



AutoLogic Holdings plc

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AutoLogic Holdings plc

Interim Report & Accounts 2005

Turnover maintained in a difficult market

Core businesses trading broadly in line with expectations

Interim dividend maintained

French business undergoing restructuring

CAT management changes to improve company performance

Launch of new online transport exchange (VMEX)

Impairment of Walon France goodwill

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	6 months to 30 Jun 2005	6 months to 30 Jun 2004	% change
Continuing operations			
Turnover	£168.2m	£171.5m	(1.9)%
Business Performance*			
Operating profit	£5.1m	£7.2m	(29.2)%
Profit before tax	£5.3m	£8.9m	(40.4)%
Earnings per share	6.75p	16.08p	(58.0)%
Statutory Basis			
Operating (loss)/profit	£(4.8)m	£7.2m	—
(Loss)/profit before tax	£(4.6)m	£8.9m	—
(Loss)/basic earnings per share	(15.86)p	15.93p	—
Interim dividend per share (declared)	3.60p	3.60p	—

*Excluding impairment of goodwill.

Chairman's Statement

for the six months ended 30 June 2005

The following is the text of the Chairman's Statement issued with the Interim Results announced on 16 September 2005, since when there have been no material matters to report other than as announced in the Company's announcements on 28 October 2005 and 9 November 2005 (copies of which are enclosed):

Results

Turnover from continuing operations in the period was broadly similar at £168.2 million (2004: £171.5 million).

Operating profit for continuing operations (excluding the impairment of goodwill) reduced to £5.1 million (2004: £7.2 million) which was in line with our expectations.

Under IFRS, the Group has carried out an impairment of goodwill on its Walon France business in the light of continuing losses and as a result the Group has decided to include an impairment charge of £9.9 million in the Income Statement.

The net interest charge decreased to £1.6 million (2004: £2.1 million) reflecting the reduced level of debt in the Group during the period.

The post tax share of profits in joint ventures reduced to £1.8 million (2004: £3.8 million).

Profit before taxation for continued operations (excluding the impairment of goodwill) reduced to £5.3 million (2004: £8.9 million).

Dividend

An interim dividend of 3.60p per share is being declared (2004: 3.60p) and will be paid on 28 October 2005 to shareholders on the register at 30 September 2005.

Operational Review

Benelux

Turnover in Walon BNL of £8.7 million was down by 5.4% (2004: £9.2 million) with operating profit at £1.0 million (2004: £2.0 million). However, underlying profits were higher at £0.1m (2004: loss of £0.3 million). Operating profit in the period included £0.9 million of other operating income relating to the sale of property development rights of the Oosterhout site in Holland (2004: £2.3 million profit on sale of fixed assets).

The Belgian car market was down 2.3% year-on-year whilst the Dutch market was 4.0% down year-on-year.

Lower registrations combined with high levels of competition has led to special focus on niche operations in specialist covered transport and preparation of vehicles for manufacturer marketing activities from motor shows through to dealer launches across Europe. Although these operations involve smaller volumes, margins are better and we aim to continue to develop these operations.

Czech Republic

Our plant handling operations in the Czech Republic commenced trading during the first half of the year and generated turnover of £0.2 million (2004: £Nil) in the period.

France

Turnover in Walon France increased by 1.4% to £43.7 million (2004: £43.1 million). The operating loss for the period before the impairment of goodwill was £2.6 million (including £0.7 million of restructuring costs) compared to an operating loss of £2.2 million (including £0.5 million of restructuring costs) in 2004.

Losses continue to be incurred in our long distance distribution operations and as a result we have decided to change the business model to a fully sub-contracted one. This will mean that all of our own drivers and a number of associated support staff will be made redundant. Under French social legislation we are required to provide a formal plan of how the redundancies will be carried out which is then used as the basis for consultation with the trade unions. This process began in the second half of the year and the proposed redundancies are expected to commence before the year end.

Spain

Turnover in Walon Iberia of £12.2m million was in line with the previous year (2004: £12.2 million) although operating profits of £0.5 million were slightly lower (2004: £0.7 million)

Despite overall Spanish market volumes being 2.6% higher in the period, volumes for Walon Iberia customers were 4.9% down on the previous year.

UK

Turnover for the UK of £103.4 million was down 3.4% (2004: £107.0 million) and operating profit was unchanged at £8.0 million (2004: £8.0 million).

Against a background of slowing economic growth, the UK market for new car registrations was down 5.8% year-on-year. Aided by a flexible cost base, operating profit in Walon UK in the period was broadly in line with the profits

Chairman's Statement

for the six months ended 30 June 2005

in the previous year. Contract gains with Mazda, Porsche, VAG and GE Capital signed at the end of 2004 have all started well and also helped offset the impact of reduced market volumes in the UK. Walon UK also gained and commenced a new three year distribution contract with Hyundai within the period.

