

AUTOLOGIC

Interim Report and Accounts 2001

AutoLogic Holdings plc



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Financial Highlights

	6 months to 30 June 2001	6 months to 30 June 2000	%
Turnover	£133.5m	£103.8m	28.6%
Profit before interest, tax and goodwill amortisation	£8.7m	£7.3m	19.2%
Profit before tax	£7.5m	£6.9m	8.7%
Basic earnings per share before goodwill*	16.41p	16.01p	2.5%
Basic earnings per share after goodwill	15.35p	15.73p	(2.4%)
Interim dividend per share*	3.30p	2.89p	14.2%

Increase in turnover of 28.6%

Profit before interest, tax and goodwill amortisation increased by 19.2%

Increase in interim dividend per share of 14.2%*

Successful 1 for 2 Rights Issue raised £51m

Acquisitions of CAT and Axial extend geographic and client coverage

Strategic acquisitions provide basis for strong future growth

European and UK client activity remains strong

* 2000 restated to reflect the Rights Issue

Trading Statement

Interim Report for the six months ended 30 June 2001

The Board is pleased to announce that for the first six months of the year the Group has again increased both turnover and profit before tax over the same period last year. Trading has been in line with expectations and despite the usual uncertainties typical of the motor industry we have been fortunate in that our clients' volumes have in the main remained strong and in most instances continued to grow.

Without doubt the highlights of the first half were the successful completion of a 1 for 2 Rights Issue for the acquisition of CAT (by Global Automotive Logistiques SA in which we have a 40% interest) from Renault and the acquisition of Axial from Tibbett & Britten Group plc. These two acquisitions have transformed the Group and will significantly improve our ability to respond to the needs of our clients as the motor industry continues to consolidate. We were encouraged by the support of our shareholders for both the Rights Issue and our acquisition strategy. The Rights Issue has enabled a number of new institutions to join the share register.

The CAT transaction completed in July after receiving EU Merger Clearance and thus did not form any part of the reported profits. Following completion of the Axial acquisition, the Group has benefited from trading in Axial through May and June.

Results

Turnover for the period was £133.5m (2000: £103.8m) which included turnover attributable to the Axial business of £27.7m.

Profit before interest, tax and goodwill amortisation was £8.7m (2000: £7.3m), an increase of 19.2%. The Axial acquisition contributed £0.8m to this result.

During the period a total of 16,523,325 new ordinary shares were issued as part of the Rights Issue and the Axial transaction. Basic earnings per share before goodwill amortisation were 16.41 pence (2000: 16.01 pence), an increase of 2.5% after adjusting for the effect of the Rights Issue.

Cash inflow, after financing the acquisition of Axial and including the net proceeds of the Rights Issue, was £58.4m of which £53m remained in the balance sheet as at 30 June to fund the Company's participation in the acquisition of CAT. The funding of the Axial acquisition was through a mixture of debt and the issuance of new shares.

Dividend

The Board has declared an interim dividend of 3.30 pence per share (2000: 2.89 pence per share) which will be paid on 14 September 2001 to shareholders on the register on 24 August 2001. This represents an increase of 14.2%.

Business Review

The year started well for our Distribution businesses and trading results are ahead of last year. Volumes have remained high and we have benefited accordingly. In the UK, key contracts with BMW, Fiat and Toyota have been renewed. Our UK distribution brokerage business continues to grow and plays a significant role in procuring fleet resources to meet peak demand.

In our Technical Services businesses we continued to benefit from high vehicle storage volumes and this has been supplemented both by new contracts and by a generally higher level of preparation work. The UK enjoys a higher proportion of Technical Services work

Trading Statement

continued

than is the case in mainland Europe but we have been successful in achieving our aim of increasing the volume of work we undertake in the Benelux. We believe that both the Axial acquisition and our relationship with CAT will increase opportunities in this sector. In both the UK and France we propose to rationalise the facilities operated by Axial and Walon to ensure that we avoid duplication and improve the services that we offer. During the year we have secured additional Technical Services contracts in the UK and a number of large contracts are currently being tendered for. We believe we are well placed to secure additional business given the expanded scale of our resources.

