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Application will be made for the entire issued and to be issued share capital of the Company to be admitted to trading on AIM, the market operated by the London Stock Exchange plc. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the official list of the United Kingdom Listing Authority (the "Official List"). A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

The rules of AIM are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the Enlarged Share Capital to the Official List. London Stock Exchange plc has not itself examined or approved the contents of this document. It is expected that Admission will become effective and that dealings in the Enlarged Share Capital will commence on AIM on 1 September 2004.

This document, which comprises an admission document drawn up in accordance with the AIM Rules, has been issued in connection with the proposed admission to trading of the Enlarged Share Capital on AIM. This document does not constitute a prospectus, however a copy of it has been delivered to the Registrar of Companies in England and Wales for registration under Rule 4 (2) of the POS Regulations. This document contains no offer to the public within the meaning of Schedule 11 of the Financial Services and Markets Act 2000, the Act, the POS Regulations or otherwise.

For a summary of risks and other facts that should be considered in connection with an investment in the Company, prospective investors should read the section entitled "Risk Factors" set out in Part II of this document.

Intermodal Resource plc

(Incorporated and registered in England and Wales under the Companies Act 1985 and with Registered Number 4980247)

Placing of 5,200,000 new Ordinary Shares at 10p per share

Admission to trading on AIM

Nominated Adviser

Strand Partners Limited

Broker

WH Ireland Limited

SHARE CAPITAL IMMEDIATELY FOLLOWING THE PLACING

<i>Authorised</i>			<i>Issued and fully paid</i>	
<i>Amount</i>	<i>Number</i>		<i>Amount</i>	<i>Number</i>
£3,055,000	61,100,000	Ordinary Shares of 5p each	£2,037,755	40,755,096

The Directors, whose names appear on page 4 of this document, accept responsibility for the information contained in this document including individual and collective responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts, and does not omit anything likely to affect the import of such information. In connection with this document and/or the information contained in it, no person is authorised to give any information or make any representation other than contained in this document.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Admission effective and dealings to commence in the Ordinary Shares on AIM	31 August 2004
CREST accounts credited	31 August 2004
Share certificates to be despatched by	6 September 2004

PLACING STATISTICS

Placing Price	10p
Number of Placing Shares	5,200,000
Gross proceeds of the Placing receivable by the Company	£520,000
Proportion of Enlarged Share Capital represented by the Placing Shares	12.76 per cent.
Number of Ordinary Shares in issue at Admission*	40,755,096
Market capitalisation at the Placing Price	£4.08 million

**including 27,218,896 Ordinary Shares to be allotted on Admission pursuant to the Convertible Loans*

DIRECTORS, SECRETARY AND ADVISERS

Directors	Christopher Robin Rogers (<i>Non-Executive Chairman</i>) Robert Joel Montague CBE (<i>Group Chief Executive</i>) Stephen James Ball FCA (<i>Group Finance Director</i>) Ernest Arthur Clemson (<i>Executive Director</i>) George Canvin (<i>Non-Executive Director</i>)
Company Secretary	Stephen James Ball FCA
Registered Office	<i>all of:</i> 1 Westminster Way Oxford OX2 0PZ
Nominated Adviser	Strand Partners Limited 26 Mount Row London W1K 3SQ
Broker	WH Ireland Limited 11 St. James's Square Manchester M2 6WH
Auditors and Reporting Accountants to the Company	Grant Thornton UK LLP 1 Westminster Way Oxford OX2 0PZ
Solicitors to the Company and to the Placing	Memery Crystal 44 Southampton Buildings London WC2A 1AP
Bankers	Bank of Scotland St James's Gate 14-16 Cockspur Street London SW1Y 5BL
Financial PR	Gresham PR Limited 21 Bloomsbury Way London WC1A 2TH
Registrars	Neville Registrars Limited Neville House 18 Laurel Lane Halesowen West Midlands B63 3DA

DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

“Act”	the Companies Act 1985, as amended
“Admission”	the admission of the Enlarged Share Capital of the Company to trading on AIM and such admission becoming effective in accordance with the AIM Rules
“AIM”	the market of the same name operated by the London Stock Exchange
“AIM Rules”	the rules applicable to companies whose shares are traded on AIM published by the London Stock Exchange
“Articles”	the articles of association of the Company
“Axis”	Axis Intermodal Deutschland GmbH, a wholly owned subsidiary of Axis Holding BV, which is incorporated in Germany
“Axis Holding BV”	Axis Intermodal Holding BV, a wholly owned subsidiary of the Company, which is incorporated in the Netherlands
“Company” or “Intermodal Resource”	Intermodal Resource plc, a company incorporated in England and Wales under the registered number 4980247
“Convertible Loans”	the loans referred to in the Convertible Loan Agreements
“Convertible Loan Agreements”	the agreements, details of which are summarised in paragraph 8.7 of Part VII of this document, pursuant to which various lenders of money to the Group have accepted Ordinary Shares, credited as fully paid, in satisfaction of amounts owed to them
“CREST”	the computerised settlement system to facilitate the transfer of title of shares in uncertificated form, operated by CRESTCo Limited for UK, Irish and international securities
“Directors” or “Board”	the directors of the Company as at the date of this document, whose names appear on page 4 of this document
“Enlarged Share Capital”	the issued ordinary share capital of the Company at Admission
“EU”	European Union
“Existing Ordinary Shares”	the Ordinary Shares in issue at the date of this document together with the Ordinary Shares to be issued pursuant to the Convertible Loan Agreements
“FSA”	the Financial Services Authority
“Group”	the Company and its subsidiaries as at the date of this document
“London Stock Exchange”	London Stock Exchange plc
“Nominated Adviser Agreement”	the conditional agreement dated 16 August 2004 between the Company (1), the Directors (2), and Strand Partners (3) relating to Admission, further details of which are set out in paragraph 8.1 of Part VII of this document
“Official List”	the official list of the UK Listing Authority

“Ordinary Shares”	ordinary shares of 5 pence each in the capital of the Company
“Placing”	the conditional placing of the Placing Shares by WH Ireland on behalf of the Company, pursuant to the Placing Agreement
“Placing Agreement”	the conditional agreement dated 16 August 2004 between the Company (1), the Directors (2), and WH Ireland (3), summary details of which are set out in paragraph 8.2 of Part VII of this document
“Placing Price”	10p per Ordinary Share
“Placing Shares”	the 5,200,000 new Ordinary Shares to be issued by the Company in connection with the Placing at the Placing Price
“POS Regulations”	the Public Offers of Securities Regulations 1995, as amended
“Schmitz”	Schmitz Cargobull GmbH
“Share Exchange Agreement”	the agreement dated 6 August 2004 between the former shareholders of Axis Holding BV and the Company pursuant to which the Company acquired the entire issued share capital of Axis Holding BV, as summarised in paragraph 8.6 of Part VII of this document
“Share Option Plan”	the employee share option plan referred to in paragraph 7 of Part VII of this document
“Sphere Option”	the option to subscribe for new Ordinary Shares granted to Sphere Holdings Limited, a lender to the Company, as described in paragraph 8.10 of Part VII of this document
“Strand Option”	the option to subscribe for new Ordinary Shares granted to Strand Partners as described in paragraph 8.9 of Part VII of this document
“Strand Partners”	Strand Partners Limited
“Trailerent”	Trailerent Limited, a subsidiary company incorporated in England and Wales on 10 September 2003 under the registered number 4894109
“UK”	United Kingdom of Great Britain and Northern Ireland
“UK Listing Authority”	the United Kingdom Listing Authority, acting in its capacity as the competent authority for the purposes of the Financial Services and Markets Act 2000
“US”	United States of America
“WH Ireland”	WH Ireland Limited
“WH Ireland Option”	the option to subscribe for new Ordinary Shares granted to WH Ireland as described in paragraph 8.11 of Part VII of this document

Unless otherwise stated, the following illustrative exchange rate has been used: €1.5 = £1

KEY INFORMATION

The following information is derived from and should be read in conjunction with the full text of this document. You should read the whole of this document and not rely solely on the key information set out below:

Summary

- The Group operates equipment rental businesses that service the transport and logistics industries in Germany, the UK and other European countries.
- Axis is the primary business of the Group and comprises the rental of swapbodies, a type of steel freight container (“Swapbodies”), and marine container-carrying road chassis (“Chassis”) to over 150 customers in Germany and other mainland European countries, including Steinle, DHL, Gefco, and the German, French and Swiss postal services.
- Swapbodies are standard steel freight containers on legs which enable them to be picked up and dropped off by trucks without the need for cranes and are inexpensive to maintain and refurbish. As such they represent a cost effective alternative to road trailers with the flexibility of being able to be used on road, rail or barge. A Chassis is a marine container-carrying road chassis designed to enable articulated trucks to transport marine containers to and from container terminals and ports. Axis’s fleet comprises 2,259 Swapbodies and 136 Chassis.
- The size of the European market for all Swapbodies is approximately 400,000 units and it is projected that the market will grow at a rate in excess of 7 per cent. per annum until mid 2008. (*Source: Containerisation International/Andrew Foxcroft date*)
- In April 2004, the Group commenced the rental of truck road trailers in the UK through Trailerent. The Directors believe that recent changes in the UK market, in particular rental customers in the UK increasingly demanding new equipment for contracts on rental terms that match their logistics contracts, provide a significant opportunity for the Group. Furthermore, Trailerent significantly enhances the Group’s ability to offer a pan European service enabling the Group’s customers, many of whom have extensive operations in both mainland Europe and the UK, to benefit from a comprehensive transport and logistics equipment solution, including essential repair and maintenance services.
- The Group has established a commercial relationship with Schmitz, one of the largest trailer manufacturers in Europe, whereby Schmitz offers Trailerent competitive arrangements on pricing, financing of trailers, delivery, maintenance and support, and joint sales and marketing. In addition, Schmitz has agreed to provide residual value guarantees on trailers after five years, thereby minimising Trailerent’s residual value exposure.
- The Directors believe that rental has a number of advantages over outright purchase for transport and logistics companies. In particular:
 - there is no requirement for capital expenditure to fund the acquisition of non-core assets;
 - they can rent equipment for periods matching their distribution contracts;
 - they can have immediate access to equipment, avoiding purchasing lead times; and
 - they can outsource maintenance and insurance in addition to the use of the asset.

Key Strengths

The Directors believe that the Group has the following key strengths:

- a proven management team with, in aggregate, over 60 years’ experience in the transport equipment rental industry;

- its fleet is substantially owned by Axis with a long remaining rentable life;
- it has been able to achieve high fleet utilisation through entering into long term contracts with its customers;
- it has low fixed overheads and has outsourced flexible depot, storage and maintenance arrangements; and
- its existing infrastructure can accommodate a significant fleet expansion.

Details of the Placing

The Company will raise £520,000 (before expenses) by the issue of 5,200,000 new Ordinary Shares. The estimated net proceeds of the Placing receivable by the Company will be used to provide working capital for the Group to finance, in part, the next stage of the Group's development and its growth.

PART I

INFORMATION ON THE GROUP

INTRODUCTION

The Company was established in December 2003 to be the holding company of the Group's two principal operating subsidiaries, Axis, based in Cologne, Germany, and Trailerent, based in Oxford, UK. The Group's headquarters are in Oxford.

The Group operates equipment rental businesses that service the transport and logistics industries in Germany, the UK and other European countries. Axis is the primary business of the Group and comprises the rental of swapbodies, a type of steel freight container ("Swapbodies"), and container-carrying road chassis ("Chassis") in Germany and other mainland European countries. In April 2004 the Group commenced the rental of various types of truck road trailers in the UK through Trailerent, which was incorporated in September 2003.

The Directors believe that rental has a number of advantages over outright purchase for transport and logistics companies. In particular:

- there is no requirement for capital expenditure to fund the acquisition of non-core assets;
- they can rent equipment for periods matching their distribution contracts;
- they can have immediate access to equipment, avoiding purchasing lead times; and
- they can outsource maintenance and insurance in addition to the use of the asset.

In the view of the Directors, the Group's key strengths include a proven management team with, in aggregate, over sixty years' experience in the transport equipment rental industry, favourable relationships with key suppliers and a strong customer base which includes "household" names in the European logistics industry.

THE BUSINESS

Axis

Introduction

Axis was founded in 1995 by Robert Montague, Group Chief Executive, and is based in Cologne, Germany. Its business currently rents 2,259 Swapbodies and 136 Chassis to customers located predominantly in Germany. In the financial year ended 31 December 2003, the Swapbody business accounted for approximately 74 per cent. of Axis's turnover.

Swapbodies

Swapbodies are standard steel freight containers on legs, which enable them to be picked up and dropped off by trucks, without the need for cranes. Swapbodies are low technology items built to standard industry specification, and are inexpensive to maintain and refurbish. As such they represent a cost effective alternative to road trailers with the flexibility of being able to be used on road, rail or barge.

European Swapbodies predominately come in two lengths:

- *7 metre units* – used for shorter journeys from "hub and spoke" distribution depots to final customers. They are well suited for deliveries to central town and city locations where larger goods vehicles are restricted because of weight/height restrictions and physical size and maneuverability limitations.
- *13.6 metre units* – used for rail, short sea and tunnel transport activities.

The Directors believe that 7 metre units account for in excess of 50 per cent. of Swapbodies in Europe and that the market for 7 metre units has larger growth potential than the market for 13.6 metre units. In order to

focus on the more attractive 7 metre market, Axis sold its fleet of 13.6 metre Swapbodies and associated contracts in 2002. The 7 metre lengths are divided into 7.15 metre, 7.45 metre and 7.82 metre units, with the market tending towards 7.45 metre units, which form the majority of Axis's fleet.

Axis's customer contract periods typically vary from 12 months to 3 years with the majority being on the longer term.

Chassis

A Chassis is a marine container-carrying road chassis designed to enable articulated trucks to transport marine containers to and from container terminals and ports, with the more modern units able to adjust their length, and therefore capable of carrying varying lengths of container. Axis's contract periods with Chassis customers are typically in excess of 12 months and new Chassis are only acquired when matched to a rental contract with a customer for a minimum rental term of 12 months.

Other income

Additional revenue is generated by charging other fees on optional insurance cover, repairs and maintenance and equipment handling charges when Swapbodies and Chassis are taken on or off hire.

Operations and Customers

The Group's Swapbody and Chassis fleets are managed from Cologne and, to satisfy customer demand at short notice, Axis has established a network of 15 third-party depots across Germany where it holds any available stock of Swapbodies and Chassis on an "as required" basis. Depots are usually operated by local repair service companies that also provide maintenance services. Through the refurbishment of equipment, the Group is able to maintain a high quality, competitively priced fleet in a cost effective manner. Swapbodies and Chassis not on-rent are stored in these depots for which a daily storage charge is incurred for the space used.

Axis generally finances its Swapbody and Chassis units by way of hire purchase or finance lease contracts with the average repayment term significantly shorter than the estimated useful life of the asset. The majority of Axis's fleet of Swapbodies and Chassis have an average age of approximately 5 years.

In order to maintain tight control of its fleet, Axis uses an industry standard computerised tracking system, which has been tailored for its requirements. The system maintains records of the location of the fleet, and utilisation of individual units. It also provides rental rate information and customer and billing records.

Axis rents its Swapbodies and Chassis to customers throughout Germany, Switzerland, France, Austria and the Benelux countries, with approximately 90 per cent. of customers located in Germany. Axis currently services over 150 customers including Steinle, DHL, Gefco, and the German, French and Swiss postal services.

Market

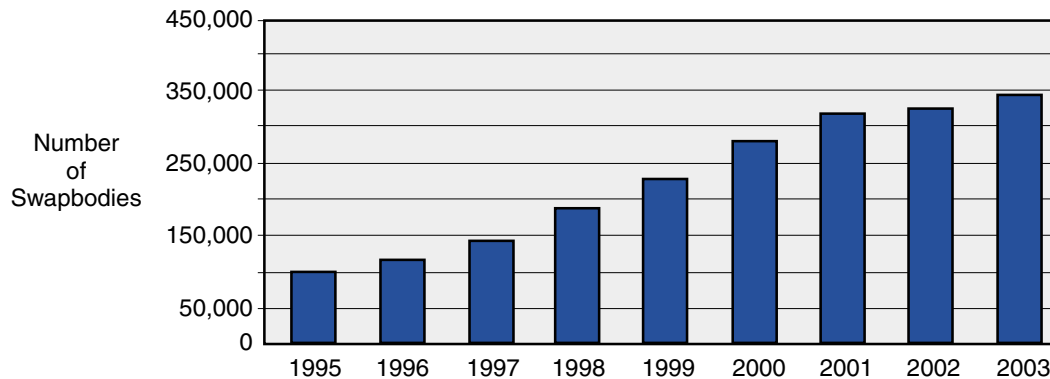
Swapbodies were first introduced in Europe on a large scale during the 1980s as the concept for the containerisation of cargo became more popular in the European domestic market. The Directors consider that as a result of the investment in the reunification of Germany and the growth of the European postal services into global logistics businesses, Swapbodies are now widely used all over Europe. Germany was the first country to introduce Swapbody equipment and remains the pre-eminent European market.

