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## Autoclenz Holdings Plc

*The UK's leading outsourced car valeting and vehicle preparation provider*

### Interim Results

#### Financial Highlights

#### Six months ended 30 June

	2007	2006 (as restated)
Sales	<b>£13.503m</b>	£13.311m
Profit before tax	<b>£0.542m</b>	£0.530m
Profit before tax, goodwill amortisation and share-based payments up 5.2%	<b>£1.119m</b>	£1.064m
Profit after tax	<b>£0.192m</b>	£0.178m
Basic earnings per share	<b>1.91p</b>	1.71p
Earnings per share (excluding amortisation)	<b>7.05p</b>	6.85p
Operating cash flow up by 237%	<b>£1.660m</b>	£0.492m
Interim Dividend increased by 20%	<b>1.8pps</b>	1.5pps

#### New business wins in the period include:

- Three-year contract renewed with a major car rental Company worth £1.5m per annum
- Contracts with two major construction Companies, with revenues linked to volume of call-out

#### New post-period business wins include:

- Valeting contract with preferential supplier status awarded for major national dealership network
- Contract awarded to React with a regional police constabulary

*"We are continuing to receive directly, and through business identified by our teams, an encouraging level of new tender opportunities on a regular basis. This clearly reflects our reputation and underpins our strong market leading position.*

*"We believe we can take advantage of the opportunities in both our core and growing businesses which will see the Group make further progress."*

**John Bell, Chairman**

#### FULL STATEMENT ATTACHED

#### Enquiries:

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Trevor Clingo, Group Finance Director  
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Registered Office: Stanhope Road, Swadlincote, Derbyshire. DE11 9BE. Reg. No. 5550853 Registered in England.



**Autoclenz Holdings Plc  
Interim Results  
Six months ended 30 June 2007**

**STATEMENT BY THE CHAIRMAN, JOHN BELL**

**Introduction**

As indicated in our trading update issued on 24 July 2007, trading conditions have continued to be very challenging during the first half of 2007, particularly for the core Autoclenz valeting business.

Despite these difficult conditions we have still achieved sales and profit growth over the equivalent period in 2006.

We continue to maintain tight credit control procedures to ensure low levels of debt exposure from our customer base. We regard this as a prudent measure, the success of which is evidenced by our excellent working capital position and minimal bad debts.

**Business Review**

The Directors are pleased to report sales improvement in three of the strategic growth areas; Pinnacle is up 6%, Ready to Rent rose 23% and AC SMART increased by 21%.

As we indicated in our last trading update (Tuesday, 24 July 2007), we have made significant investment in these three areas to support the sales growth and shorten the period from contract win to launch. We expect this investment to contribute to both revenue and profit in the second half of 2007.

***Pinnacle***

Pinnacle's growth has been achieved by expanding the number of services being provided and by growing the brand outside of its normal geographical footprint.

***Ready to Rent***

Ready to Rent has seen growth coming from two main areas, the offering of a broader range of services and by securing the renewal of a contract with a major car rental company for a further three years. The latter includes three additional sites at Gatwick, Birmingham and Southampton.

***AC SMART***

To continue the growth and development of AC SMART we have accelerated investment in the recruitment of further staff and the purchase of equipment which we expect to contribute to both revenue and profit streams in the future.

***React***

React has stabilised its sales at a level similar to that of the first half of 2006, and is now looking for opportunities to grow whilst focusing on control of its cost structure to maintain profit margins.

*continued...*

React has tendered for a number of new business contracts. I am pleased to report that in the period under review we have secured new contracts with two major construction companies. The benefits of these new wins will begin to feed through during quarter four.

We are also delighted to report that, post period, we have been contracted to provide services for a major regional police constabulary.

### **Autoclenz**

Our core valeting business has made good progress in a difficult market sector although dealership sales are down on the same period last year. Post-period, we have won a contract as the preferential supplier to a major national dealership network.

### **Working Capital and Cash Management**

Our working capital management and cash generation remains strong generating £1.660m from operating activities compared to £0.492m in 2006.

2006 included £0.35m of costs relating to the float of the Company onto AIM. The majority of the residual improvement is from greater cash received from trade debtors in 2007.