Acumen, our Parts Distribution business, suffered a setback when GM announced the closure of its Luton car assembly plant and this has adversely affected profitability in this division in the current year. However, we are pleased to report that significant progress has been made in securing additional and new business from other car manufacturers and component suppliers.

We continue to develop our E-enable business that supports the automotive web sites and manufacturer direct sales programmes.

Our joint ventures with STVA continued to perform well and whilst revenue in Translogistix reduced, the nature of this contract meant that the impact of the reduction on profitability was negligible. The Corby operation has enjoyed increased Ford volumes. The joint venture with Axis Inc. to handle the Ford UK distribution traffic has continued to perform well and again we have been able to improve operating performance. To complement the UK operations the Group, through a joint venture,

also acquired a small Benelux handling business and this has enabled us to extend our relationship with Ford in Europe.

In recognition of the increasing importance of IT to both our core businesses and to our clients we have recruited a Group IT Director. A review of the systems being operated across our existing and new businesses is being undertaken in order that we can optimise the development of the most advanced platforms for an appropriate roll out throughout the Group. Our objective is to standardise our systems and IT environment in order to enhance our ability to respond to our clients needs on a prompt and timely basis.

CAT

In late March, AutoLogic announced that it was acquiring CAT, Renault's logistics business, in partnership with TNT and Wallenius. The transaction has now received clearance from the EC competition authorities and formal completion took place on 17 July 2001.

Given the significance of the CAT transaction for the Group, it is worth restating the rationale of the Board. CAT provided us with an opportunity to acquire an interest in a scale business in partnership with international companies that share with us similar and complementary objectives. Undoubtedly the ownership of CAT by Renault has constrained its past development and we believe that in independent ownership, but underpinned by the Renault contracts, the consortium will be able to develop the business to provide a truly global service to the world's automotive manufacturers. CAT provides a logistics management service arranging, rather than providing, physical transportation and

Trading Statement

continued

technical services and we believe that manufacturer demand for this service will increase significantly as logistics play a greater role in achieving competitive advantage.

We are also pleased to announce that a number of key appointments have been agreed with our consortium partners which will further strengthen the CAT senior management team. These include the appointment of a new Managing Director and a new Chief Financial Officer.

Axial

The acquisition of Axial is complementary to both our existing businesses and to CAT. Axial is a market leader in France and having long recognised that we should have a presence in Spain, in Axial we have acquired a scale business well placed for further growth. The acquisition gives us the opportunity to secure synergies with our existing operations and across our client base. This is particularly true in the UK and we were pleased to receive clearance of the transaction from the UK Competition Commission enabling us to start this process.

Outlook

Our existing businesses continue to trade in line with our expectations. Production and volume forecasts in Europe have remained strong and show little sign of weakening in the immediate future. The automotive sector continues to consolidate and we are closely monitoring developments in order to ensure that we optimise opportunities as they present themselves. We also look forward to successfully integrating the Axial business and, through the consortium, improving and

developing the CAT business. As a result we are confident of the outcome for the current year following these acquisitions.

In the meantime I would like to express the Board's thanks to all of our employees, clients and suppliers for their support through what has been an exciting and challenging six months. We would also like to welcome those employees and clients that have joined us as a consequence of the acquisitions and we look forward to a long and profitable association.

Finally, I am pleased to announce that, in recognition of his contribution to the growth of the Group's business, John Merry, in addition to his role as Chief Executive Officer, is being appointed Deputy Chairman of the Group, with immediate effect.