From 1995 to 2001 the market for Swapbodies grew, on average, at 22 per cent. per annum although the mainland European recession slowed this growth from mid 2001 onwards. The size of the European market for all swapbodies is approximately 400,000 units and it is projected that the market will grow at a rate in excess of 7 per cent. per annum until mid 2008 (*Source: Containerisation International/Andrew Foxcroft data*). This growth is expected to be driven by an expanding European Union and EU policy directed at encouraging the movement of goods from road to rail. The Directors believe that Swapbodies are an essential part of the rail/road transport system in Europe. Based on their knowledge of the market, the Directors estimate that approximately 15 per cent. of the European Swapbody market is currently represented by units

on rental, and it is anticipated that this will increase as it is more economical for companies to rent all or a portion of their Swapbody fleet to cope with daily delivery requirements.

The number of Swapbodies in Europe has quadrupled over the last eight years as shown below:

European Swapbody Growth



(Source: Containerisation International/Andrew Foxcroft data)

In Europe, Chassis are primarily used for the transportation of marine containers from ports and railheads across Europe to distribution depots and other ports. Whilst the market for Chassis in mainland Europe is not expected to show strong growth (due to the EU policy directed at encouraging the movement of goods from road to rail) the Directors believe that demand for modern extendable Chassis will increase, driven by the need of the industry to replace older fixed length equipment for greater efficiency.

Competition

Axis's market is dominated by companies owned or controlled by GE Capital who, the Directors estimate, account for approximately 70 per cent. of the market, with Axis being a leading independent operator. Unlike GE Capital, which operates in all areas of the European transport equipment rental industry, Axis specialises in the rental of 7 metre Swapbodies, and the Directors believe that this focus has been important in establishing Axis's market share and reputation as a specialist in this growth area. The Directors believe that it is therefore better able to respond quickly to customer requirements and provides additional value added services such as insurance, maintenance and repair programmes.

Key Strengths

The Directors believe that Axis has the following key strengths:

- a proven management team with, in aggregate, over 60 years' experience in the transport equipment rental industry;
- its fleet is substantially owned by Axis with a long remaining rentable life;
- it has been able to achieve high fleet utilisation through entering into long term contracts with its customers;
- it has low fixed overheads and has outsourced flexible depot, storage and maintenance arrangements; and
- its existing infrastructure can accommodate a significant fleet expansion.

Trailerent

The Directors believe that there are in excess of 190,000 road trailers in the UK of which the Directors estimate that approximately 60,000 are rented. Unlike mainland Europe, the UK is unable to benefit from a combined road/rail transport solution due to its smaller size and inferior rail network. Despite the efforts of

government legislation, only 7 per cent. of freight in the UK is carried by rail and the Directors believe that road will, for the foreseeable future, remain the pre-eminent medium for freight transport in the UK.

The road trailer rental market in the UK is dominated by 5 national operators which account for around 70 per cent. of the rental market. However a little over 30 per cent. of this market is held by a large number of smaller regional operators.

The Directors believe that recent changes in the UK market, in particular rental customers in the UK increasingly demanding new equipment for contracts on rental terms that match their logistics contracts, provide a significant opportunity for TrILERent, which commenced trading in April 2004. Furthermore TrILERent significantly enhances the Group's ability to offer a pan European service enabling the Group's customers, many of whom have extensive operations in both mainland Europe and the UK, to benefit from a comprehensive transport and logistics equipment solution, including essential repair and maintenance services.

The Group has a commercial relationship with Schmitz whereby Schmitz offers TrILERent competitive arrangements on pricing, financing of trailers, delivery, maintenance and support, and joint sales and marketing. The Directors expect only to purchase trailers from Schmitz once a rental contract has been agreed with a customer and Schmitz has agreed to provide residual value guarantees on trailers after five years, thereby minimising TrILERent's residual value exposure. Schmitz is one of the largest trailer manufacturers in Europe, and the Directors believe this relationship with Schmitz will provide TrILERent with a competitive advantage in the UK.

FINANCIAL RESULTS, CURRENT TRADING AND STRATEGY

The summary historical profit and loss information shown below has been extracted from the Accountants' Report on Axis Holding BV set out in Part IV of this document. Investors should read the whole of this document and not just rely on summarised information:

	<i>Year ended</i> <i>31 December</i> <i>2001</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2002</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2003</i> <i>£'000</i>
Turnover	3,242	2,512	2,154
Gross profit	1,789	1,612	1,202
Operating (loss)/profit before exceptional items	(346)	37	524
Exceptional items	(3,192)	1,716	1,261
Operating (loss)/profit after exceptional items	(3,538)	1,753	1,785
Net interest payable	(556)	(234)	(231)
Profit/(loss) on sale of fixed assets	–	192	(24)
Profit/(loss) on ordinary activities before taxation	(4,094)	1,711	1,530

The historical trading performance of the Group for the three financial years ended 31 December 2003 relates to the Axis business only as TrILERent only commenced trading in April 2004.

Turnover has decreased from £3,242,000 in the year to 31 December 2001 to £2,154,000 in the year to 31 December 2003 due primarily to Axis's sale of its container brokerage business in 2001 and the sale of its fleet of 13.6 metre Swapbody units in 2002.

The exceptional items in 2002 and 2003 include profits of £1,743,000 and £1,163,000 respectively, as a result of the Group taking the opportunity to repurchase a portion of its debt from certain finance lease providers on discounted terms. The exceptional loss in 2001 of £3,192,000 relates to a provision to cover losses on assets sold in 2002 and accelerated depreciation.

The Swapbody rental market improved towards the end of 2003 following better trading conditions within Germany. This has resulted in Axis enjoying increased utilisation levels and revenues which, in addition to

the action taken by the management to lower the cost base on an ongoing basis, has contributed to the improvement in Axis's profitability (before exceptional items) in 2003.

Since 31 December 2003, Axis has traded in line with expectations with utilisation levels continuing to improve. Since commencing operations in April 2004, Trailerent has rented out trailers on contracts of between 3 and 5 years duration and is currently in the process of negotiating further contracts.

Following Admission, Axis intends to focus on growth, both through the expansion of business from its existing customer base and the marketing of its services to new customers in Europe, and by acquisition should suitable opportunities arise. The Directors intend to develop Trailerent over time into a national UK operator, primarily through term contract business of between one and five years' duration. The Directors believe this will be achieved through organic growth of the fleet in response to customer demand, and by suitable acquisition opportunities.

DIRECTORS AND KEY EMPLOYEES

The Board comprises three executive Directors and two non-executive Directors. The Directors will continue to review the composition of the Board and intend to appoint at least one additional independent, non-executive Director at an appropriate stage in the Group's development.

Directors

Christopher Rogers, aged 63 (Non-Executive Chairman)

Christopher is a Mechanical Engineer by profession, having worked as divisional director for TI Plc before founding Atlas Converting Equipment Plc in 1976. In 1986, Atlas listed on the Unlisted Securities Market of the London Stock Exchange and over the next 11 years Christopher continued to act as Atlas' chairman, overseeing its introduction to the Official List in 1992, and sale to Valmet Corporation in 1997 for £85 million, by which time Atlas was the largest company in its field. Following its sale, Christopher continues to act as a consultant to Atlas.

Robert Montague CBE, aged 56 (Group Chief Executive Officer)

Robert has over thirty years' experience in the transport industry. After spending five years with Esso, he joined his family's transportation business, and seeing the growth opportunities in containerisation and logistics, left in 1978 to set up Tiphook plc ("Tiphook"). Tiphook grew to become the second largest container leasing company in the world and was the largest European trailer rental company (Central Trailer Rental Group plc) as well as a railcar rental business, with a market capitalisation at its peak in excess of £750 million. Tiphook experienced severe financial difficulty in the early 1990s due to a protracted downturn in its markets compounded by its high gearing and significant interest costs. As a result Tiphook sold all of its businesses and Robert subsequently resigned as a director in December 1994. As a result of personal guarantees given by Robert in respect of bank loans to Montague family trusts (such loans initially secured against shares in Tiphook) being called in, Robert was declared bankrupt shortly after his departure, being discharged from such bankruptcy in December 1997. Further details are set out in paragraph 6.2 of Part VII of this document. In September 1995 Robert established Axis to take advantage of the growing market for Swapbodies as an alternative to road transport in central Europe and has overseen Axis's growth to date. Robert will be responsible for the overall management, strategic direction, and growth of the Group.

Ernie Clemson, aged 60 (Executive Director)

Ernie has extensive knowledge and experience of the trailer rental sector having worked at a senior level in the industry for the last thirty years, and was involved in pioneering the trailer rental concept through his six year involvement with Gelco Corporation. In 1978 he set up his own company, Trek Rentals Limited, and sold the operation to Central Trailer Rental Group plc in 1982. Ernie remained with Central Trailer Rental Group plc and, following its acquisition by Tiphook plc, became managing director of Central Trailer Rental Group plc in 1983. In this role, he was responsible for growing the business to become market leader in the trailer rental sector. He left Tiphook plc in 1991, and set up Northbank Asset Management Limited, a

company that acts as adviser to banks and finance houses on residual values of commercial vehicles. Ernie will be responsible for the day to day management of Trailerent.

Stephen Ball FCA, aged 50 (Group Finance Director)

Stephen is a Chartered Accountant having trained with Coopers & Lybrand, qualifying in 1977. In the same year he joined Reads & Co in Guernsey (which became part of BDO International in 1991) becoming a partner in 1982, specialising in fiduciary services. In 1995 Stephen left and formed the Sphere group of companies, which provides fiduciary services and consultancy advice to small and medium sized companies. Stephen will be responsible for overseeing the Group's finance and administrative functions, and has committed to spend such time as is necessary to fulfil his duties to the Company.

George Canvin, aged 63, (Non-executive Director)

George has had a long career in financial management within the container shipping and transportation industry. From 1971 to 1978, George worked in a senior financial position for Blue Star Ship Management and New England Express Line, subsidiaries of Blue Star Shipping Limited, owners and operators of container ships. From 1978 to 1999 George acted as Group Financial Director of Contship Holdings NV, assisting in its growth and subsequent sale of its shipping division to CP Ships Limited. Since 1999 George has worked as financial consultant for a number of companies within the transport sector.

Key Employees

Jörg Vennemann, aged 39, Axis Sales Director, joined Axis in June 2001 with responsibility for business growth in Northern Europe. He has an MBA from the University of Cologne and previously worked for Ge-TIP, a subsidiary of GE Capital, in Germany, where he was responsible for sales development.

Frank Wingen, aged 31, Axis Operations Manager, joined Axis in October 2001. He is responsible for managing the fleet of Swapbodies and Chassis. He also worked previously for Ge-TIP in Germany, where he was responsible for fleet management.

Haubold Sasse, aged 46, Axis Financial Controller, joined Axis in November 2003 having previously been the financial controller of the German subsidiary of Huntleigh Technology Plc.

Joanne Wilkinson, aged 31, Group Financial Controller, will be joining the Company in August 2004. She was previously Financial Controller in charge of management and financial reporting for the group IT division of Amey Plc.

Terry Taiani, aged 60, Trailerent Business Development Director, joined Trailerent in January 2004. Terry has 25 years experience in the transport services industry. Terry was previously Sales Manager for Eurofleet Trailerental and National Accounts Director for Central Trailer Rentco.

REASONS FOR ADMISSION

The Directors believe that Admission will be beneficial to the Group for the following reasons:

- it will raise the public profile of the Group amongst existing and potential clients, suppliers and financiers;
- it will aid the raising, when necessary, of additional finance, both equity and debt, for the future development of the business;
- it will facilitate the Directors' strategy of seeking to expand the business both organically and via suitable acquisition opportunities; and
- the ability to recruit, motivate, reward and retain directors and employees through the use of share options will be important to the Group's development. The Directors consider that the ability to grant options over publicly traded shares on AIM is attractive to directors and employees.

DETAILS OF THE PLACING AND ADMISSION

The Company is proposing to raise £520,000 (before expenses) through a placing of 5,200,000 new Ordinary Shares, representing 12.76 per cent. of the Enlarged Share Capital in order to fund the expenses of Admission and provide additional working capital. WH Ireland has agreed, pursuant to the Placing Agreement and conditional, *inter alia*, on Admission, to use its reasonable endeavours to place the Placing Shares. The Placing Shares will, upon Admission, rank *pari passu* with the Existing Ordinary Shares including the right to receive all dividends and other distributions declared, paid or made after the date of their issue. Further details of the Placing are set out in paragraph 8.2 of Part VII of this document.

Application has been made to the London Stock Exchange for the Existing Ordinary Shares and the Placing Shares to be admitted to trading on AIM. Admission is expected to become effective and trading in the Existing Ordinary Shares and the Placing Shares is expected to commence on 31 August 2004.

CAPITALISATION OF LOANS

On 16 August 2004, loans to Axis Holdings BV from shareholders amounting to, in aggregate, approximately £0.42 million were converted into an aggregate of 4,949,321 Ordinary Shares. In addition, further loans totalling approximately £1.48 million were, or will be immediately upon Admission, converted into an aggregate of 22,269,575 Ordinary Shares bringing the total number of Ordinary Shares issued (or to be issued) pursuant to the Convertible Loan Agreements to 27,218,896, representing 66.79 per cent. of the Enlarged Share Capital. Details of agreements in accordance of which these loans were converted are set out in paragraphs 8.7(a) to (e) of Part VII of this document.

TAX

The Directors have been advised that an investment in the Company is not eligible for relief under legislation relating to Enterprise Investment Schemes.

A general guide to the taxation of dividends for Shareholders who are resident in the UK is set out in paragraph 11 of Part VII of this document and your attention is drawn to this section. Persons who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their professional advisers.

LOCK-INS AND ORDERLY MARKET ARRANGEMENTS

Certain of the Directors and certain other shareholders who directly or indirectly together will own 20,520,338 Ordinary Shares at Admission (representing approximately 50.35 per cent. of the Enlarged Share Capital) have undertaken to the Company and WH Ireland that, save in certain limited circumstances, they will not dispose of any interest in Ordinary Shares held by them for a period of twelve months from Admission and, for the following twelve months, only through WH Ireland or the Broker to the Company from time to time.

Certain other shareholders, including certain of the directors, (representing approximately 36.89 per cent. of the Enlarged Share Capital) have undertaken, for a period of twelve months from Admission, only to dispose of their Ordinary Shares with the prior consent of WH Ireland in accordance with an Orderly Market Agreement.

Further details of these agreements are set out in paragraphs 8.4 and 8.5 respectively of Part VII of this document.

DIVIDEND POLICY

The Directors' intention is for the Company to retain its earnings to finance the growth and expansion of its business and accordingly they do not intend to pay dividends in the immediate future. The declaration and payment by the Company of any future dividends and the amount thereof will depend upon the Company's operating results, financial condition, future prospects, profits legally available for distribution and other factors deemed by the Directors to be relevant at the time.

CORPORATE GOVERNANCE

The Directors recognise the importance of sound corporate governance. The Company and its directors intend to comply with the Combined Code on the Principles of Good Governance and the Code of Best Practice so far as is reasonably practicable for a company of Intermodal Resource's size.

An audit committee, consisting of Christopher Rogers and George Canvin, has been established to operate with effect from Admission. The audit committee will determine the application of the financial reporting and internal control principles, including the terms of engagement of the Company's auditors. It will receive and review reports from management and the Company's auditors relating to the interim and annual accounts and the accounting and the internal control systems in use throughout the Company. The audit committee will have unrestricted access to the Company's auditors.

A remuneration committee, consisting of Christopher Rogers and George Canvin, has also been established to operate with effect from Admission. It will review the performance of the executive directors and will set their remuneration, determine the payment of bonuses to executive directors and consider bonus and option schemes. None of the executive directors will take part in discussions concerning their remuneration.

