



**AUTODOM**

**AUTODOM LIMITED**

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Australian Securities Exchange  
Company Announcements Office  
10<sup>th</sup> Floor  
20 Bond Street  
SYDNEY NSW 2000

Dear Sirs,

First Half Results And Update On Acquisition Integration

The directors of Autodom advise that the company generated a loss of \$229,000 for the 6 months to the end of December 2007. This result was within expectations given a drop in revenue to \$33m following the demerger of the construction division into Forge Group Limited at the end of the last financial year.

With the need to rebuild scale following the Forge demerger, activity during the half focussed on completion of negotiations and due diligence investigations related to the acquisitions of the businesses of Dair SA and HPG Engineering. Dair was settled mid December 2007 and HPG late January 2008.

The acquisitions when combined with existing revenues will push the aiAutomotive (aiA) sales to \$125m per annum.

The integration plan to harness expected synergies is underway. This plan will see the operations of Dair SA relocated into aiA's Woodville plant (now known as aiA SA). In fact 70% of the move is complete with the remaining operations expected to be in place by the end of April 08. Once moved this will enable rental, overhead and transport cost to be reduced considerably. Planning is also underway to move press and sub assembly work from Dair Victoria, a supplier in Melbourne, into the Woodville plant. This will significantly reduce input costs and is likely to be completed by the end of this financial year.

The former business of HPG Engineering now operates as aiAutomotive Victoria (aiA Vic). The products currently being produced in Melbourne for Holden's South Australian assembly plant will be shifted to aiA SA. Several robotic welding cells have already been transferred but the remainder of the equipment and tooling will need to be shifted progressively over the next few months whilst ensuring no impact on production demands at Holden. Once the movement of these operations is complete significant cost savings will be realised.

As well as the integration of the acquisitions several new programs of work for Toyota, Ford and other customers such as Mack Trucks are being activated over the next quarter.

The bottom line impact on these activities is very positive in the medium to long term. In the short term, however, aiA is incurring extra costs in transport and labour. As well, it is not able to fully capitalise on synergies until all plant and equipment is in its final location.

After incurring the integration costs the Autodom board believes profit in the current half will be around \$1m. The 09 financial year with full contribution from acquisition and synergies should deliver \$3.5 - \$4m in net profit. Directors are keen to recommence the payment of dividends as soon as earnings allow.

The board has been observing the recent trading volumes and prices for the company's shares. Shareholders would be well aware of recent adverse publicity regarding automotive manufacturing in Australia. It is clear some shareholders wish to exit their shareholding in the company. The board believes the current share price undervalues the prospects of Autodom. It is also of the view that implementation of an on market share buy-back will create value for remaining shareholders. Documents have been lodged today to enable the company to buy-back shares at its discretion commencing 17 March 2008.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Tony Dale', with a stylized flourish at the end.

Tony Dale  
Managing Director  
Autodom Limited