Ansa, our dedicated operation for the Ford Motor Company, was adversely affected by a combination of declining volumes and, latterly, strike action. Agreement has been reached with the Ansa staff which will result in staffing reductions and improved working practices required to achieve improvements in operating performance of the subsidiary for both Ansa and, indirectly its customer.

CAT

The Group's share of post-tax profits in CAT in the period was lower, at £1.8 million (2004: £3.7 million). This profit is included in the Group's overall share in post tax profits in joint ventures and associates which was £1.8 million in the period (2004: £3.8 million).

The results for the first half of the year have been unacceptable and, together with the other shareholders in CAT, we have taken immediate action to change the senior management team. The company has suffered from the impact of unrecovered cost increases, short term factory closures, a changing revenue mix from its primary customer, Renault, and a strike by Italian transport operators earlier in the year.

Development Strategy

In our preliminary announcement in March we described our ongoing strategy of developing broader, higher value services for existing and new customers. A number of such services are based on small operations that have been developed opportunistically and grown organically within the various European subsidiaries. The characteristic of these services is typically smaller volume but higher margin primarily through marketing, R&D or the engineering divisions of the main manufacturers.

VMEX

VMEX is our online transport exchange operation which allows new and used vehicle owners to match up individual or groups of vehicles that need moving with third party transporters operators who need to fill empty trailer spaces or locate profitable backloads for their trucks. This has the benefit of providing a self-regulating supply-demand exchange that improves efficiencies in the supply chain.

VMEX has now been launched in the UK and Europe is proving to be an attractive proposition for the market.

Event Management

Event Management Services encompasses the specialist preparation, delivery and on-site management of vehicles and pre-production models used in design, testing and marketing.

Currently the Group provides services based in the UK and Benelux which are in the process of being consolidated into a single European entity with the view to growth through new customer gains as well as geographical expansion.

Cross-Border

The Group is well placed to facilitate the cross-border movements of vehicles, which is becoming increasingly relevant as production plants are being developed in the lower cost Central and Eastern regions of Europe.

Cross-border movements are an efficient use of group resources and provide both complimentary and alternative modes of transport to a customer's existing supply chain distribution and we expect this to be a significant area of growth in the future.

Outlook

Trading conditions in the first two months of the second half of the year remain tough with registrations in the UK, Belgium and Holland continuing to be lower than in the previous year. Fuel costs across Europe have continued to rise and have reached record levels following Hurricane Katrina.

In France there has been a delay to the approval of the Social Plan by the French authorities, and as a result there is likely to be a financial impact, although we believe that implementation of the plan will commence before the year end. In the UK, there may also be some financial impact in the second half of the year as a result of the recent strike at Ansa.

The new management team in CAT has started the process of restructuring the business although this may take some time.

The Group continues to operate in a challenging business environment and we remain committed to improving the Group's financial performance in its core operations, while at the same time pursuing new business opportunities.

John Merry Chairman
AutoLogic Holdings plc
18 November 2005

Consolidated Income Statement

for the six months ended 30 June 2005 (Unaudited)

	Note	6 months to 30 Jun 2005 £'m	Restated 6 months to 30 Jun 2004 £'m	Restated 12 months to 31 Dec 2004 £'m
Continuing operations				
Turnover	2	168.2	171.5	332.0
Cost of Sales		(144.7)	(147.1)	(288.6)
Gross Profit		23.5	24.4	43.4
Administration expenses before impairment of goodwill		(19.3)	(19.5)	(38.4)
Impairment of goodwill	2	(9.9)	–	–
Total administration expenses		(29.2)	(19.5)	(38.4)
Other operating income	3	0.9	2.3	7.8
Operating (loss)/profit		(4.8)	7.2	12.8
Interest receivable		0.5	0.7	1.7
Interest payable and similar charges		(2.1)	(2.8)	(5.4)
Post tax share of profits from interest in joint ventures and associates		1.8	3.8	7.0
(Loss)/profit before taxation		(4.6)	8.9	16.1
Taxation	4	(2.3)	(1.5)	(0.8)
(Loss)/profit from continuing operations		(6.9)	7.4	15.3
Discontinued operations				
Loss from discontinued operations		–	(1.1)	(2.2)
(Loss)/profit for the period		(6.9)	6.3	13.1
Attributable to:				
Equity shareholders		(7.0)	5.9	12.9
Minority interests		0.1	0.4	0.2
		(6.9)	6.3	13.1
(Loss)/earnings per share				
Basic	5	(15.86)p	13.38p	29.23p
Diluted	5	(15.86)p	13.33p	29.15p
(Loss)/earnings per share from continuing operations				
Basic	5	(15.86)p	15.93p	34.36p
Diluted	5	(15.86)p	15.87p	34.27p

The comparative results for the six months ended 30 June 2004 and the year ended 31 December 2004 have been restated to reflect the adoption of International Financial Reporting Standards as explained in note 1 to the Interim Statement. A reconciliation of the Statements of Income and Cash Flows for the period ended 30 June 2004 and the Balance Sheet at 30 June 2004 with UK GAAP, in accordance with which the comparatives were previously prepared, is shown in note 9.