SHARE OPTIONS

The Directors consider that an important part of the Company's remuneration policy should include equity incentives through the grant of share options to employees. Consequently on 16 August 2004, the Company adopted the Share Option Plan.

Pursuant to the Share Option Plan, options may be granted to directors and employees of the Company at not less than the market value of the Ordinary Shares at the time of grant over a maximum of 10 per cent. of the Company's issued share capital from time to time (options granted and outstanding prior to adoption of the Share Option Plan being disregarded for the purpose of this limit). Further details of the Share Option Plan and of options granted to Directors are set out in paragraphs 7 and 4.2 respectively of Part VII of this document.

CREST

Application has been made for the Ordinary Shares to be admitted to CREST on Admission. CREST is a voluntary system and Shareholders who wish to receive and retain certificates will be able to do so.

ADDITIONAL INFORMATION

Your attention is drawn to information contained in Parts II to VII of this document.

PART II

RISK FACTORS

In addition to the other relevant information set out in this document, the following specific factors should be considered carefully in evaluating whether to make an investment in the Company. The investment offered in this document may not be suitable for all of its recipients. If you are in any doubt about the action you should take, you should consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

Economic downturn

In the event of a temporary or prolonged economic downturn, however caused, the transport equipment rental sector could be adversely affected, particularly through downward pressure on utilisation and daily rates.

Retention of key employees

The Group is heavily reliant upon the skills of its management and the loss of any of these key members of staff could reduce its ability to achieve its objectives. The Company has endeavoured to ensure that the principal members of its management team are appropriately incentivised, but the retention of such staff cannot be guaranteed.

Loss of major clients

The Group has a small number of clients that account in total for approximately 52 per cent. of its turnover. If contracts with any of these clients were terminated the Group's business would be adversely affected.

Competition

Equipment rental businesses offering similar services to that of the Group operate both in the UK, Germany and other European countries, some of which are larger and have greater financial resources.

There can be no assurance that either existing or new competitors will not be able to erode the Group's customer base.

Requirement for additional funds

The Group's future working capital requirements may require additional funds to be raised. If additional funds should be raised by issuing equity securities, dilution of existing shareholdings may result. In addition, there can be no assurance that the Company will be able to raise additional funds when needed, or the terms on which such funds would be available.

Share price volatility and liquidity

The share price of publicly traded, emerging companies can be highly volatile and illiquid. The price at which the Ordinary Shares of the Company are quoted and the price which investors may realise them will be influenced by a large number of factors, some specific to the Group and its operations and some which may affect the transport and/or rental sector or quoted companies generally. These factors could include the sales performance of the Group, large purchases or sales of the Ordinary Shares and general economic conditions.

Prior to Admission, there has been no public market for the Company's Ordinary Shares and there is no guarantee that an active trading market will develop or be sustained after Admission. Prospective investors should be aware that the value of an investment in the Company may go down as well as up. There is no guarantee that the market price of an investment in the Company will accurately reflect its underlying value.

The risks listed above do not necessarily comprise all those faced by the Group.

PART III

ACCOUNTANTS' REPORT ON THE COMPANY

The Directors
Intermodal Resource plc
8 Fenlock Court
LONG HANBOROUGH
Oxon
OX29 8LN

and

The Directors
Strand Partners Limited
26 Mount Row
LONDON
W1K 3SQ

Grant Thornton 

Grant Thornton UK LLP
1 Westminster Way, Oxford, OX2 0PZ

16 August 2004

Dear Sirs

Intermodal Resource plc (the "Company")

1. INTRODUCTION

- 1.1 We report on the financial information set out in paragraphs 2 to 5. This financial information has been prepared for inclusion in the Company's Admission Document dated 16 August 2004.

BASIS OF PREPARATION

- 1.2 The financial information set out in paragraphs 2 to 5 below is based on the transactions of the Company from incorporation on 1 December 2003 to 31 December 2003. No adjustments were considered necessary.

RESPONSIBILITY

- 1.3 The directors of the Company are responsible for the contents of the Admission Document in which this report is included.
- 1.4 It is our responsibility to compile the financial information set out in our report, to form an opinion on the financial information and to report our opinion to you.

BASIS OF OPINION

- 1.5 We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales No. 00307742. Registered office: Grant Thornton House, Melton Street, Euston Square, London NW1 2EP. A list of members is available from our registered office.

Grant Thornton UK LLP is authorised and regulated by the Financial Services Authority for investment business.

- 1.6 We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

OPINION

- 1.7 In our opinion the financial information gives, for the purposes of the Admission Document dated 16 August 2004, a true and fair view of the state of affairs of the Company at 31 December 2003.

CONSENT

- 1.8 We consent to the inclusion in the Admission Document dated 16 August 2004 of this report and accept responsibility for this report for the purposes of paragraph 45(8)(b) of Schedule 1 to the Public Offers of Securities Regulations 1995.

2. STATUTORY INFORMATION

- 2.1 Statutory information (including share movements) on the Company is as set out in Part VII of this Admission Document.
- 2.2 The Company was incorporated on 1 December 2003 and has not completed its first accounting period. No statutory financial statements have been prepared, audited or filed with the Registrar of Companies since incorporation.
- 2.3 Since incorporation the Company has not traded, other than to incur certain administrative costs.

3. ACCOUNTING POLICIES

- 3.1 The financial information has been prepared in accordance with applicable UK accounting standards under the historical cost convention.

4. BALANCE SHEET AT 31 DECEMBER 2003

	<i>Note</i>	<i>At 31 December 2003 £</i>
Current assets		
Cash in hand		2
Net assets		<u>2</u>
Share capital	5.1	<u>2</u>

5. NOTES TO THE FINANCIAL INFORMATION

- 5.1 Share Capital

	<i>£</i>
Authorised	
50,000 Ordinary Shares of £1 each	<u>50,000</u>
Issued	
2 Ordinary Shares of £1 each	<u>2</u>

The Company was incorporated on 1 December 2003 with an authorised share capital of £50,000 divided into 50,000 Ordinary Shares of £1 each. Two Ordinary Shares were issued at par.

5.2 Post balance sheet events

Share capital

Since 31 December 2003, the following changes to the authorised and issued share capital of the Company have taken place:

- (1) On 18 March 2004, the following resolutions relating to share capital were passed by the Company's shareholders at an Extraordinary General Meeting of the Company:
 - (a) An Ordinary Resolution to sub-divide each Ordinary Share of £1.00 in the authorised share capital of the Company into 20 new ordinary shares of 5p each;
 - (b) An Ordinary Resolution to increase the Company's share capital from £50,000 to £500,000 by the creation of a further 9,000,000 Ordinary Shares of five pence each.
- (2) On 6 August 2004 the Company issued 5,734,320 Ordinary Shares, credited as fully paid to the shareholders of Axis Intermodal Holdings BV pursuant to the Share Exchange Agreement.
- (3) On 16 August 2004, the following resolutions were passed by the Company's shareholders:
 - (a) an Ordinary resolution to increase the Company's share capital from £500,000 to £3,055,000 by the creation of a further 51,100,000 Ordinary Shares of 5p each.
- (4) On 16 August 2004 the Company issued 20,861,811 Ordinary Shares, credited as fully paid to various lenders pursuant to the Convertible Loan Agreements.

Acquisition of Trailerent

Pursuant to an agreement dated 5 August 2004 between the shareholders of Trailerent Limited and the Company, the entire issued share capital of Trailerent Limited was acquired by the Company in consideration for £1.

Share Exchange Agreement

Pursuant to an agreement dated 6 August 2004 made between the shareholders of Axis Intermodal Holding BV and the Company, the entire issued share capital of Axis Intermodal Holding BV was acquired by the Company in consideration of the allotment and issue to such shareholders of 5,734,320 Ordinary Shares credited as fully paid.

Convertible Loan Agreements

- (a) Pursuant to a novation and conversion agreement dated 16 August 2004 made between certain lenders to Axis Intermodal Holding BV ("Lenders") (1), Axis Holding BV (2) and the Company (3) the Company agreed to assume the obligation to repay loans made by the Lenders to Axis Holding BV and the Company further agreed to issue and allot to the Lenders a total of 4,949,321 new Ordinary Shares credited as fully paid, in full satisfaction of such loans.
- (b) Pursuant to a novation and conversion agreement dated 16 August 2004, made between CTR Executive Pension Scheme ("CTR") (1), Axis Holding BV (2) and the Company (3) the Company agreed to assume the obligation to repay loans made by CTR to Axis Holding BV and the Company further agreed to issue and allot to CTR a total of 7,323,362 new Ordinary Shares, credited as fully paid, in full satisfaction of such loans.
- (c) Pursuant to an agreement dated 16 August 2004 made between Christopher Rogers (1), Axis Holding BV (2) and the Company (3) Christopher Rogers advanced £750,000 by way of a loan to Axis Holding BV for the working capital requirements of the Company and its subsidiaries. £300,000 of this loan will be repayable, together with interest at a fixed rate of 8 per cent. per annum, in monthly instalments over a 10 month period commencing 30 June 2005. This element of the loan is to be secured by a charge over certain Swapbodies and Chassis. The £450,000 balance of the loan will be satisfied by the issue and allotment to Christopher Rogers immediately

prior to Admission of 6,357,085 new Ordinary Shares, credited as fully paid, having a value, based on a placing price of 10p, of £635,708.

- (d) Pursuant to an agreement dated 16 August 2004 made between GA Intermodal Equipment Limited (“GA Intermodal”) (1), Axis Holding BV (2) and the Company (3) GA Intermodal advanced by way of loan, the sum of £130,000 to Axis Holding BV. This will be satisfied by the issue and allotment to GA Intermodal of 1,469,193 new Ordinary Shares, credited as fully paid, having a value, based on a placing price of 10p, of £146,919.
- (e) Pursuant to an agreement dated 16 August 2004 made between Sphere Trustees Limited (“Sphere”) (1), Axis Holding BV (2) and the Company (3), Sphere advanced by way of loan, the sum of £520,000 on an interest free basis to Axis Holding BV. This is to be satisfied by the issue and allotment to Sphere of 7,119,935 new Ordinary Shares, credited as fully paid, having a value, based on a placing price of 10p, of £711,993.

Share Options

Pursuant to an Ordinary Resolution dated 16 August 2004, the Company approved the grant of Options over 400,000 Ordinary Shares to Robert Montague and over 900,000 Ordinary Shares to Ernie Clemson which are exercisable at the placing price of 10p per Ordinary Share. Following such grants, the Company adopted the Share Option Plan and approved its rules. Thereafter, at a Board Meeting on 16 August 2004, it was resolved that Options over 1,920,000 unissued Ordinary Shares be granted to employees, all of which are exercisable at the placing price of 10p per share:

Further to the above Option, on 16 August 2004 the Company approved the following Options over unissued Ordinary Shares, all of which are exercisable at the placing price of 10p per share.

Strand Partners Limited	1 per cent. of the issued ordinary share capital at time of exercise
WH Ireland Limited	2 per cent. of the issued ordinary share capital immediately following admission to AIM
Sphere Holdings Limited	600,000 Ordinary Shares

Yours faithfully

GRANT THORNTON UK LLP

PART IV

ACCOUNTANTS' REPORT ON AXIS INTERMODAL HOLDING BV

The Directors
Intermodal Resource plc
8 Fenlock Court
LONG HANBOROUGH
Oxon
OX29 8LN

and

The Directors
Strand Partners Limited
26 Mount Row
LONDON
W1K 3SQ

Grant Thornton 

Grant Thornton UK LLP
1 Westminster Way, Oxford, OX2 0PZ

16 August 2004

Axis Intermodal Holding BV (the “Company”) and its subsidiaries (together the “Group”)

1. INTRODUCTION

- 1.1 We report on the financial information set out in paragraphs 2 to 8. This financial information has been prepared for inclusion in the Admission Document dated 16 August 2004 of Intermodal Resource plc.

BASIS OF PREPARATION

- 1.2 The financial information set out in paragraphs 2 to 8 below is based on the separate audited and unaudited financial statements of Axis Intermodal Holding BV and its subsidiaries for the two years ended 31 December 2003 and the unaudited, consolidated management accounts for the year ended 31 December 2001 and has been prepared on the basis set out in paragraph 3. Adjustments have been made to the figures contained in the underlying financial statements and management accounts to comply with United Kingdom disclosure requirements and (where necessary) to consolidate the results of the Company and its subsidiaries.

RESPONSIBILITY

- 1.3 Such audited and unaudited financial statements and unaudited, consolidated management accounts, are the responsibility of the directors of Axis Intermodal Holding BV.
- 1.4 The directors of Intermodal Resource plc are responsible for the contents of the Admission Document dated 16 August 2004 in which this report is included.
- 1.5 It is our responsibility to compile the financial information set out in our report from the audited and unaudited financial statements and the unaudited, consolidated management accounts, to form an opinion on the financial information and to report our opinion to you.

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales No. 00307742. Registered office: Grant Thornton House, Melton Street, Euston Square, London NW1 2EP. A list of members is available from our registered office.

Grant Thornton UK LLP is authorised and regulated by the Financial Services Authority for investment business.

BASIS OF OPINION AND LIMITATION OF SCOPE

- 1.6 We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. The evidence included that recorded by the auditors, who audited the financial statements of the German subsidiary of Axis Intermodal Holding BV for the year ended 31 December 2003, and the unaudited consolidated management accounts (which was all that was required by local statute) produced for Dutch tax purposes for the three years ended 31 December 2003 and German tax purposes for the two years ended 31 December 2002. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error. However, the evidence available to us during the course of our work was limited because certain of the books and records of the major subsidiary, Axis Intermodal Deutschland GmbH, could not be located, and in consequence we were unable to carry out such procedures as we considered necessary to obtain adequate assurance regarding the assets and liabilities of Axis Intermodal Deutschland GmbH as at 1 January 2001. Any adjustment to the assets and liabilities at 1 January 2001 could have a consequential effect on the results for the year to 31 December 2001.

Opinion

Two years ended 31 December 2003

- 1.7 In our opinion the financial information gives, for the purposes of the Admission Document dated 16 August 2004, a true and fair view of the results and cash flows of the Group for the two years ended 31 December 2003, and the state of affairs of the Group at the end of each of those periods.

Year ended 31 December 2001

- 1.8 In our opinion the financial information gives a true and fair view of the state of the Group's affairs as at 31 December 2001 and, except for any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning the opening balances as at 1 January 2001, its results and cash flows for the year then ended.

CONSENT

- 1.9 We consent to the inclusion in the Admission Document dated 16 August 2004 of this report and accept responsibility for this report for the purposes of paragraph 45(1)(b)(iii) of Schedule 1 to the Public Offers of Securities Regulations 1995.

2. STATUTORY INFORMATION

- 2.1 Axis Intermodal Holding BV was incorporated on 7 September 1995 under Dutch law.
- 2.2 The principal activity of the Company is that of a holding company.
- 2.3 The Company holds the entire share capital of its two operating subsidiaries, namely:
- Axis Intermodal BV
 - and
 - Axis Intermodal Deutschland GmbH
- 2.4 The authorised share capital of the Company is €100,000, represented by 400,000 ordinary shares of €0.25 per share.

- 2.5 The allotted, called up and fully paid ordinary shares at 31 December 2001 amounted to €21,000, represented by 85,455 ordinary shares of €0.25 each. The allotted, called up and fully paid share capital was increased by €1,022.50 by the issue of 4,090 ordinary shares of €0.25 each in 2002 and was further increased by €10,839.50 by the issue of 43,358 ordinary shares of €0.25 each in 2003.

3 ACCOUNTING POLICIES

3.1 Basis of accounting

The financial information has been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention.

3.2 Basis of consolidation

The financial information on the Group consolidates that of Axis Intermodal Holding BV and of its subsidiary undertakings.

3.3 Turnover

The turnover shown in the profit and loss account represents the amount receivable from third parties for goods and services delivered, less discounts and sales tax.

3.4 Foreign currency

The Group's trading currency for operations in the Netherlands and in Germany is the Euro. For the purposes of preparing this financial information, in £sterling, transactions in foreign currencies are translated at the average annual exchange rate ruling during each period, being £1/€1.61, £1/€1.59 and £1/€1.45 for 2001, 2002 and 2003 respectively.

Assets and liabilities in foreign currencies are translated at the rates of exchange ruling at each balance sheet date, being £1/€1.64, £1/€1.53 and £1/€1.42 for 31 December 2001, 2002 and 2003 respectively. The exchange differences arising from the retranslation of the opening net investment in subsidiaries are taken directly to reserves. All other exchange differences are dealt with through the profit and loss account.