### **Strategy**

Whilst the Group continues to strengthen its brand profile and build on its current partnerships with its customers, it is also investigating new opportunities where its operations can add value to a partnership with the customer.

This being said, our strategy remains:

- focused on higher margin businesses where we have identified potential sustainable growth;
- competing hard and building on our leading market position in our core business;  
  
striving to further improve our own customer service levels and operational efficiency;
- further exploiting opportunities for cross-selling across our disciplines, already evidenced by both Pinnacle and AC SMART recently through the expansion of their geographical and service offering which through increased exposure has given both businesses a broader appeal to a larger audience;
- on-going strict cost control and efficient management of our working capital.

### **Current Trading**

After an encouraging start to the period in the three growth areas of our business, we have had to contend with an unhelpful trading environment which is also being influenced by the recent upward trend in interest rates and tightening credit conditions in what is already a highly competitive market for both our customers and the Group.

*continued...*

However, we are regularly continuing to receive an encouraging level of tender opportunities directly and through our business teams' activities. This clearly reflects our reputation and underpins our strong market leading position.

We, like many other businesses, have little doubt that the remainder of the year will be tough but despite this, we believe we can take advantage of the opportunities in both our core and growing businesses which will see the Group make further progress.

### **Dividend**

In line with the Group's progressive dividend strategy and to underpin the Board's confidence in the Group's future, the Directors have recommended an interim dividend of 1.8p per share. This will be paid on 26 October 2007 to Shareholders on the Register as at 28 September 2007.

John Bell  
Non-Executive Chairman  
19 September 2007

### **Notes to Editors:**

Founded in the 1960s, Autoclenz is widely recognised as the leading name in car valeting and vehicle preparation in the UK. The Company provides the complete package for the total valeting operation that includes labour, chemicals, equipment, materials, management and quality control systems that are required to achieve quality vehicle preparation. A commitment to a high quality, cost effective service has made Autoclenz a key partner to many of the best known names in the fleet, daily rental, auction and dealer network across the country.

# Autoclenz Holdings Plc

## Condensed consolidated income statement

For the period from 1 January to 30 June 2007

		<b>Six months ended 30 June 2007</b>	Six months ended 30 June 2006 (as restated see note 11)
	Notes	£000	£000
<b>Revenue</b>		<b>13,503</b>	13,311
Cost of sales		<b>(9,738)</b>	(9,502)
<b>Gross profit</b>		<b>3,765</b>	3,809
Distribution costs		<b>(314)</b>	(278)
Administration expenses		<b>(2,739)</b>	(2,796)
<b>Operating Profit</b>		<b>712</b>	735
Finance cost		<b>(170)</b>	(205)
<b>Profit before taxation</b>		<b>542</b>	530
Taxation		<b>(350)</b>	(352)
<b>Profit for the period</b>		<b>192</b>	178
Basic Earnings per share	3	<b>1.91p</b>	1.71p
Diluted Earnings per Share	3	<b>1.87p</b>	1.71p
Basic Earnings per share (excluding amortisation)	3	<b>7.05p</b>	6.85p
Diluted Earnings per Share (excluding amortisation)	3	<b>6.88p</b>	6.84p

The results for the period are derived from continuing operations

# Autoclenz Holdings Plc

## Condensed consolidated balance sheet

As at 30 June 2007

		As at 30 June 2007	As at 31 December 2006 (as restated see note 11)
	Notes	£000	£000
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill		6,292	6,292
Other intangible assets	4	7,708	8,242
Property, plant and equipment	5	755	721
Deferred tax asset	6	108	167
Called up share capital not paid	6	38	38
		<hr/> 14,901	15,460
<b>Current assets</b>			
Inventories		13	2
Trade and other receivables	6	4,165	4,003
Cash and cash equivalents		868	191
		<hr/> 5,046	4,196
<b>Total assets</b>		<hr/> 19,947	19,656
<b>Current liabilities</b>			
Trade and other payables	7	(1,631)	(1,463)
Current tax liabilities	7	(1,230)	(1,057)
Bank overdrafts and loans	7	(1,700)	(1,400)
<b>Non-current liabilities</b>			
Bank Loans	8	(2,960)	(3,440)
<b>Total liabilities</b>		<hr/> (7,521)	(7,360)
<b>Net assets</b>		<hr/> <hr/> 12,426	12,296
<b>Equity</b>			
Share capital		1,040	1,040
Share premium account		11,383	11,383
Share option reserve		163	120
Retained earnings		(160)	(247)
<b>Total equity</b>		<hr/> <hr/> 12,426	12,296