Consolidated Statement of Recognised Income and Expense

for the six months ended 30 June 2005 (Unaudited)

	Note	6 months to 30 Jun 2005 £'m	Restated 6 months to 30 Jun 2004 £'m	Restated 12 months to 31 Dec 2004 £'m
Translation differences on foreign currency investments:				
Group		(0.6)	(1.1)	(0.2)
Share of joint ventures and associates		(2.1)	(2.6)	0.1
Share-based payments		0.1	0.1	–
Actuarial gain on pension schemes	7	0.8	2.4	2.6
Net (losses)/gains recognised directly in equity		(1.8)	(1.2)	2.5
(Loss)/profit for the financial period		(6.9)	6.3	13.1
Total gains and losses recognised in the period		(8.7)	5.1	15.6
Attributable to:				
Equity shareholders		(8.8)	4.7	15.4
Minority interests		0.1	0.4	0.2
		(8.7)	5.1	15.6

Consolidated Statement of Changes in Shareholders' Equity

for the six months ended 30 June 2005 (Unaudited)

	Share capital £'m	Share premium account £'m	Merger reserve £'m	Capital reserve £'m	Translation reserve £'m	Profit and loss account £'m	Minority interest £'m	Total £'m
Balance at 1 January 2005	2.2	67.3	20.7	0.3	(0.3)	34.8	0.3	125.3
Exchange differences on foreign currency translations	–	–	–	–	(2.7)	–	–	(2.7)
Actuarial gain on pension schemes	–	–	–	–	–	0.8	–	0.8
Share-based payments adjustment	–	–	–	–	–	0.1	–	0.1
Loss for the period	–	–	–	–	–	(7.0)	0.1	(6.9)
Total recognised income and expense for the period	–	–	–	–	(2.7)	(6.1)	0.1	(8.7)
Transfer to merger reserve	–	–	(9.9)	–	–	9.9	–	–
Share issues	–	0.1	–	–	–	–	–	0.1
Dividends	–	–	–	–	–	(3.3)	–	(3.3)
Balance at 30 June 2005	2.2	67.4	10.8	0.3	(3.0)	35.3	0.4	113.4

Consolidated Balance Sheet

at 30 June 2005 (Unaudited)

Note	30 Jun 2005 £'m	Restated 30 Jun 2004 £'m	Restated 31 Dec 2004 £'m
Assets			
Non-current assets			
Goodwill	38.5	47.1	49.0
Intangible assets	1.0	1.3	1.2
Property, plant and equipment	35.2	39.8	43.1
Financial assets			
- Available for sale investments	5.7	5.6	5.3
Investments accounted for using the equity method	69.1	64.1	69.5
Deferred tax asset	6.0	3.2	6.2
	155.5	161.1	174.3
Current assets			
Inventories	1.6	1.6	1.8
Trade and other receivables	87.2	91.7	80.1
Cash and cash equivalents	8 14.3	8.2	18.7
	103.1	101.5	100.6
Liabilities			
Current liabilities			
Trade and other payables	(72.4)	(66.3)	(76.4)
Financial liabilities	8 (53.7)	(10.6)	(4.0)
Current tax liabilities	(3.6)	(0.3)	(1.6)
	(129.7)	(77.2)	(82.0)
Net current (liabilities)/assets	(26.6)	24.3	18.6
Non-current liabilities			
Financial liabilities	8 (2.8)	(54.9)	(53.6)
Retirement benefit liability	(8.9)	(9.4)	(9.8)
Provisions	(3.8)	(3.9)	(4.2)
	(15.5)	(68.2)	(67.6)
Net assets	113.4	117.2	125.3
Shareholders' equity			
Ordinary shares	2.2	2.2	2.2
Share premium	67.4	67.1	67.3
Other reserves	8.1	17.4	20.7
Retained earnings	35.3	29.4	34.8
Total shareholders' equity	113.0	116.1	125.0
Minority interest in equity	0.4	1.1	0.3
Total equity	113.4	117.2	125.3

Consolidated Cash Flow Statement

for the six months ended 30 June 2005 (Unaudited)

