

**AutoLogic Holdings plc**  
**("AutoLogic" or the "Group")**

**Preliminary Results for the Year Ended 31 December 2006**

**Highlights**

- A year of significant restructuring and positive transformation for AutoLogic.
- Revenue from continuing operations increased by 4.4% to £254.7 million (2005: £243.9 million).
- Operating profit for continuing operations (before exceptional items and excluding other operating income) increased by 4.1% to £10.2 million (2005: £9.8 million). On a statutory basis, continuing operating profit decreased by 10.3% to £9.6 million (2005: £10.7 million).
- Profit before tax (before exceptional items and excluding other operating income) decreased by 8.7% to £6.3 million (2005: £6.9 million). On a statutory basis, profit before tax decreased by 51.3% to £3.8 million (2005: £7.8 million).
- Diluted business performance earnings per share increased by 55.9% to 10.6p from 6.8p. On a statutory basis, continuing earnings per share decreased by 29.3% to 5.8p (2005: 8.2p).
- Sale of Walon France completed.
- Granted GAL option, ultimately not exercised, generating net proceeds of £6.5 million in the year.
- Sale of Spanish freehold property for £8.7 million (final payment of £4.8 million received in January 2007) generating net profit of £2.1 million.
- Outstanding mezzanine debt reduced from £25.0 million to £12.6 million (including accrued interest) at year end.
- Placing of 16,933,333 new ordinary shares in February 2007 generating net proceeds of £12.1 million.
- Mezzanine finance facility repaid and cancelled following the Placing.

Neil Johnson, Chairman, commented:

“With the difficulties of the recent past behind us, we are fully focussed on further improving the profitability of our core businesses and also believe that there are a number of medium-term opportunities open to us. Initiatives implemented over the past year are now delivering results and we are confident that with a restructured business and a strengthened balance sheet, we can build on these achievements.”



## Chairman's Statement

### Overview

I am pleased to report a successful transformation in the Group's finances and improved trading performance over the past year. We have significantly reduced the level of debt in the Group and, following the Placing of 16.9 million new ordinary shares in February 2007, we have now fully repaid and cancelled our mezzanine finance facility.

2006 was an eventful year during which we achieved a number of significant objectives including:

- The sale of our wholly owned French business, Walon France, which was completed in May, generating £4.8 million of net proceeds in the year with a further £5.4 million (discounted to £3.4 million in the accounts) receivable no later than 2012.
- Closure of the London Head Office in June together with other Group cost initiatives resulting in annual savings of £1.2 million.
- An option agreement, ultimately not exercised, granted to Wallenius Lines AB in July for the sale of the Group's 40% share in Global Automotive Logistics SAS ("GAL"), generating £6.5 million of net proceeds.
- Transfer of the Company from the Official List to AIM, which the Board believes is a more appropriate market, allowing it to benefit from lower transaction and administrative costs.
- The sale by Walon Spain in December of its site at Meco, Madrid for £8.7million (final payment of £4.8 million received in January 2007) generating a net profit of £2.1 million.

### Results

Revenue from continuing operations increased by £10.8 million (4.4%) in the year ended 31 December 2006 to £254.7 million (2005: £243.9 million). This resulted in operating profit for continuing operations (before exceptional items and excluding other operating income) increasing by £0.4 million (4.1%) to £10.2 million (2005: £9.8m). On a statutory basis, continuing operating profit fell by £1.1 million (10.3%) to £9.6 million (2005: £10.7 million).

During the year net debt was reduced by £10.2 million to £30.4 million (2005: £40.6 million).

### Strategy

AutoLogic is a leading supplier of logistics services to the automotive industry, specialising in new vehicle preparation, enhancement, distribution and used vehicle refurbishment. Our central strategy is to build upon our strong market position in the UK by increasing the number and range of services that we offer to existing and prospective customers. We continue to focus on developing our Technical Services operations and also look to build on the success of VMEX, our online vehicle movement exchange operation. We plan to expand the VMEX business model into specific European markets.

First Fleet was launched in September 2006 to provide vehicle manufacturers, rental and leasing companies with used vehicle refurbishment, remarketing and fleet management services. First Fleet now has an established management team and currently operates from two sites in the UK with plans for further expansion.

We continue to explore ways to improve the Group's environmental profile in partnership with our customers. We are constantly seeking to reduce carbon emissions and recycle or responsibly dispose of our waste materials. In addition, we have installed in-cab technology in the majority of our UK transporter fleet to optimise fuel consumption and reduce emissions.

### Board and Management

Much has been achieved over the past year and I would like to thank the staff and management of the Group, together with my Board colleagues, for their hard work and support.

As we move forward and focus on the business opportunities for future growth, the Board believes that it is appropriate to make some changes and acquire some fresh perspectives. Mark Butcher joined the Board as a Non-Executive Director in October 2006 representing Guinness Peat Group plc which, following the placing, now holds a 21.9% notified interest in the Company. Non-Executive Directors Chris French and John Hodges, both of whom have been tremendous supporters of the Company through some challenging times, have indicated their intention to retire from the Board at the forthcoming AGM.

I thank them both for their efforts over many years. Tim Barber, Managing Director of Walon UK will also be standing down from the Board as an Executive Director at the AGM and will continue to oversee the development of VMEX and First Fleet.

I am delighted that we have been able to attract two very high quality Non-Executive Directors to further strengthen the Board. Roger Putnam, previously Chairman of Ford Great Britain, and John Davies, until recently Managing Director of LloydsTSB's Asset Finance Division (including all motor related operations), will join the Board immediately following the close of the AGM.