Reg Heath

Chairman

14 August 2001

Consolidated Profit and Loss Account

for the six months ended 30 June 2001

		6 months to 30 June 2001 Unaudited £'000	6 months to 30 June 2000 Unaudited £'000	12 months to 31 Dec 2000 Audited £'000
	Notes			
Turnover (including share of joint ventures)				
Continuing operations (see note 2)		105,823	103,757	198,879
Acquisitions		27,657	–	–
Less: share of joint ventures' turnover – continuing operations		(21,006)	(21,756)	(40,392)
Group turnover	2	112,474	82,001	158,487
Cost of sales		(97,489)	(71,603)	(140,621)
Gross profit		14,985	10,398	17,866
Net operating expenses		(8,224)	(4,527)	(6,189)
Goodwill amortisation		(354)	(82)	(204)
Total operating expenses		(8,578)	(4,609)	(6,393)
Group operating profit				
Continuing operations		5,572	5,789	11,473
Acquisitions		835	–	–
Group operating profit		6,407	5,789	11,473
Share of profits from interests in joint ventures – continuing operations		1,967	1,393	2,631
Total operating profit: group and share of joint ventures		8,374	7,182	14,104
Net interest		(872)	(273)	(598)
Profit on ordinary activities before taxation		7,502	6,909	13,506
Tax on profit on ordinary activities	3	(2,513)	(2,183)	(4,523)
Profit on ordinary activities after taxation		4,989	4,726	8,983
Equity minority interests		131	(35)	146
Profit for the financial period		5,120	4,691	9,129
Dividends paid and proposed	4	(1,429)	(866)	(2,664)
Retained profit for the financial period		3,691	3,825	6,465
Basic earnings per ordinary share	5	15.35p	15.73p	30.53p
Earnings per share before goodwill amortisation	5	16.41p	16.01p	31.21p
Diluted earnings per ordinary share	5	15.29p	15.56p	30.17p
Diluted earnings per share before goodwill amortisation	5	16.35p	15.83p	30.84p
Dividend per ordinary share	4	3.30p	2.89p	8.89p

Statement of Total Recognised Gains and Losses

for the six months ended 30 June 2001

	6 months to 30 June 2001 Unaudited £'000	6 months to 30 June 2000 Unaudited £'000	12 months to 31 Dec 2000 Audited £'000
Profit for the financial period	5,120	4,691	9,129
Translation differences on foreign currency investments	(2,739)	2	(41)
Total gains and losses recognised in the period	2,381	4,693	9,088

Reconciliation of Movement in Equity Shareholders' Funds

for the six months ended 30 June 2001

	Share capital £'000	Share premium account £'000	Other reserves £'000	Profit and Loss account £'000	Total equity shareholders' funds £'000
At 1 January 2001	1,332	16,125	350	14,149	31,956
Issue of share capital	833	72,959	–	–	73,792
Expenses of equity share issue	–	(2,890)	–	–	(2,890)
Profit for the financial period	–	–	–	5,120	5,120
Dividends	–	–	–	(1,429)	(1,429)
Exchange difference	–	–	–	(2,739)	(2,739)
At 30 June 2001	2,165	86,194	350	15,101	103,810

Consolidated Balance Sheet

at 30 June 2001

	Notes	30 June 2001 Unaudited £'000	30 June 2000 Unaudited £'000	31 Dec 2000 Audited £'000
Fixed Assets				
Intangible assets	6	33,880	3,811	3,896
Tangible assets		70,994	24,851	26,842
Investments		6,500	6,521	6,500
Investments in joint ventures:				
Share of gross assets		23,782	15,151	21,363
Share of gross liabilities		(17,504)	(13,093)	(18,544)
		6,278	2,058	2,819
		117,652	37,241	40,057
Current Assets				
Stocks		1,202	1,090	1,103
Debtors		92,620	34,056	39,943
Cash at bank and in hand		68,731	9,479	4,529
		162,553	44,625	45,575
Creditors: amounts falling due within one year		(94,165)	(41,244)	(42,091)
Net current assets		68,388	3,381	3,484
Total assets less current liabilities		186,040	40,622	43,541
Creditors: amounts falling due after more than one year		(77,215)	(9,573)	(10,201)
Provisions for liabilities and charges		(4,035)	(661)	(424)
Net assets		104,790	30,388	32,916
Capital and reserves				
Called up share capital		2,165	1,332	1,332
Share premium account		86,194	16,120	16,125
Capital reserve		350	350	350
Profit and loss account		15,101	11,552	14,149
Equity shareholders' funds		103,810	29,354	31,956
Equity minority interests		980	1,034	960
		104,790	30,388	32,916