3.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is calculated to write down the cost less estimated residual value of tangible fixed assets on a straight line basis over their expected useful economic lives, as follows:

Transportation equipment for hire	– 8 to 15 years
Fixtures and fittings	– 3 to 13 years

3.6 Leased assets

Assets held under finance leases are capitalised in the balance sheet and depreciated over their estimated useful economic lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease. All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

3.7 Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the Group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

3.8 Goodwill

Goodwill arising on consolidation represents the excess of fair value of the consideration given over the fair value of the identifiable net assets acquired, and is capitalised and amortised on a straight line basis over its useful economic life.

4. CONSOLIDATED PROFIT AND LOSS ACCOUNT

		<i>Year ended</i> <i>31 December</i>	<i>Year ended</i> <i>31 December</i>	<i>Year ended</i> <i>31 December</i>
		<i>2001</i>	<i>2002</i>	<i>2003</i>
	<i>Note</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Turnover	8.1	3,242	2,512	2,154
Cost of sales		(1,453)	(900)	(952)
Gross profit		<u>1,789</u>	<u>1,612</u>	<u>1,202</u>
Administrative expenses		(2,135)	(1,575)	(678)
Administrative expenses – exceptional items		(3,192)	1,716	1,261
		<u>(5,327)</u>	<u>141</u>	<u>583</u>
Operating profit/(loss)				
Pre exceptional items	8.1	(346)	37	524
Exceptional items	8.3	(3,192)	1,716	1,261
		<u>(3,538)</u>	<u>1,753</u>	<u>1,785</u>
Interest receivable		130	149	3
Interest payable and similar charges	8.4	(686)	(383)	(234)
Profit/(loss) on sale of fixed assets		–	192	(24)
Profit/(loss) on ordinary activities before taxation		<u>(4,094)</u>	<u>1,711</u>	<u>1,530</u>
Taxation	8.5	–	–	(233)
Profit/(loss) on ordinary activities after taxation		<u>(4,094)</u>	<u>1,711</u>	<u>1,297</u>
Profit/(loss) for the financial period transferred to reserves	8.14	<u>(4,094)</u>	<u>1,711</u>	<u>1,297</u>
Earnings/(loss) per share	8.6	<u>(4.8)p</u>	<u>2.0p</u>	<u>1.2p</u>

All operations of the Group are classified as continuing.

5. CONSOLIDATED BALANCE SHEET

		<i>At</i>	<i>At</i>	<i>At</i>
		<i>31 December</i>	<i>31 December</i>	<i>31 December</i>
		<i>2001</i>	<i>2002</i>	<i>2003</i>
	<i>Note</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Fixed assets				
Intangible assets	8.7	1	–	–
Tangible assets	8.8	5,949	5,578	4,760
		<u>5,950</u>	<u>5,578</u>	<u>4,760</u>
Current assets				
Debtors	8.9	1,338	603	129
Cash at bank and in hand		33	57	122
		<u>1,371</u>	<u>660</u>	<u>251</u>
Creditors: amounts falling due within one year	8.10	<u>(5,211)</u>	<u>(5,803)</u>	<u>(2,592)</u>
Net current liabilities		<u>(3,840)</u>	<u>(5,143)</u>	<u>(2,341)</u>
Total assets less current liabilities		2,110	435	2,419
Creditors: amounts falling due after more than one year	8.11	<u>(7,745)</u>	<u>(4,455)</u>	<u>(4,738)</u>
		<u>(5,635)</u>	<u>(4,020)</u>	<u>(2,319)</u>
Capital and reserves				
Called up share capital	8.13	13	14	23
Share premium account	8.15	227	484	1,202
Profit and loss account	8.14	<u>(5,875)</u>	<u>(4,518)</u>	<u>(3,544)</u>
Shareholders' funds	8.16	<u>(5,635)</u>	<u>(4,020)</u>	<u>(2,319)</u>

6. CONSOLIDATED CASH FLOW STATEMENT

		<i>Year ended</i> <i>31 December</i> <i>2001</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2002</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2003</i> <i>£'000</i>
Net cash inflow/(outflow) from operating activities	8.17	<u>3,612</u>	<u>(751)</u>	<u>(773)</u>
Returns on investments and servicing of finance				
Interest received		130	149	3
Interest paid		<u>(686)</u>	<u>(383)</u>	<u>(234)</u>
Net cash outflow from returns on investments and servicing of finance		<u>(556)</u>	<u>(234)</u>	<u>(231)</u>
Taxation		60	–	–
Capital expenditure and financial investment				
Purchase of tangible fixed assets		(23)	(44)	(71)
Sale of tangible fixed assets		<u>–</u>	<u>1,055</u>	<u>841</u>
Net cash inflow/(outflow) from capital expenditure and financial investment		<u>(23)</u>	<u>1,011</u>	<u>770</u>
Cash (outflow)/inflow before financing		3,093	26	(234)
Financing				
Issue of new shares		–	114	792
Share issue costs		–	–	(65)
Receipt of other loans		587	341	511
Net finance leases		(3,665)	(488)	(1,023)
Receipt/(repayment) of bank loans		<u>646</u>	<u>(109)</u>	<u>(42)</u>
Net cash inflow/(outflow) from financing		<u>(2,432)</u>	<u>(142)</u>	<u>173</u>
(Decrease)/increase in cash	8.18	<u>661</u>	<u>(116)</u>	<u>(61)</u>

7. CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

		<i>Year ended</i> <i>31 December</i> <i>2001</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2002</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2003</i> <i>£'000</i>
Profit/(loss) for the year	8.14	(4,094)	1,711	1,297
Currency differences on foreign currency net investments		74	(354)	(323)
Total recognised gains and losses for the year		<u>(4,020)</u>	<u>1,357</u>	<u>974</u>

8. NOTES TO THE FINANCIAL INFORMATION

8.1 Turnover and operating profit/(loss)

The turnover of the Group is attributable to its principal activity, being the rental of transportation equipment, namely swapbodies and chassis.

Operating profit/(loss) is stated after:

	<i>Year ended</i> <i>31 December</i> <i>2001</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2002</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2003</i> <i>£'000</i>
Hire of equipment	–	18	19
Amortisation of intangible fixed assets	373	1	–
Depreciation – owned assets	16	16	2
Depreciation – assets held under finance leases	3,973	504	415
Other operating lease rentals	65	143	166
	<u> </u>	<u> </u>	<u> </u>

The depreciation charge in 2001 includes £3,192,000 resulting from an impairment review of the Group's swapbodies and chassis.

An analysis of turnover by geographical market is given below:

	<i>Year ended</i> <i>31 December</i> <i>2001</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2002</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2003</i> <i>£'000</i>
Germany	2,998	2,393	2,068
The Netherlands	244	119	86
	<u>3,242</u>	<u>2,512</u>	<u>2,154</u>

The analysis of profit/(loss) before taxation and net assets by geographical market have not been disclosed as it is not possible to split the results and net assets of the Group.

8.2 Staff costs and directors' emoluments

Staff costs

	<i>Year ended</i> <i>31 December</i> <i>2001</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2002</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2003</i> <i>£'000</i>
Wages and salaries	595	435	278
Social security costs	66	40	43
	<u>661</u>	<u>475</u>	<u>321</u>

The average numbers of employees during each period were as follows:

	<i>Year ended</i> <i>31 December</i> <i>2001</i> <i>Number</i>	<i>Year ended</i> <i>31 December</i> <i>2002</i> <i>Number</i>	<i>Year ended</i> <i>31 December</i> <i>2003</i> <i>Number</i>
	<u>16</u>	<u>8</u>	<u>8</u>

There were no directors' emoluments for any period.

8.3 Exceptional items

	<i>Year ended</i> <i>31 December</i> <i>2001</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2002</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2003</i> <i>£'000</i>
Restructuring of finance lease contracts	–	1,743	1,163
Impairment of swapbodies and chassis	(3,192)	–	–
Other	–	(27)	98
	<u>(3,192)</u>	<u>1,716</u>	<u>1,261</u>

In 2001 the Group conducted a review of its swapbody and chassis fleet. This resulted in the recognition of a £3,192,000 impairment provision.

In 2002 and 2003 the Group entered into arrangements to restructure the debt owed to three of its principal lease finance providers. This resulted in the lease finance companies accepting a reduction in the amounts due to them in exchange for the assets held under the respective lease contracts, or the conversion of the lease contracts into purchase agreements whereby the Group obtained the right to ownership of the related assets.

8.4 Interest payable and similar charges

	<i>Year ended</i> <i>31 December</i> <i>2001</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2002</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2003</i> <i>£'000</i>
On bank loans and overdrafts	55	147	117
Finance charges in respect of finance leases and similar arrangements	631	236	117
	<u>686</u>	<u>383</u>	<u>234</u>

8.5 Taxation

	<i>Year ended</i> <i>31 December</i> <i>2001</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2002</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2003</i> <i>£'000</i>
Local corporation tax – trade tax	–	–	233
Total current tax for the period	–	–	233
Deferred taxation	–	–	–
Tax on profit on ordinary activities	<u>–</u>	<u>–</u>	<u>233</u>

8.6 Earnings/(loss) per share

	<i>Year ended</i> <i>31 December</i> <i>2001</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2002</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2003</i> <i>£'000</i>
Earnings/(loss)			
Profit/(loss) attributable to ordinary shareholders	(4,094)	1,711	1,297
Weighted average number of shares	<u>85,455</u>	<u>87,000</u>	<u>111,224</u>
Per share amount (pence)			
Earnings/(loss) per share	<u>(4.8)p</u>	<u>2.0p</u>	<u>1.2p</u>

8.7 Intangible fixed assets

Intangible fixed assets represents goodwill. The cost associated with goodwill at 1 January 2001 amounted to £455,000 (net book value at 1 January 2001: £374,000). With the exception of £1,000 written off in 2002, the unamortised balance of goodwill was written off in 2001.

8.8 Tangible fixed assets

	<i>Transportation equipment for hire</i> £'000	<i>Fixtures and fittings</i> £'000	<i>Total</i> £'000
Cost			
At 1 January 2001	11,837	78	11,915
Additions	379	–	379
Disposals	(51)	–	(51)
Foreign exchange	(355)	(3)	(358)
At 31 December 2001	11,810	75	11,885
Additions	569	7	576
Disposals	(1,639)	(65)	(1,704)
Foreign exchange	858	3	861
At 31 December 2002	11,598	20	11,618
Additions	70	1	71
Disposals	(1,948)	–	(1,948)
Foreign exchange	899	1	900
At 31 December 2003	10,619	22	10,641
Depreciation			
At 1 January 2001	2,164	40	2,204
Charge for the period	3,973	16	3,989
Eliminated on disposals	(74)	–	(74)
Foreign exchange	(177)	(6)	(183)
At 31 December 2001	5,886	50	5,936
Charge for the period	504	16	520
Eliminated on disposals	(787)	(54)	(841)
Foreign exchange	423	2	425
At 31 December 2002	6,026	14	6,040
Charge for the period	415	2	417
Eliminated on disposals	(1,083)	–	(1,083)
Foreign exchange	507	–	507
At 31 December 2003	5,865	16	5,881
Net book value			
At 31 December 2003	4,754	6	4,760
At 31 December 2002	5,572	6	5,578
At 31 December 2001	5,924	25	5,949

The net book value of tangible fixed assets includes an amount of 2003: £4,754,000 (2002: £5,572,000; 2001: £5,924,000) in respect of assets held under finance leases. The related depreciation charge for the year was 2003: £415,000 (2002: £504,000; 2001 £3,973,000).

8.9 Debtors

	<i>At</i> <i>31 December</i> <i>2001</i> <i>£'000</i>	<i>At</i> <i>31 December</i> <i>2002</i> <i>£'000</i>	<i>At</i> <i>31 December</i> <i>2003</i> <i>£'000</i>
Trade debtors	449	372	48
Other debtors	889	231	81
	<u>1,338</u>	<u>603</u>	<u>129</u>

Included within other debtors are amounts receivable in greater than one year (2002: £4,000; 2003: £4,000).

8.10 Creditors: amounts falling due within one year

	<i>At</i> <i>31 December</i> <i>2001</i> <i>£'000</i>	<i>At</i> <i>31 December</i> <i>2002</i> <i>£'000</i>	<i>At</i> <i>31 December</i> <i>2003</i> <i>£'000</i>
Bank loans and overdraft	314	430	531
Other loan	–	136	160
Trade creditors	1,878	952	632
Payments in advance	225	177	–
Bills of exchange payable	–	464	–
Corporation tax	–	–	233
Other taxes and social security	110	442	223
Other creditors	1,693	644	255
Amounts due under finance leases	991	2,558	558
	<u>5,211</u>	<u>5,803</u>	<u>2,592</u>

The bank loans are secured by fixed and floating charges over certain of the financed rental assets and debtors generated from the rental assets, a guarantee from Mr R J Montague and from Axis Intermodal Holding BV.

The other loan is secured by fixed and floating charges over certain assets of Axis Intermodal Deutschland GmbH.

Amounts due under finance leases are secured against the assets to which they relate.

8.11 Creditors: amounts falling due after more than one year

	<i>At</i> <i>31 December</i> <i>2001</i> <i>£'000</i>	<i>At</i> <i>31 December</i> <i>2002</i> <i>£'000</i>	<i>At</i> <i>31 December</i> <i>2003</i> <i>£'000</i>
Bank loans and overdrafts	664	579	561
Other loans	1,771	1,832	2,319
Amounts due under finance leases	5,310	2,044	1,858
	<u>7,745</u>	<u>4,455</u>	<u>4,738</u>

Other loans at 31 December 2003 represent loans made by various lenders and certain shareholders of the Company. These loans are unsecured and are subject to various rates of interest. In 2003 the loan holders waived their rights to interest.

Amounts due under finance leases are secured against the assets to which they relate.

8.12 Bank borrowings and amounts due under finance leases

Bank borrowings and other loans are repayable as follows:

	<i>At</i> <i>31 December</i> <i>2001</i> <i>£'000</i>	<i>At</i> <i>31 December</i> <i>2002</i> <i>£'000</i>	<i>At</i> <i>31 December</i> <i>2003</i> <i>£'000</i>
Within one year			
Bank loans	314	430	531
Other loans	–	136	160
Between two and five years			
Bank loans	664	579	561
Other loans	1,771	1,832	2,319
	<u>2,749</u>	<u>2,977</u>	<u>3,571</u>

Interest on bank loans is charged at an interest rate of 7 per cent. per annum.

Finance leases are repayable as follows:

	<i>At</i> <i>31 December</i> <i>2001</i> <i>£'000</i>	<i>At</i> <i>31 December</i> <i>2002</i> <i>£'000</i>	<i>At</i> <i>31 December</i> <i>2003</i> <i>£'000</i>
Within one year			
Finance leases	991	2,558	558
Between two and five years			
Finance leases	5,310	2,044	1,858
	<u>6,301</u>	<u>4,602</u>	<u>2,416</u>

8.13 Called up share capital

	<i>At</i> <i>31 December</i> <i>2001</i> <i>£'000</i>	<i>At</i> <i>31 December</i> <i>2002</i> <i>£'000</i>	<i>At</i> <i>31 December</i> <i>2003</i> <i>£'000</i>
Authorised			
400,000 ordinary shares of €0.25	<u>67</u>	<u>67</u>	<u>67</u>
	<i>At</i> <i>31 December</i> <i>2001</i> <i>£'000</i>	<i>At</i> <i>31 December</i> <i>2002</i> <i>£'000</i>	<i>At</i> <i>31 December</i> <i>2003</i> <i>£'000</i>
Allotted, called up and fully paid			
2001: 85,455; 2002: 89,545; 2003: 132,903 ordinary shares of €0.25	<u>13</u>	<u>14</u>	<u>23</u>

Details of allotments

During the year ended 31 December 2002 4,090 ordinary shares each were issued for cash and in exchange for existing loan finance. A total amount of €367,957 (£257,000) was credited to the share premium account.

During the year ended 31 December 2003 43,358 ordinary shares were issued to Jubilee Investment Trust. A total amount of €1,031,304 (£718,000) after issue costs was credited to the share premium account.

