is not obtained, or if these conditions to Completion are not satisfied or waived on or before 31 January 2008. The Disposal is not conditional upon the approval of the shareholders of Avnet, Inc.

Unless the parties agree otherwise the transfer of the German Business will not complete if, before the expiry of one month of being informed of their transfer, five or more employees of the German Business object to the transfer. In this eventuality, the purchase price will be reduced by a maximum of £1.5 million, according to a mechanism to be determined at that time. This will not, however, affect the completion of the sale and purchase of the other businesses.

The sale and purchase of the Swedish Business is conditional on the completion of a consultation process with the trade union of the employees of the Swedish Business. In the event that a particular key employee of the Swedish Business refuses to transfer to the Purchaser, unless the parties agree otherwise the transfer of the Swedish business will not complete and the parties will negotiate a price reduction, subject to a maximum of £0.3 million, according to a mechanism to be determined at that time. This will not, however, affect the completion of the sale and purchase of the other businesses.

If the sale and purchase of the German Business and/or the Swedish Business is not completed it will not be practical, and the Board does not intend, to continue to operate these businesses. The remainder of the Disposal will go ahead, subject to shareholder consent.

The Disposal is expected to be completed following receipt of merger control clearance.

4. Financial effects of the Disposal and use of proceeds

The net cash proceeds arising from the Disposal are expected to be approximately £38 million after the payment of professional fees and other costs relating to the Disposal. Initially, these net proceeds will be used to reduce the Group's debt and the balance placed on deposit. In due course they will be used to invest in growing the Continuing Group as noted in paragraph 2 above.

The Group will also incur costs, estimated to amount in aggregate to approximately £3.5 million, to cover certain obligations of the IT Solutions Business which will be retained by the Group following the Disposal. These obligations represent costs relating to people, properties and the impairment of IT systems which will be met in future periods.

If the Disposal had occurred on 1 April 2006, the effect would have been earnings dilutive for the financial year ended 31 March 2007. The Disposal is also expected to be dilutive to earnings per share in the financial year to 31 March 2008 and consequently may result in a reduction in the extent to which dividends are covered by earnings from continuing activities. It will, however, result in a more focused group and, additionally, in the longer term the investment of the proceeds in the Continuing Group is expected to result in an enhanced earnings potential.

In the event that the transfers of the German Business and/or the Swedish Business do not complete, the consideration received by the Group will be reduced by up to the amounts outlined in paragraph 3 above. The costs associated with the closure of these two businesses are not expected to be significant in relation to the consideration.

5. Information on the Acal IT Solutions Business

The IT Solutions Business comprises two product groups, Headway and ASNS, together with a services activity AVAS.

Headway

Headway is a market-leading specialist European distributor of document imaging and management products. Headway works with system integrators, value-added resellers and other IT providers to offer document imaging and management solutions for end-user customers of such partners. In particular, Headway focuses on enterprise customers with complex electronic document management requirements. The business operates in the Benelux, France, Germany, Scandinavia and the UK.

ASNS

ASNS is a specialist European value-added distributor of storage networking, wired and wireless networking and network security products. The business has market-leading products, strong relationships with leading vendors and an experienced management team.

ASNS has operations in the Benelux, Germany and the UK. The storage networking business is strategically managed from the UK providing direction and support on a pan-European basis. The ASNS operations in the Benelux, Germany and the UK have their own sales teams for these products with the UK also selling into other EMEA countries. Purchasing, warehousing and distribution functions are centralised in the UK and the Netherlands.

The Benelux and the UK operations have teams focused on the sale and support of networking and security products.

AVAS

AVAS is Acal's in-house services group, which provides installation, maintenance, training and professional services much of it contracted, relating to the products and customers of the ASNS and Headway activities in the Benelux.

For the year ended 31 March 2007, the IT Solutions Business generated a profit before interest and tax of £4.9 million (year ended 31 March 2006: £3.4 million). The gross assets of the Acal IT Solutions Business at 31 March 2007 were £31.4 million and the net assets at the same date were £5.1 million.

6. Current trading

Electronics

Industry statistics from the UK and Continental Europe indicate that the softness in the market for electronic components which the Company identified at the time of publication of its results for the year ended 31 March 2007 has persisted throughout the first half of the current financial year. Acal's Electronics division has not been immune from these market conditions, particularly the traditional electromechanical and passive component activities which experienced weak demand especially in the first quarter. The growing success of Acal's strategy of focusing on higher technology products, primarily specialised semiconductors, continues to be of benefit in mitigating the effects of this weakness.