Consolidated Cash Flow Statement

for the six months ended 30 June 2001

	6 months to 30 June 2001 Unaudited £'000	6 months to 30 June 2000 Unaudited £'000	12 months to 31 Dec 2000 Audited £'000
Net cash inflow from continuing operating activities			
Dividends received from joint ventures	11,647	8,430	12,140
Returns on investments and servicing of finance	–	–	200
Net interest paid	(1,148)	(274)	(671)
Interest element of finance lease payments	(18)	(30)	(65)
Taxation	(1,462)	(958)	(2,794)
Capital expenditure	(1,495)	(8,268)	(6,475)
Acquisitions and disposals	(59,549)	–	(6,929)
Equity dividends paid	(1,805)	(1,629)	(2,497)
Cash outflow before financing	(53,830)	(2,729)	(7,091)
Financing			
Issue of share capital	53,808	400	405
Issue costs of ordinary shares	(2,890)	–	–
Inception of loans	71,398	6,400	9,268
Repayment of loans	(9,753)	(465)	(2,189)
Repayment of principal under finance leases	(292)	(150)	(316)
Net cash inflow from financing	112,271	6,185	7,168
Increase in cash in the period	58,441	3,456	77

Reconciliation of Net Cash Flow to Movement in Net Debt

	6 months to 30 June 2001 Unaudited £'000	6 months to 30 June 2000 Unaudited £'000	12 months to 31 Dec 2000 Audited £'000
Increase in cash in the period	58,441	3,456	77
Cash outflow from reduction in debt	9,979	615	2,505
Cash inflow from increase in debt	(71,398)	(6,400)	(9,268)
Change in net debt resulting from cash flows	(2,978)	(2,329)	(6,686)
Other non-cash items	290	(245)	(39)
Movement in net debt in the period	(2,688)	(2,574)	(6,725)
Opening net debt	(9,969)	(3,244)	(3,244)
Closing net debt	(12,657)	(5,818)	(9,969)

Reconciliation of Operating Profit to Net Cash Flow from Operating Activities

	6 months to 30 June 2001 Unaudited £'000	6 months to 30 June 2000 Unaudited £'000	12 months to 31 Dec 2000 Audited £'000
Continuing Operations			
Operating profit (including acquisitions: £835k)	6,407	5,789	11,473
Depreciation	2,618	2,198	4,857
Amortisation of goodwill	354	82	204
(Profit)/loss on disposal of fixed assets	(45)	–	27
Decrease in stocks	1,186	140	128
Increase in debtors	(3,856)	(1,243)	(7,447)
Increase in creditors and provisions for liabilities and charges	4,983	1,464	2,898
Net cash inflow from continuing operating activities	11,647	8,430	12,140

The above reconciliation takes into account the net assets of subsidiaries at the date of acquisition.

Notes to the Interim Statement

for the six months ended 30 June 2001

1 Basis of preparation

The interim statement is unaudited and does not constitute full accounts within the meaning of the Companies Act 1985. It has been prepared on a basis consistent with the 2000 statutory accounts. Full statutory accounts for the year ended 31 December 2000 have been delivered to the Registrar of Companies and contain an unqualified report from the auditors.

A copy of this interim statement is being sent to all shareholders. Further copies may be obtained from the Company Secretary, AutoLogic Holdings plc, Orion House, 5 Upper St Martin's Lane, London WC2H 9EA.

2 Segmental reporting

	6 months to 30 June 2001 Unaudited £'000	6 months to 30 June 2000 Unaudited £'000	12 months to 31 Dec 2000 Audited £'000
Turnover			
United Kingdom	94,976	89,469	168,065
Rest of Europe	38,504	14,288	30,814
	133,480	103,757	198,879
Less:			
Joint ventures – United Kingdom	(21,006)	(21,756)	(40,392)
	112,474	82,001	158,487
Profit before taxation			
United Kingdom	5,303	5,615	11,659
Rest of Europe	232	(99)	(915)
Joint ventures – United Kingdom	1,967	1,393	2,762
	7,502	6,909	13,506

For the six months ended 30 June 2000, the Group's share of joint ventures' turnover has been restated in line with the Group's equity shareholding in those companies.

3 Taxation

The tax charge has been calculated on the basis of an estimated effective tax rate of 33.5% for the year ending 31 December 2001. This compares with 31.60% for the 6 months ended 30 June 2000 and 33.5% for the 12 months ended 31 December 2000.

4 Interim dividend

The proposed interim dividend of 3.30 pence per ordinary share (2000: 2.89 pence, after adjusting for the effect of the rights issue) will be paid on 14 September 2001 to shareholders on the register on 24 August 2001.