The restructured Board will energetically pursue a strategy of further developing our core business, whilst developing new opportunities within, and related to, the automotive services sector.

### **Dividends**

The Board will not be recommending a final dividend to shareholders at the AGM but intends to take the appropriate actions to enable the payment of a dividend as soon as practicable.

### **Outlook**

Trading in the first quarter of 2007 has been in line with our expectations and, in the UK, sales of new cars are approximately 3% ahead of the same period in 2006. With the difficulties of the recent past behind us, we are fully focussed on further improving the profitability of our core businesses and also believe that there are a number of medium-term opportunities open to us.

The automotive sector continues to be a demanding environment and one where customers' requirements are constantly evolving. We see opportunities not only as the sector consolidates but also as our customers demand a broader range of services. AutoLogic is well placed to capitalise on these opportunities with its geographic coverage, transporter fleets, sector-leading IT systems and experienced management team. Initiatives implemented over the past year are now delivering results and we are confident that with a restructured business and a strengthened balance sheet, we can build on these achievements.

## Chief Executive's Review

### Summary of Results

Revenue from continuing operations increased by 4.4% to £254.7 million in the year ended 31 December 2006 (2005: £243.9 million).

Total operating profit from continuing operations (before exceptional items and excluding other operating income) increased by 4.1% to £10.2 million (2005: £9.8 million). This was driven by an increase in gross profit (before exceptional items) of £0.8 million, generated from the increased revenues, although partly offset by additional administration expenses of £0.4 million.

On a statutory basis, continuing operating profit fell by £1.1 million to £9.6 million (2005: £10.7 million). A significant factor in this reduction was the decision to relocate the London Head Office, which cost £1.8 million in the year, but together with other Group cost initiatives will result in £1.2 million of annual savings. The Group also suffered a book loss of £0.8 million on the weakening Dollar in respect of its US based investment in Edmunds.com. The table below shows a full analysis of exceptional operating costs:

	2006 £ million	2005 £ million
Closure of London Head Office	1.8	-
Restructuring costs	-	0.9
Refinancing costs	0.3	0.7
Foreign exchange loss/(gain) on US investment	0.8	(0.6)
Retirement benefit credit	(0.2)	-
Total	<u>2.7</u>	<u>1.0</u>

Exceptional items also include other operating income of £2.1 million in the year which is comparable to £1.9 million in 2005. The profit in the year was in respect of the sale of the freehold site at Mecos, Madrid by our Spanish subsidiary which raised proceeds for the purpose of reducing our mezzanine finance facility. In 2005 the other operating income is in respect of the sale of property development rights in Holland (£0.9 million), profit on sale and leaseback of UK property (£0.6 million) and profit on disposal of fixed assets (£0.4 million).

The net interest charge before exceptional items in the year was £4.3 million (2005: £2.9 million), reflecting the higher cost of debt under the mezzanine finance facility. There was also an exceptional interest charge of £1.9 million in the year (2005: £ nil) which is the write off of all remaining costs associated with arranging the mezzanine finance facility including the accounting charge in respect of both tranches of warrants issued under this facility.

As a result, profit before tax (before exceptional items and excluding other operating income) for continuing operations for the year ended 31 December 2006 was £6.3 million compared with £6.9 million in 2005. Included in profit before tax is a £0.4 million post tax share of profits from interests in joint ventures (2005: £ nil).

On a statutory basis, profit before tax on continuing operations for the year ended 31 December 2006 was £3.8 million compared with £7.8 million in 2005.

The tax charge for the Group was £1.2 million on continuing operations (2005: £4.1 million). The effective rate of tax for 2006 was 32% (2005: 53%). The high effective rate of tax in 2005 was predominantly caused by £1.3m prior year tax adjustments in respect of transactions from 2004 and prior.

Diluted business performance earnings per share increased by 55.9% to 10.6p from 6.8p. On a statutory basis, the continuing earnings per share was 5.8p (2005: 8.2p).

### UK

Revenue for the UK operations was £220.3 million (2005: £204.1 million) and operating profit (before exceptional items and excluding other operating income) was £13.1 million (2005: £13.0 million). The small increase in operating profit of £0.1 million was achieved despite a decline in UK new car registrations of 3.9% and costs incurred in establishing our First Fleet used vehicle refurbishment business.

In line with our strategy we have continued to grow revenue in the UK by expanding our service offering to existing and new customers while maintaining core business.

Walon UK's Technical Services division continues to expand the range of services it provides. In particular, van and light commercial vehicle enhancement activity increased in 2006 and is expected to grow further in 2007. The General Motors vehicle refurbishment centre in Corby, which opened in September 2005, has successfully completed its first full year of operation, processing some 44,000 vehicles. This was a significant factor in the growth in revenue in the year. The Distribution division delivered some 1.3 million vehicles in 2006. It has consolidated the contracts gained with General Motors and Land Rover in the second half of 2005 and renewed a number of core contracts in 2006. The Toyota national distribution contract has been renewed for two years and, whilst domestic volumes have reduced as anticipated, the company was successful in gaining increased volume on its Toyota export contract. We continue to invest in technology and introduced an electronic proof of delivery system for some of our customers during the year.

Ansa, which operates the Group's UK distribution contracts for Ford and Jaguar, performed in line with our expectations.