## Autoclenz Holdings Plc

### Condensed consolidated cash flow statement

For the period from 1 January to 30 June 2007

	Notes	Six months ended 30 June 2007 £000	Six months ended 30 June 2006 £000
<b>Net cash inflow from operating activities</b>	9	<b>1,660</b>	<b>492</b>
<b>Investing Activities</b>			
Interest Received		5	0
Proceeds on disposal of property, plant and equipment		36	4
Purchase of property, plant and equipment		(344)	(268)
<b>Net cash used in investing activities</b>		<b>(303)</b>	<b>(264)</b>
<b>Financing Activities</b>			
Dividends paid		(312)	0
Proceeds from drawdown of short term credit facility		300	0
Repayments of short term borrowings		0	(1,000)
Repayments of long term borrowings		(500)	0
Interest Paid		(168)	(118)
<b>Net cash outflow from financing activities</b>		<b>(680)</b>	<b>(1,118)</b>
<b>Increase / (Decrease) in cash</b>		<b><u>677</u></b>	<b><u>(890)</u></b>

### Condensed consolidated statement of recognised income and expense

For the period from 1 January to 30 June 2007

	Six months ended 30 June 2007 £000	Six months ended 30 June 2006 £000
Transfers:		
Transferred profit from equity on cash flow hedges	7	-
Profit for the period	<b><u>192</u></b>	<b>178</b>
Total recognised income and expense for the period	<b><u>199</u></b>	<b>178</b>
Attributable to:		
Equity holders of the parent	<b><u>199</u></b>	<b>178</b>

# Autoclenz Holdings Plc

## Notes to the Financial Accounting Statements

### 1 Accounting Policies

#### Basis of Preparation

Prior to 2007 the Group prepared its audited annual financial statements under UK Generally Accepted Accounting Practices (UK GAAP). For the year ended 31 December 2007, the Group is required to prepare its annual consolidated financial statements in accordance with IFRS as adopted in the European Union (EU) and implemented in the UK. Comparative data for 2006 has been restated to conform to the new accounting policies and where appropriate these new policies reflect the exemptions from restating certain financial information as permitted under IFRS First-time Adoption of International Financial Reporting Standards (IFRS)'. An explanation of how the transition from UK GAAP to IFRS has affected the Group's results and income statements for the period ended 30 June 2006 and 30 June 2007 and the balance sheets as at 30 June 2007 and 31 December 2006 is set out in notes 11 and 12.

The unaudited consolidated income statement for each of the six month periods and the unaudited consolidated balance sheet as at 30 June 2007 do not amount to full accounts within the meaning of section 240 of the Companies Act 1985 and have not been delivered to the Registrar of Companies. The interim report was approved by the Board of Directors on 12 September 2007. The unaudited comparative figures for the six months to 30 June 2006, and the balance sheet as at 31 December 2006 have been prepared using accounting policies consistent with IFRS. They do not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. The unqualified audited accounts for the sixteen months ended 31 December 2006, under previous UK GAAP, have been filed with the Registrar of Companies and did not contain statements under section 237(2) or (3) of the Companies Act 1985.

#### Accounting Convention

The financial statements have been prepared under the historical cost convention.

#### Revenue

Revenue represents the fair value of invoiced goods sold, and services provided, to third parties, net of value added tax and trade discounts.

#### Intangible Assets

The purchased goodwill of the Group is regarded as having an indefinite useful economic life and, in accordance with IAS36 Impairment of Assets, is not amortised but is subject to annual tests for impairment. In reviewing the carrying value of goodwill of the various businesses, the Board has considered the separate plans and cash flows of these businesses consistent with the requirements of IAS36, and is satisfied that these demonstrate that no impairment has occurred.