	6 months to 30 Jun 2005 £'m	Restated 6 months to 30 Jun 2004 £'m	Restated 12 months to 31 Dec 2004 £'m
Cash flows from operating activities			
Cash (used by)/generated from operations	(3.9)	(0.6)	25.4
Interest received	0.6	0.7	1.7
Interest paid	(2.1)	(2.7)	(5.1)
Tax paid	(0.4)	(1.9)	(2.9)
Net cash from operating activities	(5.8)	(4.5)	19.1
Cash flows from investing activities			
Acquisition of subsidiary	–	(0.2)	(1.5)
Proceeds from sales of property, plant and equipment	11.1	6.9	15.5
Purchase of property plant and equipment	(6.2)	(3.3)	(9.8)
Net cash received from investing activities	4.9	3.4	4.2
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital	0.1	0.1	0.2
Net proceeds from bank loan	2.5	–	–
Finance lease principal payments	(0.4)	(0.4)	(0.8)
Repayment of borrowings	(2.0)	(1.2)	(13.8)
Dividends paid	(3.3)	(3.3)	(4.8)
Net cash used in financing activities	(3.1)	(4.8)	(19.2)
Effects of exchange rate changes	(0.4)	(0.5)	–
Net (decrease)/increase in cash and cash equivalents	(4.4)	(6.4)	4.1
Cash and cash equivalents at the beginning of the financial period	18.7	14.6	14.6
Cash and cash equivalents at the end of the financial period	14.3	8.2	18.7
Reconciliation of operating profit to net cash inflow from operating activities			
Continuing operations			
Net (loss)/profit	(6.9)	7.4	15.3
Adjustments for:			
Tax	2.3	1.5	0.8
Depreciation	3.0	3.9	8.3
Profit on disposal of property, plant and equipment	(0.6)	(2.3)	(6.8)
Impairment of goodwill	9.9	–	–
Net interest payable and similar charges – Group	1.6	2.1	3.7
Share of results of joint ventures after taxation	(1.8)	(3.8)	(7.0)
Share based payments	0.1	0.1	–
Changes in working capital:			
Decrease/(increase) in inventories	0.1	–	(0.2)
(Increase)/decrease in trade and other receivables	(8.7)	(0.5)	16.7
Decrease in creditors and provisions for liabilities and charges	(2.9)	(9.1)	(4.3)
Cash (used by)/generated from continuing operations	(3.9)	(0.7)	26.5
Discontinued operations			
Net loss	–	(1.1)	(2.2)
Loss on termination of subsidiary	–	0.8	1.7
Taxation	–	(0.6)	(0.6)
Changes in working capital:			
Decrease in trade and other receivables	–	5.9	–
Decrease in creditors and provisions for liabilities and charges	–	(4.9)	–
Cash flow for discontinued operations	–	0.1	(1.1)
Cash (used by)/generated from operations	(3.9)	(0.6)	25.4

Notes to the Interim Statement

for the six months ended 30 June 2005 (Unaudited)

1. Basis of preparation

As an EU-listed company AutoLogic Holdings plc has been required to adopt International Financial Reporting Standards ('IFRS') with effect from 1 January 2005. The Interim Accounts is the first set of accounts that have been prepared under IFRS and has been prepared in accordance with the IFRS accounting policies that AutoLogic expects to apply in the 2005 IFRS compliant full year financial statements. These accounting policies are consistent with those adopted for the restatement of the financial information under IFRS, which was issued on 11 August 2005 and is available on the Group's website. A revised summary of the Group's accounting policies under IFRS is also published on the Group's website (www.autologic.co.uk).

Transitional arrangements

Rules regarding transitional arrangements are set out in IFRS1 which generally requires full retrospective adoption of all standards effective at the reporting date. The primary IFRS exemptions the Group has taken relate to business combinations that occurred prior to 1 January 2004, measuring the value of tangible fixed assets at 1 January 2004 at historic cost and exchange differences on the retranslation of the balance sheets of subsidiary undertakings at the balance sheet date have been deemed to be £nil as at the date of adoption of IFRS.

The Group has, as permitted, early adopted the amendment to IAS 19 – Employee Benefits – Actuarial Gains and Losses, that was published by the International Accounting Standards Board in December 2004. The Directors expect that this amendment will be fully adopted by the European Commission and will therefore be available for use in the IFRS financial statements for the year-ended 31 December 2005.

Going concern

The Company's existing bank facilities expire on 30 April 2006. The Group is in discussions with its current lenders with a view to extending or replacing its existing bank facilities. The Group expects this to be completed before 30 April 2006.

Carrying value of CAT goodwill

In the light of our announcement on 28 October 2005 in which the Group announced that, as a consequence of the weak market and turnaround action - including exceptional restructuring costs – its French joint venture, CAT, is now expected to report an overall loss after tax for the year, the Board will review the carrying value of the CAT goodwill in the accounts for the year ending 31 December 2005. This will follow the conclusion of the review of the CAT business presently being undertaken by the new CAT management team which is expected to be completed in the first quarter of 2006.

