

**Axis Intermodal plc**  
**("Axis" or "the Group")**

**Interim Results for the six months ended 30 June 2008**

Axis (AIM: AXI), the European transport equipment contract hire group, today announces its unaudited interim results for the six months ended 30 June 2008.

**Group Highlights:**

- Turnover increased by 62% to £8.594 million
- Profit after tax increased to £312,000 resulting in an increase in EPS from 0.49 pence to 0.53 pence
- The UK fleet increased by 34% to 1,562
- Strong performance from marine container division with long term contracts established in USA, Far East and Europe
- Acquisition of the spare parts business from Sea Containers Inc. for the sum of \$250,000 to establish Axis SeaCo Parts
- Interim dividend increased by 67% to 0.25 pence per ordinary share

Robert Montague, Executive Chairman, commented:

"The growth we have seen this year so far has been good and there are indications that we will succeed in our expansion plans for this year and beyond. However, we live in uncertain times and Axis cannot assume that it will defy gravity as the clouds of recession continue to develop. Despite this caution we are well positioned to take advantage of all business opportunities."

**Further information:**

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## **Chairman's Statement**

I am pleased to present our interim results for the six months ended 30 June 2008.

The Group has made good progress during the period with strong growth in Sea-Axis (our marine container activity), the European Swapbody fleet, as well as the UK truck and trailer division, all under the single Axis brand.

These results reflect the ability to grow the fleets in a low risk way, continuing to work with our KG partners having 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.

### **Financial Results**

Turnover for the period was £8.594 million (2007: £5.328 million) from which the Group achieved an operating profit before interest of £535,000 (2007: £253,000).

After interest of £161,000 (2007: £62,000) the Group recorded a profit after tax of £312,000 (2007: £288,000) resulting in an increase in EPS from 0.49 pence to 0.53 pence.

### **Review of Operations**

The fleet of trucks, trailers, marine containers and swapbodies has grown to 6,502 units at 30 June 2008 (2007: 3,779).

#### ***United Kingdom***

The demand for trucks and trailers in 2008 has been good, whilst order books at the manufacturers shorten. The need for equipment has continued and we have held prices to those in 2007 through flexible commitment undertakings with our suppliers enabling them to forward commit to the necessary raw materials.

The UK fleet increased by 34% to 1,562 vehicles in the period and is currently 1,700. 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 in the UK market with our customer base growing by 38% during the period.

Our new fleet management system is fully operational providing greater focus and analysis which will further streamline overall customer service whilst improving cost control.

#### ***Axis Germany***

Axis Germany increased its Swapbody fleet in the first six months of the year by 10.2% to 3,634 units and the fleet is currently 4,093 with a further 1,000 Swapbodies from YMCL, Krone and RETA due to be delivered to meet additional client demand.

We have been successful in winning further long term business with DHL and many other clients including Hellmann, DPD, Hangartner and GLS (a subsidiary of Royal Mail) in Germany, Switzerland, Austria and other European countries.

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

#### ***Sea-Axis***

Our new division has started well with long term contracts being won in the USA, Far East and Europe. We have now established a network of offices including Hong Kong, Singapore and Shanghai in addition to our European representation and have welcomed Clive Francis as Managing Director of the Marine Container division.

Equipment orders have been delivered including tanks and refrigerated containers as well as the licensed SeaCell2 pallet wide dry freight container. The fleet at the end of June stood at 2,410 teu (twenty foot equivalent unit, the standard unit measurement in the industry).

#### ***Axis SeaCo Parts***

In May this year we successfully acquired this spare parts business from Sea Containers America Inc. for the sum of US\$ 250,000. The strategy of this “bolt on” business is that it offers a ‘just in time’ operation supplying spares for the marine container and shipping industry and we are able to support and have a close working relationship with clients not purely in the supply of equipment but as a full service partner. We welcome Vic Warren and his team to Axis.

### **Dividend**

The Board has declared an interim dividend of 0.25 pence per ordinary share (2007: 0.15 pence) payable on 7 November 2008 to shareholders on the register as at the close of business on 24 October 2008.