For the acquisition of Autoclenz Ltd on 7 December 2005 the Group recognises separately from goodwill intangible assets that are separable or arise from contractual or other legal rights and whose fair value can be measured reliably. These intangible assets have finite lives and are amortised on a straight-line basis over those lives, which range from 7-10 years.

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### **Property, Plant and Equipment**

Tangible non-current assets are stated at cost, net of depreciation and are tested for impairment. The cost of tangible non-current assets is depreciated using a straight-line basis over their expected useful lives as follows:

Plant and motor vehicles	between 2 and 5 years
Property improvements	7 years

### **Inventories**

Inventories are valued at the lower of cost or net realisable value. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

### **Taxation**

UK Corporation tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

### **Consolidation**

The accounts consolidate the accounts of the company and Autoclenz Ltd, the only subsidiary using the acquisition method of accounting.

### **Employee Benefits**

The Group offers all employees membership of the Group personal pension plan after 3 months' service. The company makes contributions at varying levels from 4% to 10%, depending on the level of contribution made by the employee. Amounts charged to the profit and loss account in respect of pension costs is the contribution payable in the year. Differences between contributions payable and paid in the year are shown as either accruals or prepayments on the balance sheet.

Under IAS19 there is a requirement to recognise the monetary value of employee benefits accruing to employees but not yet settled; typically holiday pay. There is a requirement to present the value of the liability for employee benefits to be paid in the future for services provided up to the reporting date.

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### Finance Costs

Finance costs of debt are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount.

### Period Covered

All notes below detail costs and statistics relating to the period 1 January 2007 to 30 June 2007.

### Derivative Transactions

The group enters derivative transactions to manage the interest rate risk arising from its operations and sources of finance.

The group does not hold or issue derivative financial instruments for speculative purposes.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and the ineffective proportion is recognised immediately in the income statement.

### Share-Based Payments

The group has applied the requirements of IFRS 2 Share-based Payment.

The group issues equity-settled share based payments to directors and senior management. Equity settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period. Fair value is measured by use of the Black Scholes model.

## 2 Segmental Analysis

	Six months ended 30 June 2007	Six months ended 30 June 2006 (as restated see note 11)
	£000	£000
<b>Revenue</b>		
Autoclenz	11,591	11,586
React	796	805
AC Smart	1,116	920
<b>Total</b>	<b>13,503</b>	13,311
<b>Results</b>		
Autoclenz	2,974	3,031
React	479	474
AC Smart	312	304
Distribution costs	(314)	(278)
Administration expenses	(2,739)	(2,796)
Finance cost	(170)	(205)
<b>Profit before taxation</b>	<b>542</b>	530
Income tax charge	(350)	(352)
<b>Profit after taxation</b>	<b>192</b>	178

*continued...*

### 3 Earnings per Share

	<b>Basic shares</b>	<b>Diluted shares</b>
Weighted average number of ordinary shares	10,400,020	10,400,020
Effect of dilutive potential ordinary shares: share options	0	260,806
Total	10,400,020	10,660,826
Earnings (£000s)	199	199
Earnings per share	1.91p	1.87p
Earnings per share (excluding amortisation)	7.05p	6.88p

### 4 Other Intangible Assets

	<b>Contractual Customers</b>	<b>Other Customers</b>	<b>Brand</b>	<b>Total</b>
<b>Cost</b>				
At 1 January 2007 and 30 June 2007	2,656	3,169	3,506	9,331
<b>Amortisation</b>				
At 1 January 2007 as restated	271	461	357	1,089
Charge for the period	133	226	175	534
At 30 June 2007	404	687	532	1,623
<b>Carrying Amount</b>				
At 30 June 2007	2,252	2,482	2,974	7,708
<b>Carrying Amount</b>				
At 31 December 2006	2,385	2,708	3,149	8,242

*continued...*

**5 Property, Plant and Equipment**

Plant, Motor Vehicles  
and Property Improvements  
£000

**Cost**

At 1 January 2007	2,487
Additions	344
Disposals	(173)
	2,658
At 30 June 2007	2,658

**Accumulated Depreciation**

At 1 January 2007	1,766
Charge for the period	305
Eliminated on disposals	(168)
	1,903
At 30 June 2007	1,903