8.14 Profit and loss account

	<i>Year ended 31 December 2001 £'000</i>	<i>Year ended 31 December 2002 £'000</i>	<i>Year ended 31 December 2003 £'000</i>
Brought forward	(1,855)	(5,875)	(4,518)
Retained profit/(loss) for the year	(4,094)	1,711	1,297
Exchange differences	74	(354)	(323)
Carried forward	<u>(5,875)</u>	<u>(4,518)</u>	<u>(3,544)</u>

8.15 Share premium account

	<i>Year ended 31 December 2001 £'000</i>	<i>Year ended 31 December 2002 £'000</i>	<i>Year ended 31 December 2003 £'000</i>
Brought forward	227	227	484
Premium on allotments in the year	–	257	783
Issue costs written off	–	–	(65)
Carried forward	<u>227</u>	<u>484</u>	<u>1,202</u>

8.16 Reconciliation of movement in shareholders' funds

	<i>Year ended 31 December 2001 £'000</i>	<i>Year ended 31 December 2002 £'000</i>	<i>Year ended 31 December 2003 £'000</i>
Profit/(loss) for the year	(4,094)	1,711	1,297
Foreign exchange gains/(losses)	74	(354)	(323)
Issue of shares	–	258	727
Net (decrease)/increase in shareholders' funds	<u>(4,020)</u>	<u>1,615</u>	<u>1,701</u>
Shareholders' funds brought forward	(1,615)	(5,635)	(4,020)
Shareholders' funds carried forward	<u>(5,635)</u>	<u>(4,020)</u>	<u>(2,319)</u>

8.17 Net cash inflow/(outflow) from operating activities

	<i>Year ended 31 December 2001 £'000</i>	<i>Year ended 31 December 2002 £'000</i>	<i>Year ended 31 December 2003 £'000</i>
Operating profit/(loss)	(3,538)	1,753	1,785
Depreciation	797	520	417
Impairment of fixed assets	3,192	–	–
Amortisation of intangible fixed assets	373	1	–
Debt forgiveness	–	(1,743)	(1,163)
Foreign exchange movement	348	(790)	(717)
Decrease in debtors	986	735	474
Increase/(decrease) in creditors	1,454	(1,227)	(1,569)
Net cash inflow/(outflow) from operating activities	<u>3,612</u>	<u>(751)</u>	<u>(773)</u>

8.18 Reconciliation of net cashflow to movement in net debt

	<i>Year ended</i> <i>31 December</i> <i>2001</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2002</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2003</i> <i>£'000</i>
Increase/(decrease) in cash in the year	661	(116)	(61)
Cash outflow from finance leases	3,665	488	1,023
Receipt from borrowings	(1,233)	(232)	(469)
Movement in net debt resulting from cash flows	3,093	140	493
Inception of finance leases	(379)	(532)	–
Capitalised debt	–	144	–
Debt forgiveness	–	1,743	1,163
Movement in net debt in the period	2,714	1,495	1,656
Net debt at the start of the period	(11,731)	(9,017)	(7,522)
Net debt at the end of the period	<u>(9,017)</u>	<u>(7,522)</u>	<u>(5,866)</u>

8.19 Analysis of movement in net debt

Year ended 31 December 2003

	<i>At</i> <i>1 January</i> <i>2003</i> <i>£'000</i>	<i>Cashflow</i> <i>£'000</i>	<i>Debt</i> <i>forgiveness</i> <i>£'000</i>	<i>Inception</i> <i>of finance</i> <i>leases</i> <i>£'000</i>	<i>At</i> <i>31 December</i> <i>2003</i> <i>£'000</i>
Cash in hand and at bank	57	64	–	–	122
Debt:					
Bank loans and overdrafts	(1,009)	(83)	–	–	(1,092)
Other loans	(1,968)	(511)	–	–	(2,479)
Finance leases	(4,602)	1,023	1,163	–	(2,416)
	<u>(7,522)</u>	<u>493</u>	<u>1,163</u>	<u>–</u>	<u>(5,866)</u>

Year ended 31 December 2002

	<i>At</i> <i>1 January</i> <i>2002</i> <i>£'000</i>	<i>Cashflow</i> <i>£'000</i>	<i>Debt</i> <i>forgiveness</i> <i>£'000</i>	<i>Other</i> <i>non-cash</i> <i>movements</i> <i>£'000</i>	<i>Inception</i> <i>of finance</i> <i>leases</i> <i>£'000</i>	<i>At</i> <i>31 December</i> <i>2002</i> <i>£'000</i>
Cash in hand and at bank	33	24	–	–	–	57
Debt:						
Bank loans and overdrafts	(978)	(31)	–	–	–	(1,009)
Other loans	(1,771)	(341)	–	144	–	(1,968)
Finance leases	(6,301)	488	1,743	–	(532)	(4,602)
	<u>(9,017)</u>	<u>140</u>	<u>1,743</u>	<u>144</u>	<u>(532)</u>	<u>(7,522)</u>

Non-cash movements

In the year ended 31 December 2002 loans with a value of £144,000 were capitalised.

8.19 Analysis of movement in net debt (continued)

Year ended 31 December 2001

	At 1 January 2001 £'000	Cashflow £'000	Inception of finance leases £'000	At 31 December 2001 £'000
Cash in hand and at bank	24	9	–	33
Debt:				
Bank loans and overdrafts	(984)	6	–	(978)
Other loans	(1,184)	(587)	–	(1,771)
Finance leases	(9,587)	3,665	(379)	(6,301)
	<u>(11,731)</u>	<u>3,093</u>	<u>(379)</u>	<u>(9,017)</u>

8.20 Financial commitments

The Group had annual commitments under non-cancellable operating leases as follows:

	31 December 2001 Other £'000	31 December 2002 Other £'000	31 December 2003 Other £'000
Expiry date:			
Within one year	33	13	9
Between one and five years	10	9	1
	<u>43</u>	<u>22</u>	<u>10</u>

8.21 Contingent liabilities

A debt restructuring agreement with Südleasing entered into in the year ended 31 December 2002 includes a provision of €125,000 in respect of waived loans payable in the event that the Group returns to profitability. This amount is repayable after 30 June 2002 provided that the payment will not result in the Group's insolvency.

There were no other contingent liabilities at 31 December 2003, 2002 and 2001.

8.22 Related party transactions

During the three years ended 31 December 2003 the Group entered into loan arrangements with CTR Executive Pension Scheme, the Pension Fund of Robert Montague a director of the Company. Interest is payable at 2 per cent. above United Kingdom bank base rates and the Scheme has the option to convert the loans to ordinary shares. The loans are not repayable before 30 June 2009. At each balance sheet date the Group owed the following amounts to Union Pension Trustee Limited.

31 December 2001	£562,000
31 December 2002	£608,000
31 December 2003	£661,000

In the year ended 31 December 2003 certain shareholders waived their rights to interest on outstanding loans.

There were no other related party transactions in the three years ended 31 December 2003.

8.23 Post balance sheet events

Since 31 December 2003 the following changes have taken place:

Conversion Agreement

Pursuant to an agreement dated 27 July 2004, shareholders agreed to accept 10,455 new ordinary shares of €0.25 each in exchange, and full settlement, of £500,000 of outstanding loans.

Share Exchange Agreement

Pursuant to an agreement dated 6 August 2004 made between the shareholders of the Company and Intermodal Resource plc, the entire issued share capital of the Company was acquired by Intermodal Resource plc in consideration of the allotment and issue to such shareholders of 5,734,320 Ordinary Shares in Intermodal Resource plc, credited as fully paid.

Convertible Loan Agreements

- (a) Pursuant to a novation and conversion agreement dated 16 August 2004 made between certain lenders to the Company (“Lenders”) (1) the Company (2) and Intermodal Resource plc (3) Intermodal Resource plc agreed to assume the obligation to repay loans made by the Lenders to the Company and Intermodal Resource plc further agreed to issue and allot to the Lenders a total of 4,949,321 new Ordinary Shares, credited as fully paid in full satisfaction of such loans.
- (b) Pursuant to a novation and conversion agreement dated 16 August 2004, made between CTR Executive Pension Scheme (“CTR”) (1), the Company (2) and Intermodal Resource plc (3) Intermodal Resource plc agreed to assume the obligations to repay loans made by CTR to the Company and Intermodal Resource plc further agreed to issue and allot to CTR a total of 7,323,362 new Ordinary Shares, credited as fully paid in full satisfaction of such loans.
- (c) Pursuant to an agreement dated 16 August 2004 made between Christopher Rogers (1), the Company (2) and Intermodal Resource plc (3) Christopher Rogers advanced £750,000 by way of a loan to the Company for the working capital requirements of the Company and its subsidiaries. £300,000 of this loan will be repayable, together with interest at a fixed rate of 8 per cent. per annum, in monthly instalments over a 10 month period commencing 30 June 2005. This element of the loan is to be secured by a charge over certain Swapbodies and Chassis. The £450,000 balance of the loan will be satisfied, by the issue and allotment to Christopher Rogers immediately prior to Admission of 6,357,085 new Ordinary Shares in Intermodal Resource plc, credited as fully paid, having a value, based on a placing price of 10p, of £635,708.
- (d) Pursuant to an agreement dated 16 August 2004 made between GA Intermodal Equipment Limited (1), the Company (2) and Intermodal Resource plc (3) GA Intermodal Equipment Limited advanced by way of loan, the sum of £130,000 to the Company. This will be satisfied by the issue and allotment to GA Intermodal Equipment Limited of 1,469,193 new Ordinary Shares in Intermodal Resource plc, credited as fully paid, having a value, based on a placing price of 10p, of £146,919.
- (e) Pursuant to an agreement dated 16 August 2004 made between Sphere Trustees Limited (“Sphere”) (1), the Company (2) and Intermodal Resource plc (3), Sphere advanced by way of loan, the sum of £520,000 on an interest free basis to the Company. This is to be satisfied by the issue and allotment to Sphere of 7,119,935 new Ordinary Shares in Intermodal Resource plc, credited as fully paid, having a value, based on a placing price of 10p, of £711,993.

Yours faithfully

GRANT THORNTON UK LLP

PART V

ACCOUNTANTS' REPORT ON TRILERENT LIMITED

The Directors
Intermodal Resource plc
8 Fenlock Court
LONG HANBOROUGH
Oxon
OX29 8LN

and

The Directors
Strand Partners Limited
26 Mount Row
LONDON
W1K 3SQ

Grant Thornton 

Grant Thornton UK LLP
1 Westminster Way, Oxford, OX2 0PZ

16 August 2004

Dear Sirs

Trilerent Limited (the "Company")

1. INTRODUCTION

- 1.1 We report on the financial information set out in paragraphs 2 to 5. This financial information has been prepared for inclusion in the Admission Document dated 16 August 2004 of Intermodal Resource plc.

BASIS OF PREPARATION

- 1.2 The financial information set out in paragraphs 2 to 5 below is based on the transactions of the Company from incorporation on 10 September 2003 to 31 December 2003. No adjustments were considered necessary.

RESPONSIBILITY

- 1.3 The directors of the Intermodal Resource plc are responsible for the contents of the Admission Document in which this report is included.
- 1.4 It is our responsibility to compile the financial information set out in our report, to form an opinion on the financial information and to report our opinion to you.

BASIS OF OPINION

- 1.5 We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales No. 00307742. Registered office: Grant Thornton House, Melton Street, Euston Square, London NW1 2EP. A list of members is available from our registered office.

Grant Thornton UK LLP is authorised and regulated by the Financial Services Authority for investment business.

- 1.6 We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

OPINION

- 1.7 In our opinion the financial information gives, for the purposes of the Admission Document dated 16 August 2004, a true and fair view of the state of affairs of the Company at 31 December 2003.

CONSENT

- 1.8 We consent to the inclusion in the Admission Document dated 16 August 2004 of this report and accept responsibility for this report for the purposes of paragraph 45(8)(b) of Schedule 1 to the Public Offers of Securities Regulations 1995.

2. STATUTORY INFORMATION

- 2.1 Statutory information (including share movements) on the Company is as set out in Part VII of the Admission Document.
- 2.2 The Company was incorporated on 10 September 2003 and has not completed its first accounting period. No statutory financial statements have been prepared, audited or filed with the Registrar of Companies since incorporation.
- 2.3 The Company commenced trading as a hirer of road trailers in April 2004.

3. ACCOUNTING POLICIES

- 3.1 The financial information has been prepared in accordance with applicable UK accounting standards under the historical cost convention.

4. BALANCE SHEET AT 31 DECEMBER 2003

	<i>Note</i>	<i>At 31 December 2003 £</i>
Current assets		
Cash in hand		1
Net assets		<u>1</u>
Share capital	5.1	<u>1</u>

5. NOTES TO THE FINANCIAL INFORMATION

- 5.1 Share Capital

	<i>£</i>
Authorised	
1,000 Ordinary Shares of £1 each	<u>1,000</u>
Issued	
1 Ordinary Share of £1	<u>1</u>

The Company was incorporated on 10 September 2003 with an authorised share capital of £1,000 divided into 1,000 Ordinary Shares of £1 each. One Ordinary Share was issued at par.

5.2 Post balance sheet events

On 5 August 2004 the entire issued share capital of the Company was acquired by Intermodal Resource plc.

Yours faithfully

GRANT THORNTON UK LLP

PART VI

PRO FORMA STATEMENT OF NET ASSETS OF THE GROUP

Set out below is the unaudited pro forma net asset statement of the Group, prepared on the basis of the notes set out below to illustrate how the transactions might have affected the net assets of the Group if they had occurred on 31 December 2003. This statement has been prepared for illustrative purposes only, and because of its nature, it may not give a true and fair picture of the financial position of the Group.

	<i>Axis</i>			<i>Note (4)</i>	<i>Note (5)</i>	<i>Adjustments</i>		<i>Group</i>	
	<i>Intermodal</i>					<i>Note (6)</i>	<i>£'000</i>		<i>£'000</i>
	<i>Intermodal</i>	<i>Holding</i>	<i>Trailerent</i>						
	<i>Resource plc</i>	<i>BV</i>	<i>Limited</i>						
<i>As at 31</i>	<i>As at 31</i>	<i>As at 31</i>	<i>Note (1)</i>	<i>Note (2)</i>	<i>Note (3)</i>	<i>Note (4)</i>	<i>Note (5)</i>	<i>Note (6)</i>	<i>£'000</i>
	<i>December</i>	<i>December</i>	<i>December</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Fixed assets									
Intangible assets	–	–	–	–	2,392	–	–	–	2,392
Tangible assets	–	4,760	–	–	–	–	–	–	4,760
	–	4,760	–	–	2,392	–	–	–	7,152
Current assets									
Debtors	–	129	–	–	–	–	–	–	129
Cash at bank	–	122	–	–	–	–	220	–	342
	–	251	–	–	–	–	220	–	471
Creditors:									
amounts falling due within one year	–	(2,592)	–	–	–	–	130	–	(2,462)
Net current liabilities	–	(2,341)	–	–	–	–	350	–	(1,991)
Total assets less current liabilities	–	2,419	–	–	2,392	350	–	–	5,161
Creditors:									
amounts falling due after one year	–	(4,738)	–	500	–	–	1,770	–	(2,468)
Net assets	–	(2,319)	–	500	2,392	2,120	–	–	2,693

Notes:

- (1) Based on the balance sheet of the Company as at 31 December 2003, extracted without material adjustment from the financial information set out in Part III of this document.
- (2) Based on the balance sheet of Axis as at 31 December 2003, extracted without material adjustment from the financial information set out in Part IV of this document.
- (3) Based on the balance sheet of Trailerent as at 31 December 2003, extracted without material adjustments from the financial information set out in Part V of this document.
- (4) Based on the conversion of Shareholder loans in Axis Intermodal BV with a value of £500,000.
- (5) Based on the acquisition of Axis Intermodal Holding BV for £573,432.
- (6) Based on the net proceeds of £220,000 which reflects the net effect of the gross proceeds of the Placing of £520,000, the payment of expenses of £560,000 (excluding Value Added Tax) and the application of £260,000 of fees paid to certain professional advisers for the issue of new Ordinary Shares at the Placing Price, together with the conversion of Shareholder and third party loans.

The Directors
Intermodal Resource plc
8 Fenlock Court
Long Hanborough
Oxon
OX29 8LN

and

The Directors
Strand Partners Limited
26 Mount Row
LONDON
W1K 3SQ

Grant Thornton 

Grant Thornton UK LLP
1 Westminster Way, Oxford, OX2 0PZ

16 August 2004

Dear Sirs

PRO FORMA STATEMENT OF NET ASSETS OF THE GROUP

We report on the pro forma statement of net assets of the Group set out in Part VI of the AIM Admission Document dated 16 August 2004, which has been prepared, for illustrative purposes only, to provide information about how the proposed transactions might have affected the financial information presented.

