

**AUTOLOGIC HOLDINGS PLC**  
**("AUTOLOGIC", THE "GROUP" OR THE "COMPANY")**

**ANNOUNCEMENT**

**IMPAIRMENT OF GAL INVESTMENT**

In the Preliminary Announcement of Results on 6 April 2006 (the "Preliminary Announcement") the Directors stated that it was too early to quantify whether the investment in Global Automotive Logistics SAS ("GAL") was impaired.

The Company has been informed today that on 17 May 2006 GAL, in which the Group has a 40% shareholding, was granted protection under the French law *Procédure de Sauvegarde*. This is a procedure which is in some respects analogous to a filing under Chapter 11 in the US and is designed to protect GAL from creditors' claims while it seeks to renegotiate or restructure its debt arrangements. The *Procédure de Sauvegarde* can last for an initial period of up to 6 months and can, in certain circumstances, be extended.

The Directors of AutoLogic now consider that as at 31 December 2005 the investment in GAL was impaired and it is therefore appropriate to include a full impairment of this investment in the Group's published accounts for the year ended 31 December 2005 (the "Final 2005 Accounts"). This will result in the carrying value of the Group's share of net assets in GAL as stated in the Final 2005 Accounts, being reduced from £64.0 million (as stated in the Preliminary Announcement) to £Nil. In addition, the Directors have decided to make a full provision in the Final 2005 Accounts against the £4.8 million loan made by the Group to GAL in December 2005.

The combined effect of these adjustments will be a charge to the Group's Income Statement in the Final 2005 Accounts of £68.8 million, which will increase the loss for the year ended 31 December 2005 from £22.1 million (as shown in the Preliminary Announcement) to £90.9 million and a reduction in the Group's net assets in the Final 2005 Accounts from £96.9 million (as shown in the Preliminary Announcement) to £28.1 million.

Whilst the Directors of AutoLogic consider that, in the circumstances, a full impairment and provision are both prudent and appropriate, they are continuing to seek to realise value from this investment.

The Final 2005 Accounts will show the full impact of the impairment and provision. A copy of the Full 2005 Accounts will be included in a further announcement following their posting to shareholders, which is expected to take place shortly.

Enquiries

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