5 Earnings per share

Earnings per share is based upon earnings divided by the weighted average number of shares. Prior year figures have been adjusted for the effects of the Rights Issue.

Notes to the Interim Statement

for the six months ended 30 June 2001

5 Earnings per share continued	6 months to	6 months to	12 months to
	30 June 2001	30 June 2000	31 Dec 2000
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Earnings	5,120	4,691	9,129
Add goodwill amortisation	354	82	204
Earnings before goodwill amortisation	5,474	4,773	9,333
Basic average number of shares	33,356	29,819	29,903
Diluted average number of shares	33,487	30,157	30,259

6 Intangible fixed assets and acquisitions

	30 June 2001
	Unaudited
	£'000
Intangible fixed assets	
Cost	
At 1 January 2001	4,360
Additions	31,463
Exchange difference	(1,125)
At 30 June	34,698
Amortisation	
At 1 January 2001	464
Charge for the period	354
At 30 June	818
Net book value at 30 June	33,880

Under the Group's accounting policy capitalised goodwill is being written off over twenty years.

Acquisitions

The addition during the period relates to the acquisition of Axial, the automotive distribution business of Tibbett & Britten Group plc for £79.3 million of which £59.5 million was paid in cash and £19.8 million was satisfied by the issue of 3,147,073 new ordinary shares. Currently the completion statement is in the process of being finalised and therefore estimates have been made within the interim statement of appropriate provisional fair value adjustments. To the extent that these adjustments have been finalised before the year end date, adjustments to the provisional goodwill figure stated above will be made in the year end financial statements.

On 17 July 2001, Global Automotive Logistics SAS ('GAL') a consortium comprising the Company, TNT Holdings BV and Wallenius Lines AB, acquired Compagnie d'Affrètement et de Transport SA ('CAT'). CAT is the specialist logistics business of the Renault group encompassing finished vehicle logistics, international freight and replacement parts distribution for Renault's car and truck divisions. The consortium acquired CAT for €467.4 million. The Company funded its 40 per cent equity participation in the consortium by raising £51.0 million by way of a 1 for 2 rights issue of up to 13,397,734 new ordinary shares at 400 pence per share, the net proceeds of which were included in the cash element of the balance sheet.

Independent Review Report to AutoLogic Holdings plc

Introduction

We have been instructed by the Company to review the financial information which comprises summarised profit and loss account, summarised statement of total recognised gains and losses, summarised balance sheet information as at 30 June 2001, summarised cash flow statement, comparative figures and associated notes.

We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2001.

PricewaterhouseCoopers

Chartered Accountants

Bristol

14 August 2001

Adviser and Investor Information

Financial Adviser

Cazenove Group PLC
12 Tokenhouse Yard
London EC2R 7AN

Auditors

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
31 Great George Street
Bristol BS1 5QD

Secretary and Registered Office

C N Armstrong
Orion House
5 Upper St Martin's Lane
London WC2H 9EA
Company Number 3252504

Registrar

Administrative enquiries about the holding of AutoLogic Holdings plc shares should be directed in the first instance to the Registrar.

Computershare Investor Services PLC
PO Box 82, The Pavilions, Bridgwater Road,
Bristol, BS99 7NH

Principal Bankers

Royal Bank of Scotland plc
2 Waterhouse Square
138-142 High Holborn
London EC1N 2TH

CREST - Share Settlement System

The Company entered the CREST system on flotation and the ordinary shares are available for settlement in CREST. As the membership system is voluntary, shareholders not wishing to participate can continue to hold their own share certificates.

Financial Highlights

	Interim 2001	Interim 2000	% change
Turnover	£183.8m	£183.8m	+42
Profit before tax	29.65p	29.65p	+18
Basic earnings per share	28.91p	28.91p	+11
Interim dividend per share	6.15p	6.15p	+9

Strong performance from UK Distribution
and Technical Services businesses

Benelux operations, acquired in September 1997,
performing ahead of expectations

New Technical Services facility at New Greenham Park
being established to meet demand from fleet and daily
rental companies

Diversification into automotive parts distribution

Second half outlook favourable

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