RESPONSIBILITIES

It is the responsibility solely of the directors of Intermodal Resource plc to prepare the pro forma statement of net assets of the Group.

It is our responsibility to form an opinion on the pro forma statement of net assets of the Group and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma statement of net assets of the Group beyond that owed to those to whom the reports were addressed by us at the dates of their issue.

BASIS OF OPINION

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards and Bulletin 1998/8 "Reporting on pro forma financial information pursuant to the Listing Rules" issued by the Auditing Practices Board. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the pro forma statement of net assets of the Group with the directors of Intermodal Resource plc.

OPINION

In our opinion:

- the pro forma statement of net assets of the Group has been properly compiled on the basis stated
- such basis is consistent with the accounting policies of Intermodal Resource plc
- the adjustments are appropriate for the purposes of the pro forma statement of net assets of the Group as disclosed.

Yours faithfully

GRANT THORNTON UK LLP

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PART VII

ADDITIONAL INFORMATION

1. The Company and its Subsidiaries

1.1 *The Company*

- (a) The Company was incorporated on 1 December 2003 in England and Wales under the Act with registered number 4980247 under the name Intermodal Resource plc. The principal legislation under which the Company operates is the Act.
- (b) On 11 August 2004 the Registrar of Companies issued a certificate to the Company under section 117 of the Act entitling it to commence business and to borrow.
- (c) The Company's registered office is 1 Westminster Way, Oxford, OX2 0PZ.
- (d) The liability of the members of the Company is limited.

1.2 *The Subsidiaries*

The Company is or will on Admission be the holding company directly or indirectly of the following wholly-owned subsidiaries (collectively referred to as the "Subsidiaries"):

<i>Name of Company</i>	<i>Country of Incorporation</i>	<i>Principal Activity</i>
Trailerent Limited	England & Wales	Trailer rental
Axis Intermodal Holding BV	Netherlands	Holding company for European rental businesses
Axis Intermodal BV	Netherlands	Trailer rental
Axis Intermodal Deutschland GmbH	Germany	Transport rental

2. Share capital of the Company

2.1 Since incorporation, the following changes to the authorised and issued share capital of the Company have taken place:

- (a) On incorporation, the authorised share capital of the Company was £50,000 divided into 50,000 ordinary shares of £1 each, two of which were issued, nil paid, to the subscribers to the memorandum of association.
- (b) On 1 December 2003 the two subscriber shares of £1 each were transferred to Ernie Clemson and Robert Montague and each of the transferees paid the sum of £1.00 on each share. These shares were transferred to Sphere Trustees Limited on 11 March 2004.

2.2 On 18 March 2004, the following resolutions relating to share capital were passed by the Company's shareholders at an Extraordinary General Meeting of the Company:

- (a) an Ordinary Resolution to sub-divide each Ordinary Share of £1.00 in the authorised share capital of the Company into 20 new ordinary shares of 5p each;
- (b) an Ordinary Resolution to increase the Company's share capital from £50,000 to £500,000 by the creation of a further 9,000,000 ordinary shares of 5p each;
- (c) an Ordinary Resolution to authorise the Directors pursuant to section 80 of the Act to allot relevant securities up to an aggregate nominal amount equal to the authorised (and increased pursuant to sub-paragraph (b) above) but unissued share capital provided that the authority shall expire upon the earlier of the conclusion of the Company's Annual General Meeting in 2005 and the date falling 15 months after the passing of the Resolution; and

- (d) a Special Resolution that the Directors be empowered to allot equity securities pursuant to the authority referred to in sub-paragraph (c) above as if Section 89(1) of the Act did not apply to any such allotment.
- 2.3 On 6 August 2004 the Company issued 5,734,320 Ordinary Shares, credited as fully paid, to the shareholders of Axis Holding BV pursuant to the Share Exchange Agreement.
- 2.4 On 16 August 2004 the Company issued, or agreed to issue, immediately prior to Admission, a total of 27,218,896 Ordinary Shares, credited as fully paid, to lenders to Axis Holding BV pursuant to the Convertible Loan Agreements referred to in paragraph 8.7 of this Part VII.
- 2.5 On 16 August 2004, the following resolutions were passed by the Company's shareholders:
- (a) an Ordinary Resolution to increase the Company's share capital from £500,000 to £3,055,000 by the creation of a further 51,100,000 Ordinary Shares of 5p each;
- (b) an Ordinary Resolution to authorise the Directors, pursuant to section 80 of the Act, to allot relevant securities up to an aggregate nominal amount of £3,055,000 provided that the authority shall expire upon the earlier of the conclusion of the Company's Annual General Meeting in 2005 and the date falling 15 months after the passing of the Resolution;
- (c) a Special Resolution that the Directors be empowered to allot equity securities pursuant to the authority referred to in sub-paragraph (b) above an if Section 89(1) of the Act did not apply to any such allotment provided that this authority was limited to:
- (i) the allotment of up to 7,801,880 Ordinary Shares pursuant to, *inter alia*, the Placing;
- (ii) the allotment of up to 27,218,896 Ordinary Shares pursuant to outstanding Loan Conversion Agreements;
- (iii) the allotment of Ordinary Shares pursuant to a rights issue or otherwise generally available to all shareholders of the Company in proportion to their shareholdings; and
- (iv) in addition to sub-paragraphs (i) to (iii) above, the allotment of equity securities for cash up to an aggregate nominal value of £305,663, being equivalent to 15 per cent. of the Company's issued ordinary share capital on Admission.
- 2.6 (a) The authorised and issued fully paid-up share capital in the Company as at the date of this document and as at Admission is as follows:

<i>Authorised Share Capital</i>		<i>Issued and fully paid up Share Capital</i>			
		<i>At the date of this document*</i>		<i>At Admission</i>	
<i>£</i>	<i>Number of Ordinary Shares</i>	<i>£</i>	<i>Number of Ordinary Shares</i>	<i>£</i>	<i>Number of Ordinary Shares</i>
3,055,000	61,100,000	1,329,807	26,596,131	2,037,755	40,755,096

*Calculated after the conversion of loans pursuant to the convertible loan agreements referred to in paragraph 8.7 (a, b, d and e) of this Part VII.

- (b) The provisions of Section 89 of the Act (which confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are paid up in cash) apply to the authorised but unissued share capital of the Company except to the extent disapplied by the resolution referred to in sub-paragraph 2.5(c) above.
- (c) Save as stated in this paragraph 2 there has been no increase or reduction in the authorised or issued share capital of the Company since the date of its incorporation.

- (d) The Placing Shares in issue following Admission will rank *pari passu* in all respects with the existing Ordinary Shares including the right to receive all dividends and other distributions declared, made or paid after Admission on the ordinary share capital.
- 2.7 Save in respect of options granted to Directors (details of which are set out in paragraph 4.2 below) and the options granted to Strand, WH Ireland and Sphere Holdings Limited (details of which are set out in paragraphs 8.9, 8.10 and 8.11 below) on Admission, no unissued share or loan capital of the Company or any of its subsidiaries will be under option or will be agreed conditionally or unconditionally to be put under option and save as disclosed in this paragraph 2, there is no current intention to issue any of the authorised and unissued Ordinary Shares.
- 2.8 Save as disclosed in this paragraph 2, no share capital or loan capital of the Company has been issued for cash or other consideration within the period of two years prior to the date of this document and no such issue is proposed.

3. Memorandum and Articles of Association

3.1 Memorandum of Association

The Memorandum of Association of the Company provides that the Company's principal object is, *inter alia*, to carry on business as a general commercial company. The objects of the Company are set out in clause 3 of its Memorandum of Association.

3.2 Articles of Association

The Articles, which were adopted by special resolution of the Company on 18 March 2004, include provisions to the following effect:

- (a) Voting of class rights and changes of capital
 - (i) The special rights attached to any class of shares may, subject to any applicable law, be altered or abrogated either with the consent in writing of the holders of three fourths in nominal value of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of shares of that class.
 - (ii) The Company may by ordinary resolution or otherwise in accordance with applicable law increase its share capital, consolidate and divide all or any of its shares into shares of a larger amount, cancel any shares not taken or agreed to be taken by any person and sub-divide its shares into shares of a smaller amount.
- (b) Subject to applicable law, the Company may by special resolution reduce its share capital or any capital redemption reserve and any share premium account in any way. Subject to applicable law, the Company may purchase its own shares.
- (c) Votes of members

Subject to any rights or restrictions attached to any class of shares, at any general meeting, on a show of hands, every member who is present in person has one vote and, in the case of a poll, every member present in person or by proxy has one vote for every share of which he is the holder. Unless the Directors otherwise determine no member is entitled to vote at a general meeting either personally or by proxy if he or any person appearing to be interested in shares held by him has been duly served with a notice under section 212 of the Act and is in default for the prescribed period in supplying to the Company the information required thereby or, unless the Directors determine otherwise, if any calls from him have not been paid.
- (d) Directors
 - (i) A director is not required to hold any qualification shares.
 - (ii) The directors shall determine the amount of any fees payable to Directors provided that they shall not in any year exceed an aggregate amount of £100,000 or such other sum as may from time to time be approved by ordinary resolution. Any such fees shall be divisible

among the Directors as they may agree, or failing agreement, equally. The Directors are also entitled to be repaid all expenses properly incurred by them respectively in the performance of their duties. Any director who serves on a committee or who otherwise performs services that in the opinion of the Directors are outside the scope of his ordinary duties as a director may be paid such extra remuneration as the Directors may determine.

- (iii) The directors may establish and maintain, or procure the establishment and maintenance of, any pension or superannuation funds (whether contributory or otherwise) for the benefit of, and give or procure the giving of donations, gratuities, pensions, allowances and emoluments to, any persons who are or were at any time in the employment or service of the Company, or of any company which is a subsidiary of the Company or is allied to or associated with the Company or any such subsidiary or of any of the predecessors in business of the Company or any such other company as aforesaid, or who may be or have been directors or officers of the Company or of any such other company as aforesaid and who hold or have held executive positions or agreements for service with the Company or any such other company as aforesaid, and the wives, widows, families, connections and dependants of any such persons, and also establish, subsidise and subscribe to any institutions, associations, societies, clubs or funds calculated to be for the benefit of, or to advance the interests and well-being of the Company or of any such other company as aforesaid, or of any such person as aforesaid, and make payments for or towards the insurance of any such person as aforesaid and subscribe or guarantee money for charitable or benevolent objects, or for any exhibition or for any public, general or useful object, and do any of the matters aforesaid either alone or in conjunction with any such other company as aforesaid. Subject to particulars with respect to the proposed payment being disclosed to the members of the Company and to the proposal being approved by the Company by ordinary resolution, if the Act shall so require, any director who holds or has held any such executive position or agreement for services shall be entitled to participate in and retain for his own benefit any such donation, gratuity, pension, allowance or emolument.
- (iv) The directors may from time to time appoint one or more of their body to be the holder of any executive office on such terms and for such period as they may determine.
- (v) Subject to the provisions of the Articles and the Act, a director notwithstanding his office:
 - (A) may be a party to, or otherwise interested in, any contract or arrangement with the Company or in which the Company is otherwise interested;
 - (B) may be a director or other officer of, or member of or otherwise interested in any other company promoted by the Company or in which the Company is otherwise interested;
 - (C) may hold any other office or otherwise under the Company and no such director shall be accountable for any remuneration or other benefits received by him; and
 - (D) shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such contract, transaction or arrangement or from any interest in any such body corporate, and no such contract, transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit.
- (vi) Save as specifically provided in the Articles, a director may not vote in respect of any contract or arrangement in which he has any material interest otherwise, *inter alia*, than by virtue of his interests in shares or debentures or other securities of, or otherwise in or through, the Company. A director will not be counted in the quorum at a meeting in relation to any resolution on which he is prohibited from voting.
- (vii) Subject to applicable law, a director is (in the absence of some material interest other than is indicated below) entitled to vote (and will be counted in the quorum) in respect of any resolution concerning any of the following matters, namely:

- (A) the giving of any guarantee, security or indemnity to a third party in respect of money lent or obligations incurred by him at the request or for the benefit of the Company or any of its subsidiary undertakings;
 - (B) the giving of security to a third party in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has guaranteed or secured in whole or in part;
 - (C) any contract or arrangement by a director to subscribe for shares, debentures or other securities of the Company issued or to be issued pursuant to any offer or invitation to members or debenture holders of the Company or any class thereof or to the public or any section thereof, or to underwrite any shares, debentures or other securities of the Company;
 - (D) any contract or arrangement in which he is interested by virtue of his interest in shares or debentures or other securities of the Company or by reason of any other interest in or through the Company;
 - (E) any contract or arrangement concerning any other company (not being a company in which the director and any persons connected with him do not to his knowledge hold an interest in shares, as that term is used in sections 198 to 211 of the Act representing one per cent. or more of any class of the equity share capital of, or the voting rights in, such company) in which he is interested directly or indirectly whether as an officer, shareholder, creditor or otherwise howsoever;
 - (F) any proposal concerning the adoption, modification or operation of a pension fund or retirement death or disability benefits scheme which relates both to directors and employees of the Company or of any of its subsidiaries and does not provide in respect of any director as such any privilege or advantage not accorded to the employees to which such scheme or fund;
 - (G) any arrangement for the benefit of employees of the Company or of any of its subsidiaries under which the director benefits in a similar manner as the employees and which does not accord to any director as such any privilege or advantage not accorded to the employees to whom such arrangement relates;
 - (H) any proposal, contract, transaction or arrangement concerning the purchase or maintenance of insurance for the benefit of the directors or for the benefit of persons who include directors.
- (viii) Subject to any applicable law, the Company may by ordinary resolution suspend or relax any of the provisions of the Articles prohibiting a director from voting at a meeting of directors either generally or in relation to any particular matter, or ratify any transactions not duly authorised by reason of a contravention of such provision.
- (ix) No director shall be or become incapable of being appointed or remaining a director by reason of his having attained the age of 70 or any other age.

(e) Transfer of shares

All transfers of shares may be effected by transfer in writing in any usual form, or, if uncertificated shares are transferred in accordance with the Uncertificated Securities Regulations 2001, or in any other form acceptable to the Directors and shall be executed by or on behalf of the transferor and, if the share is partly paid, the transferee. The Directors may refuse to register any transfer of a share which is not fully paid or over which the Company has a lien provided such that refusal shall not prevent dealings in the shares on an open and proper basis. The Articles do not contain any restriction on the transferability of fully paid shares, provided that the Company has no lien over the shares, the transfer is in favour of not more than four joint transferees and in respect of only one class of shares and is duly stamped (if so required), the provisions in the Articles relating to

the deposit of instruments of transfer have been complied with (if applicable) and the member is not in default of any notice duly served under section 212 of the Act as referred to in the Articles.

(f) Dividends and distribution of assets on liquidation

The holders of shares are entitled *pari passu* amongst themselves, but in proportion to the numbers of shares held by them and to the amounts paid up otherwise than in advance of calls on shares on which the dividend is paid, to share in the whole of the profits of the Company paid out as dividends and of the Company assets in the event of liquidation of the Company.

(g) Unclaimed dividends

Any dividend unclaimed after a period of 12 years from the date of its declaration shall be forfeited and shall revert to the Company.

(h) Borrowing powers

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property, assets and uncalled capital, or any part thereof, and, subject to applicable law, to issue debentures and other securities.

(i) Treasury Shares

The Company is not prohibited from purchasing, holding and dealing with Ordinary Shares in accordance with the provisions of the Act.

4. Directors' and Other Interests

4.1 The interests of the Directors (all of which are beneficial unless otherwise stated) in the issued share capital of the Company which are required to be notified by each Director to the Company under the provisions of sections 324 and 328 of the Act or which are required to be disclosed in the Register of Directors Interests required to be maintained pursuant to section 325 of the Act or which are interests of persons connected with the Directors within the meaning of section 346 of the Act, the existence of which is known or which could, with reasonable diligence, be ascertained by a Director as at the date of this document and as they are expected to be on Admission, are as follows:

<i>Director</i>	<i>As at the date of this document</i>		<i>At Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of Issued Share Capital</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Issued Share Capital</i>
R Montague ⁽¹⁾	15,613,395	58.71%	15,613,395	38.31%
E Clemson	–	–	–	–
S Ball ⁽²⁾	3,172,623	11.93%	3,172,623	7.78%
C Rogers	–	–	6,357,085	15.60%
G Canvin ⁽³⁾	1,469,193	5.52%	1,469,193	3.60%

(1) 7,323,362 Ordinary Shares are held by Union Pension Trustees Limited and Robert Montague as trustees of the CTR Executive Pension Scheme, of which Robert Montague is one of the beneficiaries. 8,290,033 Ordinary Shares are held by Sphere Trustees Limited, a company owned and controlled by Stephen Ball, as nominee for Robert Montague.

