



Interim Report 2007



Truck, Trailer and Swapbody Contract Hire

Group Highlights

- ◆ Turnover up by 26% to £5.33 million (2006: £4.24 million)
- ◆ Operating profit of £253,000 up 36% (2006: £186,000)
- ◆ Single Axis brand for all companies
- ◆ EPS 0.49p (2006: 0.03p)
- ◆ UK fleet expands by 53%
- ◆ German swapbody fleet grows by 15%
- ◆ Interim dividend of 0.15p per ordinary share to be paid on 22 October 2007
- ◆ Adoption of IFRS

Robert J. Montague CBE, Executive Chairman, commented:

“We are pleased to report our interim results for the six months ended 30 June 2007 and the Group has made very good progress during the period. Under the single Axis brand the businesses in the UK and Germany have delivered further fleet expansion, increasing our fleet of trucks, trailers and swap bodies so far this year by 830 units.

As a result of the continuing development of our relationship in Germany with our KG partners we have access to substantial funding with which to meet the demands of the business while still maintaining the risk management strategy of protecting exposure to residual values. In fact, to date this year we have replaced 12% of our UK fleet in addition to the headline increase.”

Chairman's and Chief Executive Officer's Statement

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Financial Results

Turnover for the period was £5.328 million (2006: £4.240 million) from which the Group achieved an operating profit before interest of £253,000 (2006: £186,000).

After net interest costs of £62,000 (2006: £166,000) the Group recorded a profit after tax of £288,000 (2006: £20,000) resulting in an increase in EPS from 0.03 pence to 0.49 pence.

Net cash outflow during the period amounted to £1.022 million which included a prepayment for the acquisition of swapbodies in Germany of £1.082 million; this represents approximately 200 swapbodies and these funds are recovered as deliveries to our clients are effected.

These results reflect the adoption of IFRS by the Company, and a detailed explanation of the transition has today been posted on the company's website at www.axisintermodal.com.

Review of Operations

The fleet of trucks, trailers and swapbodies has grown to 3,779 at 30 June 2007 (2006: 2,743).

United Kingdom

The demand for trucks and trailers in 2007 continues to be buoyant. The upturn in demand has been fuelled by the improvement in the German economy and the new markets created by the expanded EU member states.

The enforced changes to the truck specification under the European emission standards has resulted in an increased demand for the latest truck equipment with a resultant hardening of contract hire rates. New orders for trucks and trailers are anticipated for delivery into late 2008 and by forward ordering Axis UK has achieved good delivery availability for equipment and is therefore well positioned to fulfil customer demand. This is despite the fact that deliveries of equipment in the EU have been under pressure with manufacturers finding it difficult to meet demand owing to shortages of parts including axles and even, in some cases, tyres.

In addition to a fleet replacement programme of 12% in the half year; the total UK fleet increased by 53% to 926 vehicles in the period and is currently 993. With the current demand and forward orders in place the fleet is expected to almost double in size this year. The business has grown from a regional player to a national player with customers as far a field as Southampton to Aberdeen. The re-branding of the company as Axis Intermodal has led to a greater awareness within the UK market place with our customer base growing by 33% during the period.

Chairman's and Chief Executive Officer's Statement

(Continued)

To meet organic growth targets we have recruited additional experienced Business Managers across the UK and we are well positioned to continue to grow the business throughout 2008 and 2009. Duncan Scillitoe was appointed to the board of Axis UK as UK Sales Director to spearhead this growth. We have centralised the maintenance control at the Oxford head office and now offer our customers 24/7 direct dial telephone contact. Additionally, we are upgrading our fleet management system which will further streamline overall customer service whilst improving cost control.

Major European truck and trailer manufacturers are predicting that the current shortage of equipment will continue into 2009 and we are well positioned to take advantage of the ongoing customer demand.

Axis Germany

Axis Germany increased its swap body fleet in the first six months of the year by 15% to 2,853 units and the fleet is currently 2,929 units. We have ordered a further 710 swapbodies from YMCL, Krone and RETA to meet client demand resulting from the strength of the German economy and the expansion of the EU.

We have been successful in renewing a major long term contract with Steinle/DSV for 740 swapbodies. Other clients including Hellmann, DPD, Hangartner, and GLS (a subsidiary of Royal Mail) have committed to a substantial number of the new swapbodies. A contract has recently been signed with DHL for 350 new customer branded swapbodies to be delivered in the fourth quarter of 2007.

There is a positive outlook for the transportation industry in Germany and across Europe for 2008 and 2009.

