Trading Statement

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Acal PLC
30 September 2008

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ACAL plc

(Leading pan-European, value-added technology based distributor providing specialist design-in, sales and marketing services)

Trading Update

Prior to the end of the first half of our financial year on 30 September 2008, we are issuing an update on recent trading.

As we reported in July, with the continuing global economic uncertainty, trading conditions in our markets have become increasingly challenging.

Overall Acal's sales for the half-year ending 30 September 2008 are expected to be slightly ahead of last year.

The Group has seen a softening in trading over the last two months. As previously highlighted in the Interim Management Statement of 24 July, the Parts Services business has also suffered high start-up costs relating to a new major contract which commenced in May 2008.

As a result of the above factors, Acal's profit for the six months ending 30 September 2008 will be lower than that for the corresponding half year to 30 September 2007.

Associates and Investments

Westech Electronics Limited

Acal holds a 30.1% shareholding in Westech Electronics Limited, an electronics and engineering solutions provider, listed on the Singapore Stock Exchange. Westech announced today that one of its major customers in Taiwan with accounts receivables amounting to US$34.95 million had recently defaulted on its payments to the company.

Westech is reviewing the options available to recover the debt. Meanwhile, it anticipates that its financial performance and position will be adversely affected and is in discussions with its lenders on the situation.

At 31 March 2008, Acal's investment in Westech had a carrying value of £5.2 million. Acal's share of Westech's post-tax profits for the year ended 31 March 2008 was £0.7 million and dividends received during the year amounted to £0.2 million.

Investment in MessageLabs Group Limited

MessageLabs is a leader in messaging security. The company scans email, web and IM traffic covering over three billion business emails connections and two billion web page requests per day on behalf of its 18,000 business clients. It has received numerous industry awards.

Acal owns an investment of 3.95% in MessageLabs Group Limited which was acquired on its start-up in 1999. In the March 2008 financial statements, the investment was held at cost of £0.3m.

Preliminary unaudited figures for MessageLabs for the year ended 31 July 2008 show a turnover of £72.5m and an EBIT of £5.2 million. Being a private company, there remains no readily available valuation of the company but the Board believes that the investment's value is now significantly greater than its original cost.

Prospects

Whilst recognising the impact of the economic environment on current trading, Acal's strong balance sheet enables the Board to consider opportunities for the development of the business going forward.

Acal's interim results for the six months ending 30 September 2008 will be published on 26 November 2008.

For further information:-

Richard Moon ~ Chairman	01483 544500
Malcolm Cooper ~ Finance Director	01483 544500
Brian Coleman-Smith/James Verstringhe Cubitt Consulting	020 7367 5100

Notes to Editors:

1. The Acal Group is a leading European technology based distributor providing specialist design-in, sales, marketing and other services through two divisions: Electronics and Parts Services. Its value-added philosophy and geographic coverage enables Acal to provide specialist knowledge and support to customers on a pan-European basis.
2. 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 information is provided by RNS
The company news service from the London Stock Exchange

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