**Carrying Amount**

At 30 June 2007	755
	755

**Carrying Amount**

At 31 December 2006	721
	721

**6 Trade and other receivables**

	2007 £000	2006 £000
Amounts receivable for the sale of goods	3,910	3,787
Other debtors	4	2
Prepayments	251	214
	4,165	4,003
Amounts falling due within one year	4,165	4,003
Deferred Taxation	108	167
Called up share capital not paid	38	38
	146	205
Amounts falling due after more than one year	146	205
Total debtors	4,311	4,208

*continued...*

**7 Current Liabilities**

	<b>2007</b>	2006 (as restated see note 11)
	<b>£000</b>	£000
<b>Amounts falling due within one year</b>		
Short term loan	700	400
Bank loan and overdraft	1,000	1,000
Trade payables	1,057	697
Current tax	264	292
Other taxation and social security	966	765
Other creditors	15	21
Accruals and deferred income	322	383
Proposed dividend	187	312
Redeemable preference shares	50	50
	<u>4,561</u>	<u>3,920</u>

**8 Non-Current Liabilities**

	<b>2007</b>	2006
	<b>£000</b>	£000
Bank loan	<u>2,960</u>	3,440
	<u>2,960</u>	<u>3,440</u>
More than one year but not more than two years	1,150	1,000
More than two years but not more than five years	1,950	2,600
Finance costs incurred obtaining the bank loan	(200)	(200)
Finance costs amortised	60	40
	<u>2,960</u>	<u>3,440</u>

The bank loan is secured by a charge on all the assets of the Group. Interest is charged at 1.75% over LIBOR.

*continued...*

**9 Cash Flow**

**Reconciliation of profit for the period to net cash from operating activities**

	<b>2007</b>	2006
	<b>£000</b>	(as restated) £000
Profit for the period	<b>199</b>	178
Adjustments for:		
Finance Income	<b>(7)</b>	0
Finance costs	<b>170</b>	205
Income tax expense	<b>350</b>	352
Depreciation of property, plant and equipment	<b>305</b>	272
Amortisation of intangible assets	<b>534</b>	534
Amortisation of finance costs	<b>20</b>	20
Share based payment expense	<b>43</b>	0
Gain on disposal of property, plant and equipment	<b>(31)</b>	(24)
Operating cash flows before movements in working capital	<b>1,583</b>	1,537
(Increase) / Decrease in inventories	<b>(11)</b>	2
Increase in receivables	<b>(157)</b>	(865)
Increase in payables	<b>567</b>	109
Cash generated by operations	<b>399</b>	(754)
Income taxes paid	<b>(322)</b>	(291)
<b>Net cash from operating activities</b>	<b>1,660</b>	492

**10 Dividends Paid and Proposed**

	<b>2007</b>	2006
	<b>£000</b>	£000
Dividends paid and proposed on equity shares - interim of 1.8p (2006: 1.5p) per ordinary share	<b>187</b>	156

*continued...*

## 11 Transition to IFRS

The reconciliation between UK GAAP and IFRS for the Group's profit and income statements for the period ended 30 June 2007 and 30 June 2006 and the balance sheets as at 30 June 2007, 31 December 2006 and 1 September 2005 (the date of transition) are presented below:

### Reconciliation of profit for the period ended 30 June 2007 and the period ended 30 June 2006

	Six months ended 30 June 2007 £000	Six months ended 30 June 2006 £000
<b>Profit after tax under UK GAAP</b>	<b>416</b>	400
Reversal of amortisation under UK GAAP	<b>387</b>	387
Amortisation under IFRS	<b>(534)</b>	(534)
Holiday pay accrual	<b>(77)</b>	(75)
<b>Profit after tax under IFRS</b>	<b>192</b>	178

### Reconciliation of income statement for the six months ended 30 June 2007

	UK GAAP £000	IFRS effect £000	IFRS £000
Revenue	13,503	-	13,503
Cost of sales	(9,712)	(26)	(9,738)
<b>Gross profit</b>	<b>3,791</b>	<b>(26)</b>	<b>3,765</b>
Distribution expenses	(311)	(3)	(314)
Administration expenses	(2,544)	(195)	(2,739)
<b>Operating profit</b>	<b>936</b>	<b>(224)</b>	<b>712</b>
Finance cost	(170)	-	(170)
<b>Profit before taxation</b>	<b>766</b>	<b>(224)</b>	<b>542</b>
Taxation	(350)	-	(350)
<b>Profit for the period</b>	<b>416</b>	<b>(224)</b>	<b>192</b>

