

RNS Number:3647Q
Abbeycrest PLC
22 August 2005

ABBEOCREST PLC

TRADING STATEMENT - AUGUST 05

At the AGM on 20 July 2005, I highlighted that the jewellery sector was being affected by the slow down in consumer demand which has been particularly severe in areas of discretionary spending, and which has already led to a cautious approach to stock purchasing by the majority of our customers.

To date, we have experienced no change to this approach. Indeed, the latest statistics now available which show the volume of jewellery pieces hallmarked across the UK, compared with last year, has actually worsened considerably in the last month.

Almost without exception, very recent soundings from key customers and from across the trade in general provide even more cautious indications for the important pre-Christmas period.

As a result, we have now decided to downgrade significantly our sales expectations for the year. Consequently, we expect to post a substantial loss for the year ending 28th February 2006.

We have embarked upon a further cost reduction exercise, principally in the UK, to re-size the business in line with the new levels of demand, which we are assuming will not change in the near future. In addition, we are reviewing the contributions of all peripheral activities of the Group. Appropriate action is being taken which will enable us to return to profitability.

Despite the trading difficulties, we are continuing to focus with success on cash management and working capital reduction across the Group. Abbeycrest is confident of its financial position given its strong asset backing. The company will be keeping its lenders closely informed of these developments.

Michael Lever
Chairman

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The company news service from the London Stock Exchange

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