VMEX continued to grow its operations, increasing revenue by 63.5% to £8.5 million (2005: £5.2 million). Website usage has steadily increased throughout the year, and on average, approximately 50 customers and 100 suppliers are currently using the system on a daily basis.

### Spain

Revenue for Walon Spain was £22.3 million (2005: £22.6 million) and operating profit (excluding other operating income) was £0.4 million (2005: £0.6 million). The trading result for the year was affected by a reduced level of storage and handling activity as the site at Mecos was in the process of being sold during the second half of the year. On 28 December 2006 Walon Spain entered into an agreement to sell its freehold property at Mecos generating other operating income of £2.1 million, after £0.6 million redundancy costs and £0.3 million impairment of goodwill. The Group is currently reviewing its options in respect of the remaining Distribution business.

### Benelux

Revenue for Walon Benelux was £10.9 million which is £5.2 million lower than the previous year (2005: £16.1 million). This was the result of transferring low margin national distribution in Holland to a third party to allow the business to concentrate on more profitable longer distance and cross border movements. This strategy is starting to generate benefits with operating profit (before exceptional items and excluding other operating income) in the year at £0.2 million (2005: £ nil). Walon Benelux has targeted Technical Services as an area for growth and has recently reached an agreement with General Motors to provide plant handling services at its Antwerp production plant starting in May 2007.

### Czech Republic

Revenue for Walon Czech operations was £1.2 million (2005: £1.1 million). Operating profit was £ nil million (2005: £ nil million). We have decided to cease operations for Gefco from the start of 2007 although we continue to provide Toyota with plant handling services at the Kolin production plant.

### Discontinued Operations

Discontinued operations generated a loss of £2.8 million for the year (2005: loss £94.6 million) which is analysed as follows:

	2006 £ million	2005 £ million
Trading losses of Walon France	(1.5)	(2.9)
Post tax share of loss in GAL	-	(1.8)
Exceptional losses relating to Walon France	(7.8)	(21.1)
Exceptional gain relating to the GAL option	6.5	-
Impairment of GAL investment	-	(68.8)
	<hr/>	<hr/>
Total	(2.8)	(94.6)

The exceptional losses of £7.8 million are in respect of the disposal of Walon France which was completed during the year. These losses relate to the write off of the carrying value of the investment in the consolidated accounts and did not impact the cash position of the Group during the year, with the exception of £0.1 million of taxes that had not been anticipated.

The exceptional gain of £6.5 million is in respect of the grant of an option to Wallenius Lines AB to acquire the Group's 40% shareholding in GAL on 31 July 2006. This option was not exercised by Wallenius and expired on 1 December 2006. The Group's investment in GAL has been written down to zero and the Group has no liability for GAL's debt.

## Cash Flow & Net Debt

Net debt reduced by £10.2 million during the year. Key elements within the cash flow are as follows:

	£ million
Net debt as at 1 January 2006	(40.6) <sup>1</sup>
Cash flows from operating activities:	
Net cash inflow from continuing operations	8.5
Issue costs incurred on refinancing (included in interest)	(3.1)
Interest and taxation	(3.1)
Net cash used by discontinued operations	(4.9)
Investing activities:	
Proceeds from sale of Walon France	4.8
Proceeds from sale of property, plant and equipment	4.1
GAL option	6.5
Purchase of property, plant and equipment	(2.2)
Other, including non-cash changes in net debt	<u>(0.4)</u>
Net debt as at 31 December 2006	<u><u>(30.4)</u></u>

<sup>1</sup> Net debt as at 1 January 2006 includes cash of £2.7 million and finance leases of £0.3 million relating to Walon France, classified as held for sale in the 2005 Balance Sheet. The cash held by Walon France on disposal has been deducted from net proceeds on its sale.

## Financing

On 31 December 2006 the Group had a balance of £12.6 million (including accrued interest) outstanding under the mezzanine finance facility. Following the year end, this was further reduced by the net cash received from the sale of the Spanish freehold property.

On 26 February 2007 the Placing of 16,933,333 new ordinary shares generated net proceeds of £12.1 million which enabled the Group to repay and cancel the outstanding balance of £6.5 million under the mezzanine finance facility. The Group continues to operate its £38.0 million Revolving Credit Facility with GE Commercial Finance Limited. We will continue to focus on cash management and control the level of net debt in the Group.

## Conclusion

We have had a busy year during which the business has been positively transformed. I would like to express my appreciation and thanks to all of our management and staff for their loyalty, dedication and positive contribution to the goals of both the Group and its customers. We now have a business which is well positioned for the future and we look forward to the challenges ahead with confidence and enthusiasm.