*continued...*

**Reconciliation of income statement for the six months ended 30 June 2006**

	UK GAAP £000	IFRS effect £000	IFRS £000
Revenue	13,311	-	13,311
Cost of sales	(9,473)	(29)	(9,502)
<b>Gross profit</b>	<b>3,838</b>	<b>(29)</b>	<b>3,809</b>
Distribution expenses	(276)	(2)	(278)
Administration expenses	(2,605)	(191)	(2,796)
<b>Operating profit</b>	<b>957</b>	<b>(222)</b>	<b>735</b>
Finance cost	(205)	-	(205)
<b>Profit before taxation</b>	<b>752</b>	<b>(222)</b>	<b>530</b>
Taxation	(352)	-	(352)
<b>Profit / (Loss) after taxation</b>	<b>400</b>	<b>(222)</b>	<b>178</b>

*continued...*

**Reconciliation of balance sheet as at 30 June 2007**

	UK GAAP £000	IFRS effect £000	IFRS £000
<b>Non-current assets</b>			
Goodwill	14,404	(8,112)	6,292
Other intangible assets	-	7,708	7,708
Property, plant and equipment	755	-	755
Deferred tax asset	108	-	108
Called up share capital not paid	38	-	38
	<u>15,305</u>	<u>(404)</u>	<u>14,901</u>
<b>Current assets</b>			
Inventories	13	-	13
Trade and other receivables	4,165	-	4,165
Cash and cash equivalents	868	-	868
	<u>5,046</u>	<u>-</u>	<u>5,046</u>
<b>Total assets</b>	<u>20,351</u>	<u>(404)</u>	<u>19,947</u>
<b>Current liabilities</b>			
Trade and other payables	(1,554)	(77)	(1,631)
Current tax liabilities	(1,230)	-	(1,230)
Bank overdrafts and loans	(1,700)	-	(1,700)
<b>Non-current liabilities</b>			
Bank loans	<u>(2,960)</u>	<u>-</u>	<u>(2,960)</u>
<b>Total liabilities</b>	<u>(7,444)</u>	<u>(77)</u>	<u>(7,521)</u>
<b>Net assets</b>	<u>12,907</u>	<u>(481)</u>	<u>12,426</u>
<b>Equity</b>			
Share capital	1,040	-	1,040
Share premium account	11,383	-	11,383
Share option reserve	163	-	163
Retained earnings	<u>321</u>	<u>(481)</u>	<u>(160)</u>
<b>Total equity</b>	<u>12,907</u>	<u>(481)</u>	<u>12,426</u>

*continued...*

**Reconciliation of balance sheet as at 31 December 2006**

	UK GAAP £000	IFRS effect £000	IFRS £000
<b>Non-current assets</b>			
Goodwill	14,791	(8,499)	6,292
Other intangible assets	-	8,242	8,242
Property, plant and equipment	721	-	721
Deferred tax asset	167	-	167
Called up share capital not paid	38	-	38
	<u>15,717</u>	<u>(257)</u>	<u>15,460</u>
<b>Current assets</b>			
Inventories	2	-	2
Trade and other receivables	4,003	-	4,003
Cash and cash equivalents	191	-	191
	<u>4,196</u>	<u>-</u>	<u>4,196</u>
<b>Total assets</b>	<u>19,913</u>	<u>(257)</u>	<u>19,656</u>
<b>Current liabilities</b>			
Trade and other payables	(1,388)	(75)	(1,463)
Current tax liabilities	(1,057)	-	(1,057)
Bank overdrafts and loans	(1,400)	-	(1,400)
<b>Non-current liabilities</b>			
Bank loans	(3,440)	-	(3,440)
<b>Total liabilities</b>	<u>(7,285)</u>	<u>(75)</u>	<u>(7,360)</u>
<b>Net assets</b>	<u>12,628</u>	<u>(332)</u>	<u>12,296</u>
<b>Equity</b>			
Share capital	1,040	-	1,040
Share premium account	11,383	-	11,383
Share option reserve	120	-	120
Retained earnings	85	332	(247)
<b>Total equity</b>	<u>12,628</u>	<u>332</u>	<u>12,296</u>

