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Company Announcement Platform
Australian Securities Exchange

EARNINGS UPDATE

Further to the Company's announcement on 27 April 2011, Autodom Limited (Autodom) wishes to confirm a downgrade of its earnings forecast for the full year to June 2011.

Based on the company's unaudited management accounts and an assessment of likely trading conditions for the balance of the financial year, the company now expects to report a loss before tax in the order of $2.8 million. The reduction in the expected result for FY11 from that which was forecast on 1 February 2011 is due to the reduction in production volumes announced by Ford and Toyota and additional costs associated with the acceleration of integration plans for the Dandenong and Bayswater plants.

In accordance with Australian Accounting Standards and the Company's internal governance procedures, the Directors are now reviewing the carrying value of plant, equipment, goodwill and deferred tax assets for 30 June 2011 reporting purposes, following the forecast downgrade. This review may result in impairment charges which will further increase the loss for the full year.

While volumes remain subdued, signs of improvement in the automotive industry are starting to emerge. After an improvement in supply chain continuity affected by the Japanese earthquake and tsunami, Toyota is now returning to full production one month earlier on 9 June 2011. In addition, GM Holden volumes in its VE/WM range appear to be firming in the wake of new USA programmes and improved local demand. This improvement helped the aiAutomotive businesses enjoy improved sales revenue in May against forecast. The recent successful launch of the new Ford territory model and the proposed introduction of the Falcon LPI (Liquid Phased Injection) variant later this year will serve all Autodom businesses better in FY12.

Management has completed the planning phase of the integration of its aiAutomotive Victoria business into the business of DAIR Victoria. First stage tool moves are due to commence during June 2011 and completion of the full integration programme is expected in December 2011. This move will enhance the group's profitability due to reduced overhead costs and eliminating the duplication of capacities. While there will be some positive financial benefits of this move in FY12, the full effects will be reflected in the FY13 period.

In addition to the small improvements in market conditions, the benefits of the Bayswater integration and the recent appointment of a full time CFO, the operations management has been restructured to take better advantage of additional market opportunities facing the company into FY12. Management believes that these initiatives will result in an improvement in the company’s financial performance into FY12 and beyond.

Yours faithfully

Calvin Stead
CEO