## Unaudited Consolidated Income Statement for the year ended 31 December 2006

	Year ended 31 Dec 2006			Restated Year ended 31 Dec 2005			
	Note	Before exceptional items	Exceptional items	After exceptional items	Before exceptional items	Exceptional items	After exceptional items
		£'m	£'m	£'m	£'m	£'m	£'m
<b>Continuing operations</b>							
Revenue	2	254.7	-	254.7	243.9	-	243.9
Cost of sales	3	(219.3)	-	(219.3)	(209.3)	(0.3)	(209.6)
<b>Gross profit/(loss)</b>		<b>35.4</b>	<b>-</b>	<b>35.4</b>	34.6	(0.3)	34.3
Administration expenses	3	(25.2)	(2.7)	(27.9)	(24.8)	(0.7)	(25.5)
Other operating income	4	-	2.1	2.1	-	1.9	1.9
<b>Operating profit/(loss)</b>		<b>10.2</b>	<b>(0.6)</b>	<b>9.6</b>	9.8	0.9	10.7
Interest receivable		0.8	-	0.8	0.7	-	0.7
Interest payable and similar charges	3	(5.1)	(1.9)	(7.0)	(3.6)	-	(3.6)
Post tax share of profit from interest in joint ventures and associates		0.4	-	0.4	-	-	-
Profit/(loss) before taxation		6.3	(2.5)	3.8	6.9	0.9	7.8
Taxation	5	(1.6)	0.4	(1.2)	(3.8)	(0.3)	(4.1)
Profit/(loss) from continuing operations		4.7	(2.1)	2.6	3.1	0.6	3.7
<b>Discontinued operations</b>							
Loss from discontinued operations	2	(1.5)	(1.3)	(2.8)	(4.7)	(89.9)	(94.6)
<b>Profit/(loss) for the year</b>	9	<b>3.2</b>	<b>(3.4)</b>	<b>(0.2)</b>	(1.6)	(89.3)	(90.9)
Attributable to:							
Equity shareholders		3.2	(3.4)	(0.2)	(1.7)	(89.3)	(91.0)
Minority interests	9	-	-	-	0.1	-	0.1
	9	3.2	(3.4)	(0.2)	(1.6)	(89.3)	(90.9)
<b>Loss per share</b>							
Basic	6			(0.5)p			(207.7)p
Diluted	6			(0.5)p			(207.7)p
<b>Earnings per share from continuing operations</b>							
Basic	6			5.8p			8.2p
Diluted	6			5.8p			8.2p

The comparative result for the year ended 31 December 2005 has been restated to reflect the reclassification of those items explained in note 1 to the Preliminary Statement.

## Unaudited Consolidated Statement of Recognised Income and Expense for the year ended 31 December 2006

	Year ended 31 Dec 2006	Year ended 31 Dec 2005
	£'m	£'m
Translation differences on foreign currency investments:		
Group	(0.2)	(0.7)
Share of joint ventures and associates	-	(1.6)
Net investment hedge	-	1.2
Share-based payments adjustment	1.1	(0.1)
Actuarial gains/(losses) on retirement benefit schemes	2.7	(0.6)
Deferred tax on actuarial (gains)/losses on retirement benefit schemes	(0.8)	0.2
Net income/(expense) recognised directly in equity	2.8	(1.6)
Loss for the year	(0.2)	(90.9)
<b>Total recognised income/(expense) for the year</b>	<b>2.6</b>	<b>(92.5)</b>
Attributable to:		
Equity shareholders	2.6	(92.6)
Minority interests	-	0.1
	<b>2.6</b>	<b>(92.5)</b>

## Unaudited Consolidated Balance Sheet at 31 December 2006

	Note	2006 £'m	2005 £'m
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill		35.7	36.0
Intangible assets		0.4	0.5
Property, plant and equipment		15.8	22.7
Financial assets: Available for sale investments		5.1	5.9
Investments accounted for using the equity method		0.2	0.1
Deferred tax asset		4.5	4.4
Trade and other receivables	10	3.4	-
		<b>65.1</b>	69.6
<b>Current assets</b>			
Inventories		0.8	0.9
Trade and other receivables		52.7	49.2
Cash and cash equivalents	8	8.1	15.2
		<b>61.6</b>	65.3
Assets classified as held for sale		-	41.4
Current assets		<b>61.6</b>	106.7
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		(47.6)	(46.8)
Financial liabilities	8	(27.8)	(55.9)
Current tax liabilities		(2.9)	(2.5)
		<b>(78.3)</b>	(105.2)
Liabilities directly associated with assets classified as held for sale		-	(30.8)
Current liabilities		<b>(78.3)</b>	(136.0)
<b>Net current liabilities</b>			
		<b>(16.7)</b>	(29.3)
<b>Non-current liabilities</b>			
Financial liabilities	8	(10.7)	(2.3)
Retirement benefit liability		(6.0)	(9.0)
Provisions		(1.0)	(0.9)
		<b>(17.7)</b>	(12.2)
<b>Net assets</b>		<b>30.7</b>	28.1
<b>Shareholders' equity</b>			
Ordinary shares	9	2.2	2.2
Share premium	9	67.4	67.4
Other reserves	9	7.1	7.3
Retained earnings	9	(46.4)	(49.2)
<b>Total shareholders' equity</b>	9	<b>30.3</b>	27.7
Minority interest in equity	9	0.4	0.4
<b>Total equity</b>	9	<b>30.7</b>	28.1

## Unaudited Consolidated Cash Flow Statement for the year ended 31 December 2006

		Year ended 31 Dec 2006	Year ended 31 Dec 2005
	Note	£'m	£'m
<b>Cash flows from operating activities</b>			
Cash generated from operations	11	3.6	2.0
Interest received		0.4	0.7
Interest paid		(5.1)	(3.8)
Tax paid		(1.5)	(2.3)
Net cash used by operating activities		(2.6)	(3.4)
<b>Cash flows from investing activities</b>			
Dividends received from joint venture companies		0.3	0.2
Proceeds from sales of property, plant and equipment		4.1	14.3
Purchase of property, plant and equipment		(2.2)	(9.0)
Net proceeds from sale of subsidiaries		4.8	-
Net proceeds from GAL option		6.5	-
Net cash received from investing activities		13.5	5.5
<b>Cash flows from financing activities</b>			
Net proceeds from issue of ordinary share capital		-	0.1
Net proceeds from bank loan		50.2	4.8
Repayment of borrowings		(70.5)	-
Finance lease principal payments		(0.3)	(0.8)
Repayment of foreign currency swap		-	(2.0)
Dividends paid		-	(4.8)
Net cash used in financing activities		(20.6)	(2.7)
Effects of exchange rate changes on cash and bank overdrafts		(0.1)	(0.2)
<b>Net decrease in cash and cash equivalents</b>		<b>(9.8)</b>	<b>(0.8)</b>
Cash and cash equivalents at the beginning of the financial year	8	17.9	18.7
<b>Cash and cash equivalents at the end of the financial year</b>	<b>8</b>	<b>8.1</b>	<b>17.9</b>