(2) Held by Sphere Trustees Limited on behalf of Sphere Investments Limited, a company which is owned and controlled by Stephen Ball.

(3) Held by GA Intermodal Equipment Limited, a company which is owned and controlled by George Canvin.

4.2 Options over the following number of unissued Ordinary Shares, all of which are exercisable at the Placing Price, were granted to the following Directors on 16 August 2004 under the Share Option Plan:

<i>Director</i>	<i>Number of Ordinary Shares</i>
Robert Montague	500,000
Ernie Clemson	330,000
Stephen Ball	300,000

The options will be exercisable between three and ten years from Admission in accordance with the terms of the Share Option Plan. Prior to the adoption of the Share Option Plan options over 400,000 and 900,000 Ordinary Shares were granted to Robert Montague and Ernie Clemson respectively.

- 4.3 Save as set out in paragraphs 4.1 and 4.2 above, following Admission none of the Directors will have, and no person connected with them (within the meaning of section 346 of the Act) is expected to have, any interest in the share capital of the Company or any of its subsidiaries.
- 4.4 Save as disclosed, no Director has or has had any interest, whether direct or indirect, in any transaction which is or was unusual in its nature and conditions or significant to the business of the Group taken as a whole and which was entered into by any member of the Group during the current or immediately preceding financial year or which was effected during any earlier financial year and which remains in any respect outstanding or unperformed.
- 4.5 There are no outstanding loans granted by the Group to any of the Directors nor any guarantees provided by any member of the Group for their benefit.
- 4.6 Save as disclosed in paragraph 4.1 above and this paragraph 4.6, the Directors are not aware of any person who is now or who is expected to be at Admission directly or indirectly interested (within the meaning of Part VI of the Act) in three per cent. or more of the ordinary share capital of the Company:

	<i>As at the date of this document</i>		<i>At Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of Issued Share Capital</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Issued Share Capital</i>
<i>Shareholder</i>				
Sphere Trustees Limited*	12,230,380	45.99%	12,230,380	30.01%
Pershing Keen Nominees Limited	–	–	2,500,000	6.13%
Strand Partners Limited	–	–	1,750,000	4.29%
Jubilee Investment Trust plc	1,734,320	6.52%	1,734,320	4.26%
N Miles	1,712,346	6.44%	1,712,346	4.20%
F Montague	1,320,841	4.97%	1,320,841	3.24%

* Sphere Trustees Limited hold these shares on behalf of several persons, including Robert Montague and Stephen Ball, as disclosed in paragraph 4.1 above.

- 4.7 As at 13 August 2004 (being the last practicable date prior to publication of this document) and save as disclosed in this paragraph 4, the Directors are not aware of any person or persons who, directly or indirectly, jointly or severally, at the date of this document, exercise or could exercise control over the Company.

5. Directors' Service Agreements and Letters of Appointment

- 5.1 On 16 August 2004, the Company entered into a letter of appointment with Christopher Rogers to act as Non-Executive Chairman, for an annual fee of £5,000, terminable by either party giving to the other not less than three months notice.
- 5.2 On 16 August 2004, the Company entered into a service agreement with Robert Montague at a current annual salary of £75,000, terminable by either party giving to the other not less than twelve months' notice. In addition, he is entitled to a bonus at the absolute discretion of the Company. He is also entitled to a pension contribution equal to 10 per cent. of his basic salary, death in service benefit of four times his basic salary, a car allowance of £12,000 per annum and private health care and permanent health insurance.
- 5.3 On 16 August 2004, the Company entered into a service agreement with Ernie Clemson at a current annual salary of £50,000 terminable by either party giving to the other not less than twelve months' notice. In addition, he is entitled to a bonus at the absolute discretion of the Company. He is also entitled to a pension contribution equal to 10 per cent of his basic salary, death-in-service benefit of

four times basic salary, a car allowance of £12,000 per annum and private health care and permanent health insurance.

- 5.4 On 16 August 2004, the Company entered into a service agreement with Stephen Ball at a current annual salary of £30,000 terminable by either party giving to the other not less than six months' notice. In addition, he is entitled to a bonus at the absolute discretion of the Company. He is also entitled to a car allowance of £4,800 per annum. Under the service agreement, Mr Ball is required to devote as much time as is necessary to fulfil his duties.
- 5.5 On 16 August 2004, the Company entered into a letter of appointment with George Canvin to act as a non executive director, at a current annual salary of £5,000, terminable by either party giving to the other not less than three months' notice.
- 5.6 Save as set out in paragraphs 5.1 to 5.5 above, there are no existing or proposed service contracts between the Directors and the Company.
- 5.7 It is estimated that under the arrangements currently in force, the aggregate remuneration and benefits in kind to be paid to the Directors for the financial period ending 31 December 2004 will be £209,300.

6. Additional Information on the Board

- 6.1 Other than their directorships of the Company, directorships and partnerships currently held by the Directors and held over the five years preceding the date of this document are as follows:

<i>Director</i>	<i>Current</i>	<i>Past</i>
C Rogers	Groveyway Limited Consolidated Richfield Corporation Limited Seaguard Holdings Limited Seaguard Offshore Limited Valuetrack Limited	Promatec Coating Equipment Limited
R Montague	Axis Intermodal Holding BV Axis Intermodal BV Axis Intermodal Deutschland GmbH Intermodal Capital Limited Montague Computing Limited Trailerent Limited	The Slot Exchange.com Limited Axis Intermodal Capital Limited
E Clemson	Northbank Asset Management Limited Trailerent Limited	Combipass (UK) Limited
S Ball*	Demeter Farming Company Ltd Halifax Shipping & Finance Co. Ltd The Spirits Company Ltd John Maclaren & Sons (Scotland) Ltd Sphere Holdings Limited Sphere Investments Limited Sphere Management Limited Sphere Trustees Limited CA Fiduciary Services Limited	
G Canvin	Landoak Limited Lindsay Fox Associates Limited Syrius UK Limited GA Intermodal Equipment Limited GA Equipment Financing Limited	Clearway Pensions Limited

**Sphere Holdings Limited, Sphere Management Limited, Sphere Trustees Limited and CA Fiduciary Services Limited are licenced by the Guernsey Financial Services Commission under "The Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000" to provide Trust and Company management services; in providing these services Mr Ball is a director of a number of such managed companies.*

- 6.2 Robert Montague was declared bankrupt by Order of the Court on 12 December 1994 pursuant to which Grant Thornton were appointed as his Trustees in Bankruptcy. He was discharged from bankruptcy on 22 December 1997.

This bankruptcy resulted from banks from whom Montague family trusts (under which Mr Montague was a beneficiary) had borrowed funds in order to participate in various rights issues undertaken by Tiphook Plc ("Tiphook"), secured against a personal guarantee from Mr Montague, calling in such security following Tiphook's financial difficulties.

Tiphook's financial difficulties, which led to a significant fall in its share price, were principally caused by a protracted downturn in its market, combined with high gearing and interest rates, resulting in its business being cash negative. Tiphook's businesses were ultimately sold to GE Capital and Transamerica Corporation.

- 6.3 Save as disclosed in paragraph 6.2 above none of the Directors has:

- (a) any unspent convictions in relation to indictable offences;
- (b) had a bankruptcy order made against him or made an individual voluntary arrangement;
- (c) been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary arrangement or made any composition or arrangement with its creditors generally or of any class of its creditors whilst he was a director of that company or within twelve months after he ceased to be a director of that company;
- (d) been a partner in a partnership which has been placed in compulsory liquidation, administration or made a partnership voluntary arrangement whilst he was a partner in that partnership or within twelve months after he ceased to be a partner in that partnership;
- (e) had any asset placed in receivership or any asset of a partnership in which he was a partner placed in receivership whilst he was a partner in that partnership or within twelve months after he ceased to be a partner in that partnership;
- (f) been publicly criticised by any statutory or regulatory authority (including recognised professional bodies);
- (g) been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a Company.

- 6.4 No Director or any member of a Director's family has a related financial product referenced to the Ordinary Shares.

7. Share Option Plan

- 7.1 The Company approved the Intermodal Resource Plc Approved CSOP Scheme (together with Unapproved Schedule) ("the Plan") by Ordinary Resolution dated 16 August 2004. The Company has received approval from the Inland Revenue for the approved part of the rules of the Plan in respect of Part A (the "Rules"). The principal terms of the Rules are summarised below.

- 7.2 On 16 August 2004 the Company granted Approved Options under Part A of the Rules over a total of 170,000 Ordinary Shares and Unapproved Options under Part B of the Rules over a total of 1,750,000 Ordinary Shares, to employees or full time directors of the Company in respect of Approved Options, and to employees, full time directors and part-time directors in respect of Unapproved Options ("Eligible Employees"), which will be exercisable (subject to specific exceptions) at any time from the third anniversary up until the tenth anniversary of the date of grant.

(a) *Introduction*

The Rules enable options over Ordinary Shares in the Company to be granted to selected Eligible Employees. All options granted under the Plan are to be granted free of charge and may be exercised only by the persons to whom they are granted or by their personal representatives on their death, and will not be transferable. The Directors will be responsible for administering the Plan. Benefits under the Plan are not pensionable and the grant of options will not form a term of the option holders' employment contract.

(b) *Eligibility*

The Directors at their discretion may grant options to employees and directors of the Company and its subsidiaries. Approved Options cannot be granted to part-time directors.

(c) *Period for the Grant of Options*

Subject to the rules of the Plan, the Directors may, in their absolute discretion grant options to Eligible Employees, provided that such grant is not made during a closed period under the rules of AIM nor prohibited by law.

(d) *Exercise Price*

The exercise price per Ordinary Share will be determined by the Board but in all cases it must not be less than the market value of the shares in the Company at the date of grant (or their nominal value, if higher).

(e) *Performance Conditions*

The Directors will have the power, at their discretion, to impose objective performance targets or conditions on the exercise of the options ("Performance Conditions").

If events occur which cause the Directors to consider the Performance Conditions to be unfair or impractical, the Directors may in their discretion, to be exercised fairly and reasonably, amend, relax or waive such of the Performance Conditions so that they are no more or less difficult to satisfy than when originally imposed or last amended or relaxed.

(f) *Plan Limits*

The maximum number of Ordinary Shares which may be placed under option granted pursuant to the Plan, when aggregated with the number of Ordinary Shares placed under option for subscription or issued otherwise than in pursuance of options in the preceding ten years under any other employees' share scheme adopted by the Company may not exceed 10 per cent. of the Company's issued share capital for the time being. For this purpose, no account is taken of options granted prior to the adoption of the Plan.

(g) *Individual Limits*

An Approved Option may not be granted to an individual if, or to the extent that, it would cause the aggregate market value of Ordinary Shares under an Approved Option granted by the Company to that individual to exceed £30,000 or such limit as may be imposed by statute. There is no such individual limit under Part B of the Rules in respect of Unapproved Options.

(h) *Exercise and Lapse of Options*

An Option will normally be exercisable between three and ten years from the date of grant provided that any relevant Performance Condition has been satisfied. Options will normally lapse on the cessation of employment except in certain specified circumstances, including death, cessation on account of ill health, injury, or disability, redundancy or retirement. In these circumstances, options may be exercised up to six months after cessation or, in the case of death, within one year of cessation.

Options may also be exercised up to six months after a takeover or winding up and three months from the announcement of a demerger, and in the event of a reorganisation the Rules provide for a participant to be permitted to exchange his options for options over shares in the acquiring company if the acquiring company so permits.

(i) *Variation of Share Capital*

On certain variations of the ordinary share capital of the Company, namely a capitalisation, subdivision, consolidation or reduction of the share capital, the exercise price and the number of Ordinary Shares comprised in existing options, subject to the approval by the Company's auditors and, in respect of Approved Options, the Inland Revenue may be varied so far as necessary to take account of the variation.

(j) *Rights attaching to the Shares*

Until the Options are exercised, the Ordinary Shares under option will have no voting or dividend rights.

Ordinary Shares issued and allotted under the Plan following exercise of an option will rank *pari passu* in all respects with the other Ordinary Shares, with the exception of rights attaching by reference to the record date on or before the date of allotment.

(k) *Amendments*

(i) The Directors may make and vary such regulations (not being inconsistent with the Rules) for the implementation and administration of the Plan as they think fit.

(ii) The Directors may by resolution amend the Rules (subject to the approval of the Inland Revenue for Part A), provided that no amendments shall be made that would adversely affect any of the subsisting rights of option holders (unless a majority of option holders approve such amendments).

(l) *Termination*

The Plan will be terminated 10 years after its adoption date or earlier, if the Directors or Company in general meeting so determine, but its provisions will remain in force and effect in relation to options then subsisting.

8. Material Contracts

The following contracts, not being contracts entered into the ordinary course of business, have been entered into by the Group within the two years prior to the date of this document and are, or may be, material:

8.1 Nominated Adviser Agreement

On 16 August 2004, the Nominated Adviser Agreement was entered into between the Company (1), the Directors (2) and Strand Partners (3) pursuant to which Strand Partners has been appointed as nominated adviser to the Company for an initial period of one year, continuing thereafter until terminated on 30 days notice by the Company or Strand Partners. Strand Partners is to be paid a fee of £175,000 in cash which Strand Partners directs the Company to apply to the payment up and issue and allotment to it of 1,750,000 Ordinary Shares at the Placing Price and the issue to it of the Strand Option in consideration of its services in connection with Admission and an annual fee of £30,000 plus VAT and expenses for its services as nominated adviser.

The Nominated Adviser Agreement contains warranties and indemnities from the Company and the Directors in favour of Strand Partners together with provisions enabling Strand Partners to terminate the Nominated Adviser Agreement prior to Admission if certain warranties are found not to be true or accurate in any material respect.

8.2 *Placing Agreement*

On 16 August 2004, the Placing Agreement was entered into between the Company (1), the Directors (2) and WH Ireland (3) pursuant to which WH Ireland has agreed to use its reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price. WH Ireland is under no obligation to subscribe for any Placing Shares for which it is unable to procure subscribers. The Placing Agreement contains, *inter alia*, warranties and indemnities from the Company and the Directors in favour of WH Ireland together with provisions enabling WH Ireland to terminate the Placing Agreement prior to Admission if certain warranties are found not to be true or accurate in any material respect. WH Ireland will receive a commission of two per cent. of the aggregate amount raised pursuant to the Placing and a further three per cent. commission of the aggregate amount raised pursuant to the Placing in respect of subscribers procured by WH Ireland.

8.3 *Broker Agreement*

On 16 August 2004, a Broker Agreement was entered into between the Company (1) and WH Ireland (2) under which WH Ireland has been appointed as Broker to the Company for an initial period of 12 months and to continue thereafter unless terminated on 3 months notice. In consideration of its services as Broker to the Company, WH Ireland shall be paid an annual fee of £15,000 plus VAT and expenses and the issue to it of the WH Ireland Option.

8.4 *Lock-in Agreement*

By an agreement dated 16 August 2004, the Company (1) WH Ireland (2) Jubilee Investment Trust (“Jubilee”) (3) Sphere Trustees Ltd (4) and the CTR Executive Pension Scheme (5) entered into a lock in agreement, pursuant to which they have agreed not to dispose of any Ordinary Shares (other than with the prior written consent of WH Ireland, and in certain other specified circumstances) for the first year following Admission and not to dispose of its Ordinary Shares without first consulting with WH Ireland, for a further twelve months.

8.5 *Orderly Market Agreements*

By agreements dated on or about 16 August 2004, the Company (1) WH Ireland (2) and certain other significant shareholders of the Company (3) entered into orderly market agreements, pursuant to which they undertook not to dispose of their Ordinary Shares without the prior consent of WH Ireland, for a period of 12 months from Admission. The agreement is conditional, *inter alia*, on Admission.

8.6 *Share Exchange Agreement*

Pursuant to an agreement dated 6 August 2004 made between the shareholders of Axis Holding BV (1) and the Company (2) the entire issued share capital of Axis Holding BV was acquired by the Company in consideration of the allotment and issue to such shareholders of 5,734,320 Ordinary Shares credited as fully paid.