*continued...*

**Reconciliation of balance sheet as at 1 September 2005 (Date of transition)**

	UK GAAP £000	IFRS effect £000	IFRS £000
<b>Current assets</b>			
Debtors	-	-	-
Cash at bank	1	-	1
	<u>1</u>	<u>-</u>	<u>1</u>
<b>Capital and reserves</b>			
Called up share capital	1	-	1
	<u>1</u>	<u>-</u>	<u>1</u>
<b>Total equity</b>	<u>1</u>	<u>-</u>	<u>1</u>

**12 Detail on IFRS changes impacting published results**

Significant changes to previously reported UK GAAP figures have been made in the following area to comply with IFRS:

**A) IFRS 3 - Business Combinations**

Under IFRS 3 there is a specific requirement to recognise identifiable intangible assets that meet the IFRS 3 criteria at a fair value on acquisition and to amortise these over an appropriate period. This reduces the amount of goodwill recognised.

The acquisition of Autoclenz Ltd therefore is subject to adjustment. Specific intangible assets with a fair value of £9,331,000 were identified out of a total UK GAAP goodwill addition of £15,623,000.

**B) IFRS 2 - Share-Based Payments**

The Group adopted FRS20 Accounting for Share Based Payments to the audited statutory accounts for the sixteen months ending 31 December 2006. FRS20 is the equivalent UK accounting standard and has the effect of implementing the requirements of IFRS 2 hence no adjustments have been made in this respect to the Income statement for the six months ended 30 June 2007 or to the comparative information for the six months ended 30 June 2006. A charge of £43,000 arose in the period ended 30 June 2007 (June 2006: £nil) and is included in Administration expenses.

In accordance with IFRS 2, share based payments are measured at a fair value at the date of grant and expenses on a straight line basis over the vesting period of the award.

**C) IAS 19 - Employee Benefits**

A review of employee benefits across the Group identified there was no adjustment required to the balance sheet as at 31 December 2006 as all employees must take their full holiday entitlement during the year. A charge of £77,058 arose in the period ended 30 June 2007 (June 2006: £75,132).

**C) IAS 16 - Property, Plant and Equipment**

A first time adopter may elect to measure individual items of property, plant and equipment at fair value or a revalued amount as deemed cost at the date of transition to IFRS. No adjustments have been made in this respect for the purposes of transition. Property, plant and equipment have continued to be reported on the basis of depreciated historical cost, as under UK GAAP.

*continued...*

**13 General notes**

The interim report will be posted to all shareholders of the company, and will be available on the Company's website ([www.autoclenz.co.uk](http://www.autoclenz.co.uk)).

The report will be available for inspection by the public at the registered office of the company during normal business hours on any weekday. Further copies will be available on request from Autoclenz Holdings plc, Stanhope Road, Swadlincote, Derbyshire, DE11 9BE.

## **INDEPENDENT REVIEW REPORT TO AUTOCLENZ HOLDINGS PLC**

### **Introduction**

We have been instructed by the company to review the financial information for the six months ended 30 June 2007 which comprises the consolidated income statement, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of recognised income and expense and related notes 1 to 13. 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.

This report is made solely to the company, in accordance with Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

### **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 also responsible for ensuring that the accounting policies and presentation applied to the interim figures are consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

### **First-time adoption of International Financial Reporting Standards**

As disclosed in note 1, the next annual financial statements of the group will be prepared in accordance with International Financial Reporting Standards as adopted for use in the EU. Accordingly, the interim report has been prepared in accordance with the recognition and measurement criteria of IFRS and the disclosure requirements of the Listing Rules that would be applicable if the company were admitted to the Official List.

### **Review work performed**

We conducted our review in accordance with the 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 International Standards on Auditing (UK and Ireland) 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 2007.

### **Deloitte & Touche LLP**

Chartered Accountants

19 September 2007

Notes: A review does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the financial information since first published. These matters are the responsibility of the directors but no control procedures can provide absolute assurance in this area.

Legislation in the United Kingdom governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.