## Unaudited Reconciliation of Net Cash Flow to Movement in Net Debt

		£'m	£'m
Net debt at 1 January	8	(40.6)	(38.9)
<b>Decrease in cash in the year</b>		<b>(9.8)</b>	<b>(0.8)</b>
Cash outflow/(inflow) from (decrease)/increase in debt		20.3	(2.8)
Cash outflow from decrease in finance leases		0.3	0.8
<b>Changes in net debt resulting from cash flows</b>		<b>10.8</b>	<b>(2.8)</b>
<b>Other non-cash items:</b>			
Finance leases in disposed subsidiary		0.3	-
Exchange difference		-	1.3
Amortisation of debt issue costs		(0.1)	(0.2)
Unpaid interest included in debt		(0.8)	-
<b>Net debt at 31 December</b>	<b>8</b>	<b>(30.4)</b>	<b>(40.6)</b>

# Notes to the Unaudited Preliminary Statement For the year ended 31 December 2006

## 1 Basis of Preparation

### Basis of accounting

The financial information included in this preliminary announcement has been prepared in accordance with the Group's accounting policies which are disclosed in the 2005 Annual Report and Accounts. A copy of the 2005 Annual Report and Accounts has been sent to all shareholders. Further copies may be obtained from the Company Secretary, AutoLogic Holdings plc, 200 Worle Parkway, Weston-super-Mare, Somerset, BS22 6WA.

Whilst the financial information included in this preliminary announcement has been prepared in accordance with IFRS, this announcement does not itself contain sufficient information to comply with all the disclosure requirements of IFRS. The Company expects to approve the fully compliant IFRS financial statements shortly.

The preliminary results are unaudited. The financial information does not amount to the full statutory accounts within the meaning of the Companies Act 1985. The comparative figures for the year ended 31 December 2005 have been restated as explained below, and were initially extracted from the 2005 Annual Report and Accounts which has been filed with the Registrar of Companies and contained an unqualified report from the auditors.

### Prior year restatement

During the year the Group decided to sell its investment in GAL and in pursuit of this objective sold an option to Wallenius Lines AB granting the right to acquire its investment in GAL. This option expired without having been exercised and the Group therefore still holds its 40% interest in GAL. However, having fully impaired the investment in GAL in 2005 the Group has not consolidated its share of the further losses in GAL in the year. GAL remains in *Procédure de Sauvegarde* (creditor protection under French law) and in light of this and the decision to pursue the sale of its investment, the results of GAL have been included within discontinued activities. This has required the restatement of the comparative results by transfer of impairments and provisions of £68.8m from exceptional administration costs to discontinued operations and by transfer of £1.8m from post tax share of losses from interests in joint ventures to discontinued operations.

The comparative results have also been restated to analyse the exchange gain of £0.6m on the Group's investment in Edmunds Holding Company Inc, a company incorporated in the USA, as an exceptional administration expense, from administration expenses. The comparative results have also been restated to reclassify certain expense items between revenue, cost of sales and administration expenses. This adjustment has been made to reflect what is considered a more meaningful analysis which has been adopted in the 2006 results. There is no net effect on the results for 2005 from any of these prior year adjustments.

# Notes to the Unaudited Preliminary Statement For the year ended 31 December 2006

## 2 Segmental Information

	Benelux £'m	Czech Rep £'m	Spain £'m	United Kingdom £'m	Un- allocated £'m	Total £'m
<b>Year ended 31 December 2006</b>						
<b>Continuing operations</b>						
Total gross segment revenue	17.6	1.4	22.3	225.7	-	<b>267.0</b>
Less inter-segment revenue	(6.7)	(0.2)	-	(5.4)	-	<b>(12.3)</b>
<b>Revenue</b>	<b>10.9</b>	<b>1.2</b>	<b>22.3</b>	<b>220.3</b>	<b>-</b>	<b>254.7</b>
<b>Continuing operations</b>						
Operating profit/(loss) before exceptional items and excluding other operating income	0.2	-	0.4	13.1	(3.5)	<b>10.2</b>
Exceptional items	-	-	-	0.1	(2.8)	<b>(2.7)</b>
Other operating income	-	-	2.1	-	-	<b>2.1</b>
Operating profit/(loss)	0.2	-	2.5	13.2	(6.3)	<b>9.6</b>
Net interest payable and similar charges						<b>(4.3)</b>
Exceptional interest						<b>(1.9)</b>
Post tax share of profit from interest in joint ventures and associates	0.4	-	-	-	-	<b>0.4</b>
Profit before taxation						<b>3.8</b>
Taxation						<b>(1.2)</b>
Profit for the year from continuing operations						<b>2.6</b>
<b>Year ended 31 December 2005 (restated)</b>						
<b>Continuing operations</b>						
Total gross segment revenue	22.0	1.3	22.7	217.6	-	<b>263.6</b>
Less inter-segment revenue	(5.9)	(0.2)	(0.1)	(13.5)	-	<b>(19.7)</b>
<b>Revenue</b>	<b>16.1</b>	<b>1.1</b>	<b>22.6</b>	<b>204.1</b>	<b>-</b>	<b>243.9</b>
<b>Continuing operations</b>						
Operating profit/(loss) before exceptional items and excluding other operating income	-	-	0.6	13.0	(3.8)	<b>9.8</b>
Exceptional items	(0.1)	-	-	(0.2)	(0.7)	<b>(1.0)</b>
Other operating income	0.9	-	-	1.0	-	<b>1.9</b>
Operating profit/(loss)	0.8	-	0.6	13.8	(4.5)	<b>10.7</b>
Net interest payable and similar charges						<b>(2.9)</b>
Post tax share of profit/(loss) from interest in joint ventures and associates	0.1	-	-	(0.1)	-	<b>-</b>
Profit before taxation						<b>7.8</b>
Taxation						<b>(4.1)</b>
Profit for the year from continuing operations						<b>3.7</b>