The Interim Accounts are unaudited. The financial information does not amount to the full statutory accounts within the meaning of the Companies Act 1985. The figures for the year ended 31 December 2004 have been extracted from the restatement of financial information under IFRS issued on 11 August 2005 which were based on the 2004 Annual Report and Accounts which has been filed with the Registrar of Companies and contained an unqualified report from the auditors. A copy of this Interim Report and Accounts 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.

Notes to the Interim Statement

for the six months ended 30 June 2005 (Unaudited)

2. Segmental information

	Benelux £'m	Czech Republic £'m	France £'m	Spain £'m	United Kingdom £'m	Un- allocated £'m	Group £'m
6 months ended 30 June 2005							
Continuing operations							
Total gross segment turnover	11.8	0.5	45.6	12.3	131.6	–	201.8
Less inter-segment turnover	(3.1)	(0.3)	(1.9)	(0.1)	(28.2)	–	(33.6)
Turnover	8.7	0.2	43.7	12.2	103.4	–	168.2
Continuing operations							
Operating profit before goodwill impairment	1.0	–	(2.6)	0.5	8.0	(1.8)	5.1
Impairment of goodwill	–	–	(9.9)	–	–	–	(9.9)
Operating profit/(loss)	1.0	–	(12.5)	0.5	8.0	(1.8)	(4.8)
Net interest payable and similar charges							(1.6)
Post tax share of profits from interest in joint ventures and associates	0.1	–	–	–	(0.1)	1.8	1.8
Loss before tax							(4.6)
Tax on loss on ordinary activities							(2.3)
Net loss for the financial period							(6.9)

In the six months ended 30 June 2005 goodwill in relation to the Walon France business has been reviewed in the light of the continued performance and the restructuring of the business. An impairment charge of £9.9m has been charged to the Income Statement and subsequently transferred to the merger reserve that arose on the original acquisition of the business.

	Benelux £'m	Czech Republic £'m	France £'m	Spain £'m	United Kingdom £'m	Un- allocated £'m	Group £'m
6 months ended 30 June 2004							
Continuing operations							
Total gross segment turnover	11.2	–	45.7	12.5	137.9	–	207.3
Less inter-segment turnover	(2.0)	–	(2.6)	(0.3)	(30.9)	–	(35.8)
Turnover	9.2	–	43.1	12.2	107.0	–	171.5
Continuing operations							
Operating profit/(loss)	2.0	–	(2.2)	0.7	8.0	(1.3)	7.2
Net interest payable and similar charges							(2.1)
Post tax share of profits from interest in joint ventures and associates	0.1	–	0.1	–	(0.1)	3.7	3.8
Profit before tax							8.9
Tax on profit on ordinary activities							(1.5)
Profit for the period from continuing operations							7.4
Discontinued operations							
Operating loss	–	–	–	–	(0.9)	–	(0.9)
Loss on disposal of operations	–	–	–	–	(0.8)	–	(0.8)
Loss before tax							(1.7)
Tax on loss on ordinary activities							0.6
Loss for the period from discontinued operations							(1.1)
Net profit for the financial period							6.3

Notes to the Interim Statement

for the six months ended 30 June 2005 (Unaudited)

2. Segmental information (continued)

	Benelux £'m	Czech Republic £'m	France £'m	Spain £'m	United Kingdom £'m	Un- allocated £'m	Group £'m
12 months ended 31 December 2004							
Continuing operations							
Total gross segment turnover	21.2	0.1	89.6	26.3	260.4	–	397.6
Less inter-segment turnover	(4.2)	–	(4.6)	(0.4)	(56.4)	–	(65.6)
Turnover	17.0	0.1	85.0	25.9	204.0	–	332.0
Continuing operations							
Operating profit/(loss)	1.6	–	(3.7)	1.5	17.4	(4.0)	12.8
Net interest payable and similar charges							(3.7)
Post tax share of profits from interest in joint ventures and associates	0.1	–	–	–	(0.1)	7.0	7.0
Profit before tax							16.1
Tax on profit on ordinary activities							(0.8)
Profit for the period from continuing operations							15.3
Discontinued operations							
Operating loss	–	–	–	–	(1.1)	–	(1.1)
Loss on disposal of operations	–	–	–	–	(1.7)	–	(1.7)
Loss before tax							(2.8)
Tax on loss on ordinary activities							0.6
Loss for the period from discontinuing operations							(2.2)
Net profit for the financial period							13.1

3. Other operating income

Other operating income of £0.9m in the six months ended 30 June 2005 is in respect of the sale of property development rights (30 June 2004 – £2.3m profit on sale of fixed assets, 31 December 2004 – £7.8m, of which £1.0m related to the recovery of operating costs from customers and £6.8m profit on sale of fixed assets).