Dividend

The Board has declared an interim dividend of 0.15 pence per ordinary share (2006: 0.13 pence) and looks forward to further dividend payments. This interim dividend will be paid on 22 October 2007 to shareholders on the register as at the close of business on 5 October 2007.

Outlook

The Board's strategy of continuing to develop and invest in our UK and German activities is showing rewards, as reflected in the increases in turnover and growth in market share. This growth gives the Board confidence that its actions will deliver shareholder value in the second half of the year and further improvement in subsequent years.

Robert J. Montague CBE

Executive Chairman

Consolidated Income Statement

for the period ended 30 June 2007

	Note	Unaudited Six months ended 30 Jun 2007 £'000	Unaudited Six months ended 30 Jun 2006 £'000	Unaudited Year ended 31 Dec 2006 £'000
Revenue		5,328	4,240	9,148
Cost of sales		(3,624)	(2,777)	(5,757)
Gross profit		1,704	1,463	3,391
Administrative expenses		(1,451)	(1,277)	(2,544)
Operating profit		253	186	847
Interest income		9	1	4
Finance costs		(5)	(96)	(172)
Finance lease interest		(66)	(71)	(150)
Profit on ordinary activities before tax		191	20	529
Tax on profit on ordinary activities	3	97	-	(26)
Profit for the period		288	20	503
Attributable to:				
Equity holders of the parent		288	20	502
Minority interests		-	-	1
		288	20	503
Earnings per share	4			
Basic - pence		0.49	0.03	0.85
Diluted - pence		0.49	0.03	0.85

Consolidated Statement of Recognised Income and Expense

for the period ended 30 June 2007

	Unaudited Six months ended 30 Jun 2007 £'000	Unaudited Six months ended 30 Jun 2006 £'000	Unaudited Year ended 31 Dec 2006 £'000
Exchange differences on translation of foreign operations	6	(10)	(49)
Net income recognised directly in equity	6	(10)	(49)
Profit for the period	288	20	503
Total recognised income and expense for the period	294	10	454

Consolidated Balance Sheet

at 30 June 2007

	Note	Unaudited 30 Jun 2007 £'000	Unaudited 30 Jun 2006 £'000	Unaudited 31 Dec 2006 £'000
Non-current assets				
Goodwill		3,519	3,146	3,519
Property, plant and equipment		2,490	5,812	2,564
Deferred tax assets		162	-	-
		6,171	8,958	6,083
Current assets				
Trade and other receivables		2,856	1,645	2,422
Cash and cash equivalents		389	6	1,417
Non-current assets held for sale	5	1,082	-	-
		4,327	1,651	3,839
Total assets		10,498	10,609	9,922
Current liabilities				
Trade and other payables		(3,185)	(3,551)	(3,371)
		(3,185)	(3,551)	(3,371)
Net current assets / (liabilities)		1,142	(1,900)	468
Non-current liabilities				
Other non-current payables		(1,909)	(2,330)	(1,539)
Deferred tax liabilities		(111)	(162)	(46)
		(2,020)	(2,492)	(1,585)
Total liabilities		(5,205)	(6,043)	(4,956)
Net assets		5,293	4,566	4,966
Equity				
Share capital		2,943	2,943	2,943
Share premium		1,070	1,070	1,070
Share based payments reserve	6	164	97	131
Other reserves	6	180	180	180
Translation reserve	6	(43)	(10)	(49)
Retained earnings	6	979	286	691
Total equity		5,293	4,566	4,966

Consolidated Condensed Cash Flow Statement

for the period ended 30 June 2007

	Unaudited Six months ended 30 Jun 2007 £'000	Unaudited Six months ended 30 Jun 2006 £'000	Unaudited Year ended 31 Dec 2006 £'000
Profit before taxation	191	20	529
Adjustments for:			
Depreciation	260	553	817
Interest expense	71	167	322
Interest income	(9)	(1)	(4)
Share option expense	33	38	72
Loss / (profit) on sale of property, plant and equipment	20	50	(258)
(Increase) in debtors	(438)	(259)	(1,021)
(Decrease) / increase in creditors	(129)	278	806
Interest paid	(71)	(166)	(322)
Income taxes paid	(52)	-	(38)
Net cash from operating activities	(124)	680	903
Purchases of property, plant and equipment	(339)	(676)	(1,591)
Proceeds on disposal of property, plant and equipment	137	776	4,895
Other investing cash flows (net)	(1,073)	(25)	(21)
Net cash used in investing activities	(1,275)	75	3,283
Repayments of borrowings	(412)	(1,008)	(3,485)
Other financing cash flows (net)	789	265	704
Net cash used in financing activities	377	(743)	(2,781)
Net (decrease)/increase in cash and cash equivalents	(1,022)	12	1,405
Cash and cash equivalents at 1 January	1,417	4	4
Effect of foreign exchange rate changes	(6)	(10)	8
Cash and cash equivalents at 30 June			
Bank balances and cash	389	6	1,417

Notes to the Interim Financial Statements

for the period ended 30 June 2007

1 Basis of preparation

These interim financial statements do not constitute statutory accounts within the meaning of the Companies Act 1985 and are unaudited. The Board approved the unaudited interim financial statements on 24 September 2007.