## Notes to the Unaudited Preliminary Statement For the year ended 31 December 2006

### 2 Segmental Information (continued)

	Note	France £'m	GAL £'m	Total £'m
<b>Year ended 31 December 2006</b>				
<b>Discontinued operations</b>				
Operating loss before exceptional items		(1.5)	-	<b>(1.5)</b>
Loss on disposal of subsidiary		(7.8)	-	<b>(7.8)</b>
Operating loss		(9.3)	-	<b>(9.3)</b>
Exceptional profit from share of joint ventures – GAL option		-	6.5	<b>6.5</b>
(Loss)/profit before and after taxation		(9.3)	6.5	<b>(2.8)</b>
Loss before exceptional items	10	(1.5)	-	<b>(1.5)</b>
Exceptional items	10	(7.8)	6.5	<b>(1.3)</b>
<b>(Loss)/profit for the year from discontinued operations</b>		<b>(9.3)</b>	<b>6.5</b>	<b>(2.8)</b>
<b>Year ended 31 December 2005 (restated)</b>				
<b>Discontinued operations</b>				
Operating loss before exceptional items		(3.1)	-	<b>(3.1)</b>
Exceptional items		(4.4)	-	<b>(4.4)</b>
Impairment of goodwill		(12.3)	-	<b>(12.3)</b>
Exceptional loss from share of joint ventures:				
- impairment of carrying value		-	(64.0)	<b>(64.0)</b>
- provision against loan		-	(4.8)	<b>(4.8)</b>
Provision for loss on disposal of subsidiary		(3.2)	-	<b>(3.2)</b>
Operating loss		(23.0)	(68.8)	<b>(91.8)</b>
Net interest payable and similar charges		(0.2)	-	<b>(0.2)</b>
Post tax share of profit/(loss) from interest in joint ventures and associates		0.4	(1.8)	<b>(1.4)</b>
Loss before taxation		(22.8)	(70.6)	<b>(93.4)</b>
Taxation		(1.2)	-	<b>(1.2)</b>
Loss before exceptional items	10	(2.9)	(1.8)	<b>(4.7)</b>
Exceptional items	10	(21.1)	(68.8)	<b>(89.9)</b>
<b>Loss for the year from discontinued operations</b>		<b>(24.0)</b>	<b>(70.6)</b>	<b>(94.6)</b>

## Notes to the Unaudited Preliminary Statement For the year ended 31 December 2006

### 3 Exceptional Items

	Year ended 31 Dec 2006	Restated Year ended 31 Dec 2005
	£'m	£'m
Included in cost of sales:		
Restructuring costs	-	3.9
Less: recovery from customer	-	(3.6)
	-	0.3
Included in administration expenses:		
Refinancing costs	0.3	0.7
Foreign exchange loss/(gain) on investment	0.8	(0.6)
Restructuring costs	1.8	0.6
Retirement benefit credit	(0.2)	-
	2.7	0.7
Included in interest payable and similar charges:		
Issue costs in respect of bank finance	1.9	-
Total exceptional items	4.6	1.0

The refinancing costs of £0.3m (2005: £0.7m) are in respect of costs incurred to achieve the renewal of the Group's debt facility.

The foreign exchange loss of £0.8m (2005: gain £0.6m) relates to the exchange movement on restatement of the Group's investment in Edmunds Holding Company Inc (a company incorporated in Delaware, USA).

Restructuring costs include £1.6m redundancy costs and £0.2m property costs incurred on the relocation of the Group's Head Office from central London to Weston-super-Mare, Somerset. In 2005 restructuring costs included £0.8m in respect of redundancy costs and £0.1m in respect of professional fees incurred on the potential sale of GAL.

The retirement benefit credit of £0.2 million is the non-recurring impact of the "A-day" pension changes on the Group's UK defined benefit pension schemes.

The issue costs in respect of bank finance represent the write off of all un-amortised issue costs as at 31 December 2006 in respect of the mezzanine finance facility. This facility was repaid and cancelled in full on 27 February 2007.

### 4 Other Operating Income

Other operating income of £2.1m in the year is in respect of the profit on the sale of the property in Spain. This profit is stated after charging redundancy costs (£0.6m) and impairment of goodwill associated with the Spanish subsidiary (£0.3m). These costs were directly attributable to the sale of the property.