### **Outlook**

The Board’s strategy is to continue to develop and invest in all our range of assets and to grow turnover and EPS. The growth we have seen this year so far has been good and there are indications that we will succeed in our expansion plans for this year and beyond. However, we live in uncertain times and Axis cannot assume that it will defy gravity as the clouds of recession continue to develop. Despite this caution we are well positioned to take advantage of all business opportunities.

Robert J Montague CBE  
Executive Chairman

### **Condensed consolidated income statement for the period ended 30 June 2008**

Note	Unaudited Six months ended 30 June 2008 £'000	Unaudited Six months ended 30 June 2007 £'000	Audited Year ended 31 December 2007 £'000
Revenue	8,594	5,328	12,085
Cost of sales	(5,466)	(3,624)	(7,690)
<b>Gross profit</b>	<b>3,128</b>	<b>1,704</b>	<b>4,395</b>
Administrative expenses	(2,593)	(1,451)	(3,740)
<b>Operating profit</b>	<b>535</b>	<b>253</b>	<b>655</b>
Interest income	3	9	16
Finance costs	(26)	(5)	(27)
Finance lease interest	(138)	(66)	(85)
<b>Profit on ordinary activities before tax</b>	<b>373</b>	<b>191</b>	<b>559</b>
Tax on profit on ordinary activities	(61)	97	(60)
<b>Profit for the period</b>	<b>312</b>	<b>288</b>	<b>499</b>

Attributable to:

Equity holders of the parent		312	288	499
		<u>312</u>	<u>288</u>	<u>499</u>
<b>Earnings per share</b>	3			
Basic - pence		0.53	0.49	0.85
Diluted - pence		<u>0.53</u>	<u>0.49</u>	<u>0.85</u>

**Consolidated statement of recognised income and expense  
for the period ended 30 June 2008**

	Unaudited Six months ended 30 June 2008 £'000	Unaudited Six months ended 30 June 2007 £'000	Audited Year ended 31 December 2007 £'000
Exchange differences on translation of foreign operations	(21)	6	(30)
<b>Net income recognised directly in equity</b>	<u>(21)</u>	<u>6</u>	<u>(30)</u>
<b>Profit for the period</b>	312	288	499
<b>Total recognised income and expense for the period</b>	<u>291</u>	<u>294</u>	<u>469</u>

**Condensed consolidated balance sheet  
at 30 June 2008**

Note	Unaudited 30 June 2008 £'000	Unaudited 30 June 2007 £'000	Audited 31 December 2007 £'000
<b>Non-current assets</b>			
Goodwill	3,519	3,519	3,519
Property, plant and equipment	4,937	2,490	3,289
Deferred tax assets	87	162	104
	<u>8,543</u>	<u>6,171</u>	<u>6,912</u>
<b>Current assets</b>			
Inventories	305	-	-
Trade and other receivables	6,452	2,856	4,515
Cash and cash equivalents	247	389	359
Non-current assets held for sale	-	1,082	-
	<u>7,004</u>	<u>4,327</u>	<u>4,874</u>
<b>Total assets</b>	<u>15,547</u>	<u>10,498</u>	<u>11,786</u>
<b>Equity</b>			
Share capital	2,943	2,943	2,943

Share premium		1,070	1,070	1,070
Share-based payment reserve	5	236	164	218
Other reserve	5	180	180	180
Translation reserve	5	(100)	(43)	(79)
Retained earnings	5	1,315	979	1,003
<b>Total equity</b>		<u>5,644</u>	<u>5,293</u>	<u>5,335</u>

#### Non-current liabilities

Borrowings		1,114	354	748
Customer deposits		266	277	255
Deferred tax liabilities		199	111	157
Obligations under finance leases		3,192	1,555	2,456
		<u>4,771</u>	<u>2,297</u>	<u>3,616</u>