The interim financial statements have been prepared on the going concern basis and under the historical cost convention.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the group operates.

2 Significant accounting policies

This interim financial information has been prepared by applying the IFRS-compliant accounting policies published on the company's website.

3 Tax

The Group has recognized the benefit of unutilised tax losses to the extent to which the Directors believe that there is sufficient certainty of future trading profits.

4 Earnings per share

From continuing operations

Earnings	Six months ended 30 Jun 2007 £'000	Six months ended 30 Jun 2006 £'000	Year ended 31 Dec 2006 £'000
Earnings for the purposes of basic earnings per share being net profit attributable to equity holders of the parent	288	20	503
Earnings for the purposes of diluted earnings per share	288	20	503

The calculation of the basic and diluted earnings per share is based on the following data:

Number of Shares	30 Jun 2007 Number	30 Jun 2006 Number	31 Dec 2006 Number
Weighted average number of ordinary shares for the purposes of basic earnings per share	58,861,443	58,861,443	58,861,443
Effect of dilutive potential ordinary shares:			
Share options	-	-	-
Weighted average number of ordinary shares for the purposes of diluted earnings per share	58,861,443	58,861,443	58,861,443

In accordance with IAS 33, no share options and no warrants have a dilutive effect on the earnings per share calculation (2006: nil).

Notes to the Interim Financial Statements

for the period ended 30 June 2007

5 Non-current assets held for sale

Non-current assets acquired and held for sale relate to recently acquired swapbodies; as soon as all relevant documentation is completed the assets concerned are sold to the relevant financing company.

6 Reserves & retained earnings

	Share - based payments reserve £'000	Other reserve £'000	Translation reserve £'000	Retained reserve £'000	Total £'000
Balance at 1 January 2006	59	180	-	266	505
Exchange differences on translation of overseas operations	-	-	(10)	-	(10)
Share options expensed	38	-	-	-	38
Net profit for the period	-	-	-	20	20
Balance at 30 June 2006	97	180	(10)	646	913
Exchange differences on translation of overseas operations (Jul-Dec)	-	-	(39)	-	(39)
Share options expensed (Jul-Dec)	34	-	-	-	34
Net profit for the period (Jul-Dec)	-	-	-	483	483
Equity minority interests (Jul-Dec)	-	-	-	(1)	(1)
Dividends paid (Jul-Dec)	-	-	-	(77)	(77)
Balance at 31 December 2006	131	180	(49)	691	953
Balance at 1 January 2007	131	180	(49)	691	953
Exchange differences on translation of overseas operations	-	-	6	-	6
Share options expensed	33	-	-	-	33
Net profit for the period	-	-	-	288	288
Balance at 30 June 2007	164	180	(43)	979	1,280

Notes to the Interim Financial Statements

for the period ended 30 June 2007

7 Segment information

The following is an analysis of the revenue and results for the period, analysed by geographical segment, the Group's primary basis of segmentation.

The Group comprises the following business segments:

United Kingdom
Rest of Europe

	Revenue from external customers			Segment result		
	Six months ended	Six months ended	Year ended	Six months ended	Six months ended	Year ended
	30 Jun 2007	30 Jun 2006	31 Dec 2006	30 Jun 2007	30 Jun 2006	31 Dec 2006
	£'000	£'000	£'000	£'000	£'000	£'000
United Kingdom	4,257	3,187	6,634	361	81	(97)
Rest of Europe	1,071	1,053	2,514	(108)	105	944
Total Revenue:	5,328	4,240	9,148			
Operating profit:				253	186	847

Shareholder Information

Company registered number

3832633

Registered and Head office

8 Fenlock Court
Lower Road
Long Hanborough
Oxfordshire
OX29 8LN

Company Secretary

Nicholas Smith

Directors

Robert Montague CBE (Executive Chairman)

Stephen Ball (Finance Director)

Ernie Clemson (Managing Director)

Heiner Mangels (Executive Director)

Nicholas Smith (Group Legal Director and Secretary)

George Carvin (Non Executive Director)

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