In 2005, other operating income of £1.9m is in respect of the sale of property development rights (£0.9m), profit on sale and leaseback of property (£0.6m) and profit on disposal of fixed assets (£0.4m; after an impairment of goodwill of £0.5m).

### 5 Taxation

The tax charge for continuing activities gives an effective tax rate of 32% for the year ended 31 December 2006 (2005: 53%). The high effective rate of tax in 2005 was predominantly caused by £1.3m prior year tax adjustments in respect of transactions from 2004 and prior.

# Notes to the Unaudited Preliminary Statement For the year ended 31 December 2006

## 6 Earnings Per Share

	Year ended 31 Dec 2006			Restated Year ended 31 Dec 2005
	Earnings £'m	Shares millions	Per share amount pence	Per share amount pence
<b>Basic loss per share</b>	<b>(0.2)</b>	<b>44.1</b>	<b>(0.5)</b>	(207.7)
Effect of dilutive shares	-	<b>0.5</b>	-	-
<b>Diluted loss per share</b>	<b>(0.2)</b>	<b>44.6</b>	<b>(0.5)</b>	(207.7)
<b>Basic earnings per share from continuing operations</b>	<b>2.6</b>	<b>44.1</b>	<b>5.8</b>	8.2
Effect of dilutive shares	-	<b>0.5</b>	-	-
<b>Diluted earnings per share from continuing operations</b>	<b>2.6</b>	<b>44.6</b>	<b>5.8</b>	8.2
<b>Basic loss per share from discontinued operations</b>	<b>(2.8)</b>	<b>44.1</b>	<b>(6.3)</b>	(215.9)
Effect of dilutive shares	-	<b>0.5</b>	-	-
<b>Diluted loss per share from discontinued operations</b>	<b>(2.8)</b>	<b>44.6</b>	<b>(6.3)</b>	(215.9)
<b>Business performance earnings per share:</b>				
<b>Basic loss per share</b>	<b>(0.2)</b>	<b>44.1</b>	<b>(0.5)</b>	(207.7)
Business performance adjustments:				
Discontinued operations, as above	<b>2.8</b>		<b>6.3</b>	215.9
Exceptional items after tax	<b>3.4</b>		<b>7.7</b>	1.6
Other operating income after tax	<b>(1.3)</b>		<b>(2.8)</b>	(3.0)
<b>Business performance earnings per share</b>	<b>4.7</b>	<b>44.1</b>	<b>10.7</b>	6.8
<b>Diluted loss per share</b>	<b>(0.2)</b>	<b>44.6</b>	<b>(0.5)</b>	(207.7)
Business performance adjustments:				
Discontinued operations, as above	<b>2.8</b>		<b>6.3</b>	215.9
Exceptional items after tax	<b>3.4</b>		<b>7.6</b>	1.6
Other operating income after tax	<b>(1.3)</b>		<b>(2.8)</b>	(3.0)
<b>Business performance diluted earnings per share</b>	<b>4.7</b>	<b>44.6</b>	<b>10.6</b>	6.8

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group has three classes of dilutive potential ordinary shares: those share options granted to employees where the exercise price is less than the average market price of the company's ordinary shares during the year, the contingently issuable shares under the Group's Long-Term Incentive Plan (LTIPs) and warrants issued upon renewal of the mezzanine finance facility. At 31 December 2006 the LTIPs and warrants issued in the year are potentially dilutive. At 31 December 2005, no share options were in issue with an exercise price less than the average market price for the year and the performance criteria for the vesting of the awards under the LTIPs had not been met. Consequently there were no potentially dilutive ordinary shares at 31 December 2005.

Business performance earnings per share and business performance diluted earnings per share are calculated by reference to continuing earnings before exceptional items and excluding other operating income, since the Directors consider that this measure provides a useful indication of underlying performance.

Earnings per share were calculated on 43.8m shares being in issue at 31 December 2006 (2005: 43.8m), which were increased to 44.1m (2005: 43.8m) by a further 0.3m shares (2005: nil) in respect of share option awards no longer contingent upon any performance criteria. Diluted earnings per share were calculated on 44.6m shares at 31 December 2006 (31 December 2005: 43.8m).

## Notes to the Unaudited Preliminary Statement For the year ended 31 December 2006

### 7 Dividends

No interim dividend was paid during the year (2005: £1.6m, 3.6p per share). No final dividend was declared by the Directors in respect of either 2006 or 2005. The 2004 final dividend was declared during 2005 and it has therefore been recognised in 2005.

### 8 Analysis of Net Debt

	<b>2006</b>	Total net debt 2005	Classified as held for sale 2005	Continuing net debt 2005
	<b>£'m</b>	£'m	£'m	£'m
Cash at bank and in hand	<b>8.1</b>	17.9	2.7	15.2
Debt due within one year	<b>(27.5)</b>	(55.6)	-	(55.6)
Debt due after more than one year	<b>(8.7)</b>	-	-	-
Finance leases	<b>(2.3)</b>	(2.9)	(0.3)	(2.6)
<b>Total</b>	<b>(30.4)</b>	(40.6)	2.4	(43.0)

The amounts shown above as classified as held for sale relate to Walon France.