8.7 *Convertible Loan Agreements*

- (a) Pursuant to a novation and conversion agreement dated 16 August 2004 made between certain lenders to Axis Holding BV (“Lenders”) (1), Axis Holding BV (2) and the Company (3) the Company agreed to assume the obligation to repay loans made by the Lenders to Axis Holding BV and the Company further agreed to issue and allot to the Lenders a total of 4,949,321 new Ordinary Shares credited as fully paid in full satisfaction of such loans.
- (b) Pursuant to a novation and conversion agreement dated 16 August 2004, made between CTR Executive Pension Scheme (“CTR”) (1), Axis Holding BV (2) and the Company (3) the Company agreed to assume the obligation to repay loans made by CTR to Axis Holding BV and the Company further agreed to issue and allot to CTR a total of 7,323,362 new Ordinary Shares, credited as fully paid, in full satisfaction of such loans.
- (c) Pursuant to an agreement dated 16 August 2004 made between Christopher Rogers (1), Axis Holding BV (2) and the Company (3) Christopher Rogers advanced £750,000 by way of loan to

Axis Holding BV for the working capital requirements of the Group. £300,000 of this loan will be repayable, together with interest at a fixed rate of 8 per cent. per annum, in monthly instalments over a 10 month period commencing 30 June 2005. This element of the loan is to be secured by a charge over certain Swapbodies and Chassis. The £450,000 balance of the loan will be satisfied by the issue and allotment to Christopher Rogers immediately prior to Admission of new Ordinary Shares, credited as fully paid, having a value, at the Placing Price, of £635,708.

- (d) Pursuant to an agreement dated 16 August 2004 made between GA Intermodal Equipment Limited (“GA Intermodal”) (1), Axis Holding BV (2) and the Company (3) GA Intermodal advanced by way of loan, the sum of £130,000 to Axis Holding BV. This will be satisfied by the issue and allotment to GA Intermodal of new Ordinary Shares, credited as fully paid, having a value, at the Placing Price, of £146,919.
- (e) Pursuant to an agreement dated 16 August 2004 made between Sphere Trustees Limited (“Sphere”) (1), Axis Holding BV (2) and the Company (3), Sphere advanced by way of loan, the sum of £520,000 on an interest free basis to Axis Holding BV. This is to be satisfied by the issue and allotment to Sphere of new Ordinary Shares, credited as fully paid, having a value, at the Placing Price, of £711,993.

8.8 *Other Loan Agreements*

- (a) Pursuant to an agreement dated 14 July 2004 made between Sphere Holdings Limited, a company owned and controlled by Stephen Ball, (1) and the Company (2) Sphere advanced by way of loan the sum of £190,000 for working capital purposes. This is repayable in full by 31 December 2005 and bears interest at the base rate of HSBC plc plus 3 per cent.
- (b) Pursuant to an agreement dated 14 July 2004 made between Sphere Holdings Limited (1) and Axis (2), Sphere advanced to Axis by way of loan the sum of €380,000 to finance the purchase of assets. The loan bears interest at a fixed rate of 8 per cent. per annum. The loan is payable on an interest only basis until 30 June 2005. Thereafter, capital and interest are repayable in 16 equal quarterly instalments commencing 30 September 2005 and ending 30 June 2009. As consideration for this loan being made available, the Company has agreed to grant to Sphere the Sphere Option.

8.9 *Strand Option*

Pursuant to an instrument dated 16 August 2004 made between Strand (1) and the Company (2), the Company granted Strand an option, subject only to Admission, to subscribe for Ordinary Shares.

The principal terms of the Strand Option are as follows:

- (a) Strand will be entitled to subscribe at the Placing Price for such number of new Ordinary Shares as are equivalent (on a fully-diluted basis) to one per cent. of the issued ordinary share capital of the Company at the time of exercise;
- (b) it may be exercised at any time during the period of five years from the date of Admission;
- (c) Ordinary Shares issued on the exercise of the Strand Option will rank for dividends or other distributions declared, made or paid by the Company after the date of exercise, but not before such date and otherwise *pari passu* in all respects with the Ordinary Shares in issue on the date of such exercise;
- (d) the number of Ordinary Shares issued on exercise of the Strand Option and the subscription price will be adjusted upon a capitalisation of reserves, a rights issue or on a sub-division or consolidation of share capital;
- (e) the Strand Option is personal to Strand and cannot be transferred or assigned by Strand to any person other than an associated company; however Strand have the option, on exercise, for Ordinary Shares to be allotted to an associated company;

- (f) so long as any of the subscription rights under the Strand Option remain exercisable, the Company will not without the consent of Strand:
 - (i) issue any securities by way of capitalisation of reserves, or profits other than new Ordinary Shares credited as fully paid up;
 - (ii) issue any Ordinary Shares credited as fully paid by way of capitalisation of profits or reserves if as a result the Company would, on any subsequent exercise of the Strand Option, be obliged to issue Ordinary Shares at a discount to nominal value; or
 - (iii) reduce its share capital (except for a reduction not involving any payment to, or release of, shareholders or on a redemption of redeemable shares or for purchases of shares in accordance with the Act) or any uncalled or unpaid liability in respect of any of its share capital or (except as authorised by the Act) any share premium account or capital redemption reserve;
- (g) if a takeover offer is made to all holders of Ordinary Shares, the Company shall use reasonable endeavours to procure a comparable offer to Strand.

8.10 Sphere Option

Pursuant to an instrument dated 16 August 2004 made between Sphere Holdings Limited (“Sphere Holdings”) (1) and the Company (2), the Company granted Sphere Holdings an option, subject only to Admission, to subscribe for Ordinary Shares.

The principal terms of the Sphere Option are as follows:

- (a) Sphere Holdings will be entitled to subscribe at the Placing Price for 600,000 new Ordinary Shares;
- (b) it may be exercised at any time during the period of five years from the date of Admission;
- (c) Ordinary Shares issued on the exercise of the Sphere Option will rank for dividends or other distributions declared, made or paid by the Company after the date of exercise, but not before such date and otherwise *pari passu* in all respects with the Ordinary Shares in issue on the date of such exercise;
- (d) the number of Ordinary Shares issued on exercise of the Sphere Option and the subscription price will be adjusted upon a capitalisation of reserves, a rights issue or on a sub-division or consolidation of share capital;
- (e) the Sphere Option is personal to Sphere Holdings and cannot be transferred or assigned by Sphere Holdings to any person other than an associated company;
- (f) so long as any of the subscription rights under the Sphere Option remain exercisable, the Company will not without the consent of Sphere Holdings:
 - (i) issue any securities by way of capitalisation of reserves, or profits other than new Ordinary Shares credited as fully paid up;
 - (ii) issue any Ordinary Shares credited as fully paid by way of capitalisation of profits or reserves if as a result the Company would, on any subsequent exercise of the Sphere Option, be obliged to issue Ordinary Shares at a discount to nominal value; or
 - (iii) reduce its share capital (except for a reduction not involving any payment to, or release of, shareholders or on a redemption of redeemable shares or for purchases of shares in accordance with the Act) or any uncalled or unpaid liability in respect of any of its share capital or (except as authorised by the Act) any share premium account or capital redemption reserve;

- (g) if a takeover offer is made to all holders of Ordinary Shares, the Company shall use reasonable endeavours to procure a comparable offer to Sphere Holdings.

8.11 WH Ireland Option

Pursuant to an instrument dated 16 August 2004 made between WH Ireland (1) and the Company (2), the Company granted WH Ireland an option, subject only to Admission, to subscribe for Ordinary Shares.

The principal terms of the WH Ireland Option are as follows:

- (a) WH Ireland will be entitled to subscribe at the Placing Price for 815,102 new Ordinary Shares;
- (b) it may be exercised at any time during the period of five years from the date of Admission;
- (c) Ordinary Shares issued on the exercise of the WH Ireland Option will rank for dividends or other distributions declared, made or paid by the Company after the date of exercise, but not before such date and otherwise *pari passu* in all respects with the Ordinary Shares in issue on the date of such exercise;
- (d) the number of Ordinary Shares issued on exercise of the WH Ireland Option and the subscription price will be adjusted upon a capitalisation of reserves, a rights issue or on a sub-division or consolidation of share capital;
- (e) the WH Ireland Option is personal to WH Ireland and cannot be transferred or assigned by WH Ireland to any person other than an associated company;
- (f) so long as any of the subscription rights under the WH Ireland Option remain exercisable, the Company will not without the consent of WH Ireland:
 - (i) issue any securities by way of capitalisation of reserves, or profits other than new Ordinary Shares credited as fully paid up;
 - (ii) issue any Ordinary Shares credited as fully paid by way of capitalisation of profits or reserves if as a result the Company would, on any subsequent exercise of the WH Ireland Option, be obliged to issue Ordinary Shares at a discount to nominal value; or
 - (iii) reduce its share capital (except for a reduction not involving any payment to, or release of, shareholders or on a redemption of redeemable shares or for purchases of shares in accordance with the Act) or any uncalled or unpaid liability in respect of any of its share capital or (except as authorised by the Act) any share premium account or capital redemption reserve;
- (g) if a takeover offer is made to all holders of Ordinary Shares, the Company shall use reasonable endeavours to procure a comparable offer to WH Ireland.

9. Litigation and arbitration

There are no legal or arbitration proceedings, including any such proceedings which are pending or threatened, of which the Company is aware which may have or have had, during the twelve months prior to the publication of this document, a significant effect on the financial position of the Group.

10. Working capital

The Directors are of the opinion that, having made due and careful enquiry and taking into account the net proceeds of the Placing, the working capital available to the Group will be sufficient for its present requirements, that is for at least the next 12 months from the date of Admission.

11. Taxation

The following statements are intended only as a general guide to the current tax position under UK taxation law and practice. They may not apply to certain classes of shareholders, such as dealers in securities, or to shareholders who are not absolute beneficial owners of their shares. An investor who is in any doubt as to his or her tax position or is subject to tax in any jurisdiction other than the UK should consult his or her professional adviser without delay.

11.1 *Dividends*

Under current UK legislation, no tax is withheld from dividend payments by the Company.

A UK resident individual shareholder will be entitled to a tax credit in respect of any dividend received equal to one ninth of the amount of the dividend. The tax credit therefore equals 10 per cent. of the aggregate amount of the dividend and tax credit. Liability to UK income tax is calculated on the sum of the dividend and the tax credit. The tax credit will be available to offset such a shareholder's liability to income tax on the dividend.

Individual shareholders whose income is within the starting rate or basic rate tax bands are subject to income tax at the rate of 10 per cent. on their dividend income, so that such shareholders will have no further liability to income tax on their dividends. The higher rate of income tax is 32.5 per cent. in respect of dividend income (rather than the main rate of 40 per cent.), so that a shareholder whose income is subject to higher rate income tax will, after allowing for the 10 per cent. tax credit, be liable to pay further income tax equal to 22.5 per cent. of the amount of the dividend and the tax credit or 25 per cent. of the dividend actually received, before the addition of the tax credit. A shareholder who is not liable to income tax on the dividend (or any part of it) is not able to claim payment of the tax credit (or part of it) in cash from the Inland Revenue, save where the dividend is paid on or before 5 April 2004 in respect of shares held in a personal equity plan or an individual savings account.

UK resident corporate shareholders (including authorised unit trusts and open-ended investment companies) and pension funds will not normally be liable to UK taxation on any dividend received and are not entitled to payment in cash of the tax credit.

Registered charities may reclaim transitional relief on qualifying dividends until 5 April 2004.

Whether shareholders who are resident for tax purposes in countries other than the UK are entitled to the whole or a proportion of the tax credit in respect of dividends on their shares depends in general upon the provisions of any double taxation convention or agreement which exists between such countries and the UK. In addition, individual shareholders who are resident in countries other than the UK but who are Commonwealth citizens, nationals of member states of the European Economic Area or fall within certain other categories of person within section 278 of the Income and Corporation Taxes Act 1988 are entitled to the entire tax credit which they may set against their total UK income tax liability. Such shareholders should consult their own tax advisers on the possible application of such provisions and any relief or credit which may be claimed in respect of such tax credit in their own jurisdictions. However, in general, no cash payment is recoverable from the Inland Revenue in respect of the tax credit.

11.2 *Capital Gains Tax*

Shareholders who are resident or ordinarily resident for tax purposes in the UK may, depending upon their individual circumstances, be liable to UK taxation on chargeable gains on a disposal of shares.

A shareholder who is not resident or ordinarily resident for tax purposes in the UK will not be liable to UK taxation on chargeable gains unless the shareholder carries on a trade, profession or vocation in the UK through a branch or agency or in the case of a non-resident company has a permanent establishment in the UK and the shares are, or have been, used, held or acquired for the purposes of such trade, profession or vocation.

11.3 *Inheritance Tax*

Shares in the Company are assets situated in the UK for the purposes of UK inheritance tax. A gift of shares by, or the death of, an individual shareholder may (subject to certain exemptions and reliefs) give rise to a liability to UK inheritance tax even if the shareholder is neither domiciled nor deemed to be domiciled in the UK.

11.4 *Stamp Duty and Stamp Duty Reserve Tax*

No stamp duty or stamp duty reserve tax (“SDRT”) will be payable on the issue of shares, save to a person who issues depositary receipts or provides clearance services in respect of such shares or to a nominee or agent for such person, in which case SDRT will be payable at the rate of 1.5 per cent. of the issue price. The Company will not be required to meet such SDRT.

Where shares are held in certificated form, no stamp duty or SDRT will arise on a transfer of such shares into CREST unless such transfer is made for a consideration in money or money’s worth, in which case a liability to SDRT (usually at a rate of 0.5 per cent.) will arise. Transfers of shares within CREST will be liable to SDRT rather than stamp duty.

Any agreement or instrument of transfer to transfer shares for a consideration in money or money’s worth will give rise to a liability to stamp duty or SDRT usually at the rate of 0.5 per cent. of the consideration paid.

Special rules may apply to market makers, broker-dealers and certain other persons.

12. General

12.1 Grant Thornton has given and not withdrawn its written consent to the inclusion in Parts III, IV, V and VI of this document of their reports and the references thereto and to their name in the form and context in which they appear.

12.2 Strand Partners Limited, which is regulated by the Financial Services Authority, has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which it appears.

12.3 WH Ireland, which is regulated by the Financial Services Authority, has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which it appears.

12.4 Save as disclosed in this document there has been no significant adverse change in the trading or financial position of the Group since 31 December 2003, being the date to which audited financial information in respect of each member of the Group has been prepared.

12.5 Save as disclosed in this document, there have been no significant trends concerning the development of the business of the Group nor any significant acquisition or disposal of assets since 31 December 2003.

12.6 The expenses of and incidental to the Placing and Admission, including commissions which are payable by the Company, are estimated to amount to £560,000 (excluding Value Added Tax). Of these expenses £260,000 is being applied by various advisers for application to the Company for the issue of new Ordinary Shares at the Placing Price. The net proceeds of the Placing (after taking account of the application by various advisers to the Company for the issue of new Ordinary Shares) receivable by the Company are estimated to amount to £220,000.

12.7 The Ordinary Shares have not previously been sold, nor are they being made available under the Placing to the public.

12.8 No admission to listing or trading of the Placing Shares is being sought on any stock exchange other than AIM.

12.9 The Placing Price represents a premium of 5p over the nominal value of 5p per Ordinary Share.

12.10 Monies received by applicants pursuant to the Placing will be held in accordance with the terms of the application procedures determined by W H Ireland. If Admission does not take place, monies will be returned to applicants as soon as practicable at their own risk and without interest.

12.11 There are no patents or other intellectual property rights, licences or particular contracts, which are of fundamental importance to the Group's business.

12.12 Derek Cormack, a former director of the Company, has received fees in total of £25,000 in connection with Admission.

12.13 No person (excluding professional advisers as stated in this document) other than as disclosed in this document has received, directly or indirectly, from the Company within the twelve months preceding the Company's application for Admission, and no persons have entered into contractual arrangements to receive, directly or indirectly, from the Company on or after Admission:

- (a) fees totalling £10,000 or more;
- (b) securities in the Company with a value of £10,000 or more calculated by reference to the Placing Price; or
- (c) any other benefit with a value of £10,000 or more at the date of Admission.

13. Availability of this document

Copies of this document will be available during normal business hours at the offices of Memery Crystal, 44 Southampton Buildings, London WC2A 1AP up to and including 30 September 2004.

Dated: 16 August 2004