4. Taxation

The tax charge excluding impairment of goodwill gives an effective rate of 65.7% for the period ended 30 June 2005. This is mainly as a result of not recognising a deferred tax asset on the current period losses in the French business. This compares with 29.4% for the six months ended 30 June 2004 and 8.8% for the year ended 31 December 2004.

Notes to the Interim Statement

for the six months ended 30 June 2005 (Unaudited)

5. Earnings per share

	6 months to 30 Jun 2005	6 months to 30 Jun 2005	6 months to 30 Jun 2005 Per share amount Pence	Restated 6 months to 30 Jun 2004 Per share amount Pence	Restated 12 months to 31 Dec 2004 Per share amount Pence
	Earnings £'m	Shares m			
Basic (loss)/earnings per share					
(Loss)/earnings attributable to ordinary shareholders	(7.0)	43.8	(15.86)	13.38	29.23
Effect of dilutive shares – options	–	–	–	(0.05)	(0.08)
Diluted (loss)/earnings per share	(7.0)	43.8	(15.86)	13.33	29.15
(Loss)/earnings per share from continuing operations					
Basic (loss)/earnings per share	(7.0)	43.8	(15.86)	13.38	29.23
Loss on sale of subsidiary	–	–	–	1.80	3.95
Pre tax loss from discontinued operations	–	–	–	2.07	2.52
Tax relating to discontinued operations	–	–	–	(1.32)	(1.34)
Basic (loss)/earnings per share from continuing operations	(7.0)	43.8	(15.86)	15.93	34.36
Diluted (loss)/earnings per share	(7.0)	43.8	(15.86)	13.33	29.15
Loss on sale of subsidiary	–	–	–	1.80	3.94
Pre tax loss from discontinued operations	–	–	–	2.05	2.52
Tax relating to discontinued operations	–	–	–	(1.31)	(1.34)
Diluted (loss)/earnings per share from continuing operations	(7.0)	43.8	(15.86)	15.87	34.27
Supplementary business performance earnings per share					
Basic earnings per share	(7.0)	43.8	(15.86)	13.38	29.23
Business performance adjustments	9.9	–	22.61	2.70	5.59
Business performance earnings per share	2.9	43.8	6.75	16.08	34.82
Diluted (loss)/earnings per share	(7.0)	43.8	(15.86)	13.33	29.15
Business performance adjustments	9.9	–	22.61	2.69	5.57
Business performance diluted earnings per share	2.9	43.8	6.75	16.02	34.72

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 period.

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 two 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 period and the contingently issuable shares under the Group's long-term incentive plan. At 30 June 2005, the performance criteria for the vesting of the awards under the incentive scheme had not been met and consequently the shares in question are excluded from the diluted earnings per share calculation.

Notes to the Interim Statement

for the six months ended 30 June 2005 (Unaudited)

5. Earnings per share (continued)

Business performance earnings per share and business performance diluted earnings per share are calculated by reference to earnings before the £9.9m (30 June 2004: £1.2m, 31 December 2004: £2.4m) charge for impairment and, for the comparative figures, the effect of excluding discontinued operations and the related tax, since the Directors consider that this gives a useful indication of underlying performance.

Earnings per share were calculated on 43.6m shares being in issue at 30 June 2004 (31 December 2004: 43.6m). Diluted earnings per share were calculated on 43.9m shares being in issue at 30 June 2004 (31 December 2004: 43.7m).

6. Dividends

An interim dividend of 3.6p per share (2004 – 3.6p) has been declared by the Directors. Based on the shares ranking for dividend at 30 June 2005, the interim dividend amounts to £1.6m (2004 – £1.6m). Dividends of 7.5p per share (2004: 7.5p) were authorised and paid in the six months ended 30 June and totalled £3.3m (2004 – £3.2m).

7. Post-employment benefits

Amount recognised in the consolidated statement of recognised income and expense:

	30 Jun 2005 £'m	Restated 30 Jun 2004 £'m	Restated 31 Dec 2004 £'m
Actual return less expected return on pension scheme assets	1.0	(0.2)	0.2
Experience gains and losses arising on the scheme liabilities	0.1	0.5	–
Changes in assumptions underlying the present value of the scheme liabilities	–	3.2	3.5
	1.1	3.5	3.7
Deferred taxation	(0.3)	(1.1)	(1.1)
Actuarial gain recognised in the statement of recognised income and expenses	0.8	2.4	2.6

Movement in deficits during the period:

	30 Jun 2005 £'m	Restated 30 Jun 2004 £'m	Restated 31 Dec 2004 £'m
Deficit in the schemes at the beginning of the period	(9.8)	(12.4)	(12.4)
Movement:			
Total amount charged in the Income Statement	(0.9)	(1.3)	(2.8)
Actuarial gain	1.1	3.5	3.7
Contributions paid	0.7	0.8	1.7
Deficit in schemes at the end of the period	(8.9)	(9.4)	(9.8)
Amount recognised in the Income Statement			
Current service cost	(0.9)	(1.2)	(2.5)
Net interest cost	–	(0.1)	(0.3)
	(0.9)	(1.3)	(2.8)

Notes to the Interim Statement

for the six months ended 30 June 2005 (Unaudited)

8. Analysis of net debt

	30 Jun 2005 £'m	Restated 30 Jun 2004 £'m	Restated 31 Dec 2004 £'m
Cash and cash equivalents	14.3	8.2	18.7
Current financial liabilities			
Bank loan repayable within one year	(53.2)	(9.8)	(3.2)
Finance leases repayable within one year	(0.5)	(0.8)	(0.8)
Non-current financial liabilities			
Bank loan repayable in more than one year	–	(51.6)	(50.6)
Finance leases repayable in more than one year	(2.8)	(3.3)	(3.0)
Net debt	(42.2)	(57.3)	(38.9)

9. IFRS Transition reconciliations

In addition to the reconciliations given below, reconciliations of Balance Sheets at 1 January 2004 and 31 December 2004 and of the Income Statement for the year ended 31 December 2004 from UK GAAP to IFRS have been provided in the restatement of the financial information under IFRS, which was issued on 11 August 2005 and is available on the Group's website (www.autologic.co.uk).

Income Statement

for the six months ended 30 June 2004

	*UK GAAP Interim 2004 £'m	Dividend adj £'m	Pension adj £'m	Lease adj £'m	Goodwill adj £'m	Share based payments adj £'m	IFRS Interim 2004 £'m
Continuing operations							
Turnover	171.5						171.5
Operating profit	6.2		(0.4)	0.1	1.4	(0.1)	7.2
Net interest payable and similar charges	(1.9)		(0.1)	(0.1)			(2.1)
Post tax share of profits from interest in joint ventures and associates	0.7				3.1		3.8
Profit before taxation	5.0	–	(0.5)	–	4.5	(0.1)	8.9
Taxation – Group	(1.7)		0.2				(1.5)
Profit from continuing operations	3.3	–	(0.3)	–	4.5	(0.1)	7.4
Loss from discontinued operations	(1.1)						(1.1)
Profit for the period	2.2	–	(0.3)	–	4.5	(0.1)	6.3
Profit attributable to minority interest	(0.4)						(0.4)
Profit attributable to equity shareholders	1.8	–	(0.3)	–	4.5	(0.1)	5.9
Dividends	(1.7)	(1.5)					(3.2)
Retained profit for the financial period	0.1	(1.5)	(0.3)	–	4.5	(0.1)	2.7

*These figures have been taken from the 2004 Interim Report and Accounts. Due to presentation differences between UK GAAP and IFRS, the profit before tax has decreased by £0.2m due to losses on discontinued operations being disclosed after 'Profit before taxation', offset by joint venture taxation of £1.9m being classified within 'Post tax share of profits from interests in joint ventures and associates'.

Notes to the Interim Statement

for the six months ended 30 June 2005 (Unaudited)

9. IFRS Transition reconciliations (continued)

Balance Sheet at 30 June 2004

	UK GAAP Interim 2004 £'m	Dividend adj £'m	Pension adj £'m	Lease adj £'m	Goodwill adj £'m	Share based payments adj £'m	Deferred tax fair value adj £'m	IFRS re- allocation £'m	IFRS Interim 2004 £'m
Assets									
Non-current assets									
Goodwill	45.7				1.4				47.1
Intangible assets	–							1.3	1.3
Property, plant and equipment	40.0			1.1				(1.3)	39.8
Financial assets									
- Available for sale investments	5.6								5.6
Investments accounted for using the equity method	61.4		(0.4)		3.1				64.1
Deferred tax asset	–		2.3				(0.8)	1.7	3.2
	152.7	–	1.9	1.1	4.5	–	(0.8)	1.7	161.1
Current assets									
Inventories	1.6								1.6
Trade and other receivables	93.4							(1.7)	91.7
Cash and cash equivalents	10.5							(2.3)	8.2
	105.5	–	–	–	–	–	–	(4.0)	101.5
Liabilities									
Current liabilities									
Trade and other payables	80.5	(1.7)		0.7				(2.6)	76.9
Current tax liabilities	–							0.3	0.3
	80.5	(1.7)	–	0.7	–	–	–	(2.3)	77.2
Net current assets	25.0	1.7	–	(0.7)	–	–	–	(1.7)	24.3
Non-current liabilities									
Other non-current liabilities	51.6			3.3					54.9
Retirement benefit liability	–		9.4						9.4
Provisions	7.3		(0.7)	(2.7)					3.9
	58.9	–	8.7	0.6	–	–	–	–	68.2
Net assets	118.8	1.7	(6.8)	(0.2)	4.5	–	(0.8)	–	117.2
Shareholders' equity									
Ordinary shares	2.2								2.2
Share premium	67.1								67.1
Other reserves	21.0					0.1		(3.7)	17.4
Retained earnings	27.4	1.7	(6.8)	(0.2)	4.5	(0.1)	(0.8)	3.7	29.4
Total shareholders' equity	117.7	1.7	(6.8)	(0.2)	4.5	–	(0.8)	–	116.1
Minority interest in equity	1.1								1.1
Total equity	118.8	1.7	(6.8)	(0.2)	4.5	–	(0.8)	–	117.2