### 9 Statement of Changes in Shareholders' Equity

	Share capital	Share premium account	Merger reserve	Capital reserve	Translation reserve	Profit and loss account	Total share- holders' equity	Minority interest	Total equity
	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
At 31 December 2005	2.2	67.4	8.4	0.3	(1.4)	(49.2)	<b>27.7</b>	0.4	<b>28.1</b>
Share based payments adjustment	-	-	-	-	-	1.1	<b>1.1</b>	-	<b>1.1</b>
Exchange adjustments	-	-	-	-	(0.2)	-	<b>(0.2)</b>	-	<b>(0.2)</b>
Actuarial gain on retirement benefit schemes	-	-	-	-	-	1.9	<b>1.9</b>	-	<b>1.9</b>
Loss for the year	-	-	-	-	-	(0.2)	<b>(0.2)</b>	-	<b>(0.2)</b>
<b>Total recognised (expense) /income for the year</b>	-	-	-	-	<b>(0.2)</b>	<b>2.8</b>	<b>2.6</b>	-	<b>2.6</b>
<b>At 31 December 2006</b>	<b>2.2</b>	<b>67.4</b>	<b>8.4</b>	<b>0.3</b>	<b>(1.6)</b>	<b>(46.4)</b>	<b>30.3</b>	<b>0.4</b>	<b>30.7</b>

## Notes to the Unaudited Preliminary Statement For the year ended 31 December 2006

### 10 Disposal of Walon France

Shareholder approval was obtained on 28 April 2006 to sell Walon France to its senior management team (the "Purchasers"). The Purchasers included Gilles Guinchard, who was a Director of AutoLogic Holdings plc until 20 January 2006. The sale of Walon France was completed on 17 May 2006.

The initial price payable for the shares of Walon France was £0.3m which was paid on completion. In addition, the Purchasers agreed to reimburse the total inter-company debt existing on completion of £13.2m. £6.4m was paid on completion and a further £1.4m was paid in November 2006. The remaining balance of £5.4m was deferred and is payable in cash as follows:

- A proportionate amount is to be paid within two months of any sale of all or substantially all of the activity or assets of Walon France to a third party.
- 50% of any benefit arising from existing tax losses of Walon France is to be paid to the Group upon realisation of that benefit by Walon France.
- Any amount of the deferred repayment which remains outstanding on the sixth anniversary of completion will be paid on that date.

The deferred consideration attracts interest at 2%, payable annually by Walon France. As at 31 December 2006 it has been discounted at 10%, net of costs of £0.5m, to a balance of £3.4m which is included in non-current assets.

The amounts charged in the loss on discontinued operations in respect of Walon France are shown below:

	<b>Year ended 31 Dec 2006</b>	Year ended 31 Dec 2005
	<b>£'m</b>	£'m
Loss before exceptional items (prior to disposal)	<b>(1.5)</b>	(2.9)
Exceptional items:		
Restructuring costs	-	(4.4)
Loss on disposal of subsidiary	<b>(7.8)</b>	(3.2)
Impairment of goodwill	-	(12.3)
Taxation	-	(1.2)
<b>Net loss from discontinued operations in respect of Walon France</b>	<b>(9.3)</b>	(24.0)

The further losses on disposal in 2006 relate to the carrying value of the Walon France investment in the consolidated accounts and do not impact the cash position of the Group, with the exception of £0.1m of taxes that had not been anticipated. The restructuring costs incurred in 2005 relate principally to the implementation of a social plan which resulted in the company's long distance distribution drivers and a number of associated support staff being made redundant.

## Notes to the Unaudited Preliminary Statement For the year ended 31 December 2006

### 11 Reconciliation of Net Profit/(Loss) to Net Cash Inflow from Operations

	Year ended 31 Dec 2006	Restated Year ended 31 Dec 2005
	£'m	£'m
<b>Continuing operations</b>		
Net profit	2.6	3.7
Adjustments for:		
Taxation	1.2	4.1
Depreciation and amortisation	3.1	3.5
Profit on disposal of property, plant and equipment	(2.1)	(1.6)
Impairment of goodwill	0.3	0.5
Net interest payable and similar charges	6.2	2.9
Share of results of joint ventures after taxation	(0.4)	-
Foreign exchange loss/(gain) on available for sale investment	0.8	(0.6)
Share based payments	0.4	-
Changes in working capital:		
Decrease in inventories	0.1	-
Increase in trade and other receivables	(2.0)	(15.2)
(Decrease)/increase in creditors and provisions for liabilities and charges	(1.7)	5.9
<b>Cash generated from continuing operations</b>	<b>8.5</b>	<b>3.2</b>
<b>Discontinued operations</b>		
Net loss	(2.8)	(94.6)
Adjustments for:		
Taxation	-	1.2
Depreciation and amortisation	0.6	2.4
Profit on disposal of property, plant and equipment	-	(0.2)
Net interest payable and similar charges	-	0.2
Share of results of joint ventures after taxation	-	1.4
Profit on sale of GAL option	(6.5)	-
Loss on disposal of subsidiary	7.8	3.2
Impairment of goodwill	-	12.3
Exceptional loss from share of joint ventures – impairment of carrying value	-	64.0
Changes in working capital:		
Decrease in inventories	-	0.3
Decrease in trade and other receivables	3.4	17.0
Decrease in creditors and provisions for liabilities and charges	(7.4)	(8.4)
<b>Cash used by discontinued operations</b>	<b>(4.9)</b>	<b>(1.2)</b>
<b>Cash generated from operations</b>	<b>3.6</b>	<b>2.0</b>

- ENDS-