However Acal's "demand creation" approach to distribution means that there is inevitably a time lag, which can vary from 9 to 24 months, between introduction of a new product line and the generation of revenue from that line. Therefore, in the short term, particularly the first half of the current year, the financial benefits of the enhanced product portfolio may not entirely offset the effects of the weak demand referred to above. Profitability of the Electronics division in the first half will also be affected by the costs arising from the major investment in people made in the second half of last year in order to support new product lines, particularly in Germany and Italy, which are not yet generating significant revenue.

Acal remains confident that its strategy will make it a successful and growing force in "demand creation" distribution in Europe.

Vertec, Acal's medical instrumentation business, has continued to grow with a helpful first contribution from its South African operations which were established at the end of last year.

Parts Services

As previously reported, 2006/7 was a difficult year for the Parts Services division as a consequence of weaker demand, some price erosion and cutbacks on a major contract. The level of activity to date in the first half of the current year has been similar to the first half of last year, but as yet the effect of the price erosion referred to above on profitability has not been reversed.

Acal continues to extend its offerings to the supply chain in the IT infrastructure maintenance industry and whilst there continue to be a number of good opportunities going forward, their timing remains difficult to predict.

IT Solutions

The Group's IT Solutions division is showing a year-on-year improvement in performance in the first half of the current financial year with relative stability in pricing and margins and a continuing emphasis in the product mix on devices which have greater capability and intelligence as well as its focus on value added solutions. Network and security products and AVAS have been particularly successful.

Acal's results for the half year ending 30 September 2007 are expected to be published on

29 November 2007.

7. Extraordinary General Meeting

The Disposal is conditional upon, amongst other things, the approval of the holders of Acal Ordinary Shares at the EGM. Assuming shareholder approval is obtained, completion will occur following receipt of merger control clearance.

A circular, including the notice for the EGM, will be posted to Shareholders shortly.

For further information:-

Tony Laughton - Chief Executive	01483 544500
Jim Virdee - Finance Director	01483 544500
Richard Barlow KPMG Corporate Finance	020 7311 1000
Brian Coleman-Smith/James Verstringhe/Leanne Denman Cubitt Consulting	020 7367 5100

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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 Continuing 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 Continuing 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 Continuing 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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DEFINITIONS

''Acal'' or ''Company''	Acal plc
''Acal Group'' or ''Group''	Acal, its subsidiaries and subsidiary undertakings
''Acal IT Solutions Business'' or ''IT Solutions Business''	the IT Solutions business, comprising the IT Solutions Division excluding Vertec, to be disposed of as a result of the Transaction
''ASNS''	the Storage Networking, Network and Security product group of the IT Solutions Business
''AVAS''	Acal Value Added Services, the services activities of the IT Solutions Business in the Benelux
''Avnet, Inc.'' or "Avnet"	Avnet, Inc, its subsidiaries and subsidiary undertakings as at the date of signing the Disposal Agreement
''Benelux''	the countries of Belgium, the Netherlands and Luxembourg together
''Board'' or ''Directors''	the board of directors of Acal
''Completion''	the completion of the Disposal which is expected to occur following receipt of merger control clearance
''Continuing Group''	Acal following Completion
''Disposal'' or ''Transaction''	the proposed disposal by Acal of the Acal IT Solutions Business pursuant to the Disposal Agreement
''Disposal Agreement''	the conditional sale agreement dated 27 September 2007 between Acal and Avnet relating to the Disposal
''EMEA''	Europe, Middle East and Africa
''Extraordinary General Meeting'' or ''EGM''	the extraordinary general meeting of the Company to be convened for the purpose of considering the Resolution

''German Business''	the Headway and ASNS business currently carried on by Acal GmbH
''Headway''	the document imaging and management product group of the IT Solutions Business
''Ordinary Shares''	ordinary shares of 5p each in the capital of Acal
''Purchaser''	Avnet, Inc.
''Resolution''	the ordinary resolution to be proposed at the EGM to approve the Disposal
''Shareholders''	the holders of Ordinary Shares
''Swedish Business''	the Headway business currently carried on by Acal AB in Sweden
''UK''	United Kingdom of Great Britain and Northern Ireland
''Vertec''	Vertec Scientific Limited, currently a part of the Acal IT Solutions Division

This information is provided by RNS
The company news service from the London Stock Exchange