Notes to the Interim Statement

for the six months ended 30 June 2005 (Unaudited)

9. IFRS Transition reconciliations (continued)

Cash flow Statement

for the six months ended 30 June 2004

	Unaudited UK GAAP Interim 2004 £'m	Dividend adj £'m	Pension adj £'m	Lease adj £'m	Goodwill adj £'m	Share based payments adj £'m	IFRS Interim 2004 £'m
Cash flows from operating activities							
Cash (used by)/generated from operations	(1.0)		0.4				(0.6)
Interest received	0.7						0.7
Interest paid	(2.6)		(0.1)				(2.7)
Tax paid	(1.9)						(1.9)
Net cash from operating activities	(4.8)	–	0.3	–	–	–	(4.5)
Cash flows from investing activities							
Acquisition of subsidiary	(0.2)						(0.2)
Proceeds from sales or property, plant and equipment	6.9						6.9
Purchase of property plant and equipment	(3.3)						(3.3)
Net cash used in investing activities	3.4	–	–	–	–	–	3.4
Cash flows from financing activities							
Net proceeds from issue of ordinary share capital	0.1						0.1
Net proceeds from issue of new bank loan							
Finance lease principal payments	(0.1)			(0.3)			(0.4)
Repayment of borrowings	(1.2)						(1.2)
Dividends paid	(3.3)						(3.3)
Net cash used in financing activities	(4.5)	–	–	(0.3)	–	–	(4.8)
Effects of exchange rate changes	(0.5)						(0.5)
Net decrease in cash and cash equivalents	(6.4)	–	–	–	–	–	(6.4)
Cash and cash equivalents at 1 January	14.6						14.6
Cash and cash equivalents at 30 June	8.2	–	–	–	–	–	8.2

Independent Review Report

to the members of AutoLogic Holdings plc

Introduction

We have been instructed by the company to review the financial information for the six months ended 30 June 2005 which comprises the Consolidated Interim Balance Sheet as at 30 June 2005 and the related Consolidated Interim Statements of Income, Cash Flows and Changes in Shareholders' Equity for the six months then ended and related 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.

As disclosed in note 1, the next annual financial statements of the group will be prepared in accordance with accounting standards adopted for use in the European Union. This Interim Report has been prepared in accordance with the basis set out in note 1.

The accounting policies are consistent with those that the Directors intend to use in the next annual financial statements. As explained in note 1, there is, however, a possibility that the Directors may determine that some changes are necessary when preparing the full annual financial statements for the first time in accordance with accounting standards adopted for use in the European Union. The IFRS standards and IFRIC interpretations that will be applicable and adopted for use in the European Union at 31 December 2005 are not known with certainty at the time of preparing this interim financial information.

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 disclosed accounting policies have been applied. 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 and therefore provides a lower level of assurance. Accordingly we do not express an audit opinion on the financial information. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Listing Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Fundamental Uncertainty

In arriving at our review conclusion, we have considered the disclosures in note 1 of the Interim Accounts relating to the following uncertainties:

a. Going concern

The Interim Report has been prepared on a going concern basis, the validity of which depends upon the group being successful in negotiating future facilities with its bankers.

b. Carrying value of CAT goodwill

The carrying value of the CAT goodwill, amounting to £101m, will be subject to an impairment review by the Directors.

Details relating to these uncertainties are described in note 1 of the Interim Accounts.

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 2005.

PriceWaterhouseCoopers LLP

Chartered Accountants, Bristol
18 November 2005

Advisers' Details and Investor Information

Financial Adviser and Stockbroker

JP Morgan Cazenove Limited
20 Moorgate, London EC2R 6DA

Auditors

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

Principal Bankers

Royal Bank of Scotland plc
135 Bishopsgate, London EC2M 3UR

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

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.