#### Current liabilities

Trade and other payables		2,944	2,083	1,636
Current tax liabilities		20	97	66
Obligations under finance leases		1,434	638	574
Bank overdrafts and loans		734	90	559
		<u>5,132</u>	<u>2,908</u>	<u>2,835</u>

#### Total liabilities

#### Total equity and liabilities

		<u>9,903</u>	<u>5,205</u>	<u>6,451</u>
		<u>15,547</u>	<u>10,498</u>	<u>11,786</u>

#### Condensed consolidated cash flow statement for the period ended 30 June 2008

	Unaudited Six months ended 30 June 2008 £'000	Unaudited Six months ended 30 June 2007 £'000	Audited Year ended 31 December 2007 £'000
Profit before taxation	373	191	559
Adjustments for:			
Depreciation	406	260	617
Profit/loss on disposal of property, plant and equipment	2	20	(41)
Interest expense	162	71	112
Interest income	(3)	(9)	(16)
Share option expense	18	33	87
Operating cashflows before movements in working capital	<u>958</u>	<u>566</u>	<u>1,318</u>
Increase in receivables	(1,937)	(438)	(2,093)
Increase / (decrease) in payables	1,307	(129)	(555)
Cash generated by operations before interest and taxation	<u>328</u>	<u>(1)</u>	<u>(1,330)</u>
Interest paid	(162)	(71)	(112)

Income taxes paid	(96)	(52)	(161)
<b>Net cash inflow / (outflow) from operating activities</b>	<u>70</u>	<u>(124)</u>	<u>(1,603)</u>
<b>Investing activities</b>			
Interest received	3	-	16
Proceeds on disposal of property, plant and equipment	81	137	288
Purchases of property, plant and equipment	(451)	(339)	(509)
Acquisition of subsidiary	(126)	-	-
Other investing cash flows (net)	-	(1,073)	-
<b>Net cash used in investing activities</b>	<u>(493)</u>	<u>(1,275)</u>	<u>(205)</u>
<b>Financing activities</b>			
Dividends paid	0.0	-	(187)
Other new loans raised	385	1,029	811
Repayments of other loans	-	-	(2)
Repayments of bank loans	(19)	(412)	(63)
Repayment of obligations under finance leases	(232)	(330)	(402)
<b>Net cash from financing activities</b>	<u>134</u>	<u>287</u>	<u>157</u>
<b>Net decrease in cash and cash equivalents</b>	(289)	(1,112)	(1,651)
<b>Cash and cash equivalents at 1 January</b>	(200)	1,417	1,417
Effect of foreign exchange rate changes	2	(6)	34
<b>Cash and cash equivalents at 30 June</b>	<u>(487)</u>	<u>299</u>	<u>(200)</u>

### 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 2008.

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

The interim financial information has been prepared applying the accounting policies and presentation that were applied in the preparation of the group's 2007 financial statements, which are published on the group's website.

### 3. Earnings per share

### From continuing operations

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

#### Earnings

	Six months ended 30 June 2008 £'000	Six months ended 30 June 2007 £'000	Year ended 31 December 2007 £'000
Earnings for the purposes of basic earnings per share being net profit attributable to equity holders of the parent	312	288	499
Earnings for the purposes of diluted earnings per share	312	288	499

#### Number of shares

	30 June 2008 Number	30 June 2007 Number	31 December 2007 Number
Weighted average number of ordinary shares for the purposes of basic earnings per share	58,856,842	58,856,842	58,856,842
Effect of dilutive potential ordinary shares:			
Share options	-	-	-
Weighted average number of ordinary shares for the purposes of diluted earnings per share	58,856,842	58,856,842	58,856,842

In accordance with IAS 33, no share options and no warrants have a dilutive effect on the earnings per share calculation (2007: nil).

#### 4. Trade and other receivables

Trade and other receivables comprise the following:

	30 June 2008 £'000	30 June 2007 £'000	31 December 2007 £'000
Trade receivables	2,467	1,214	1,909
Income tax receivable	17	-	17
Other receivables	50	103	43
Prepayments and accrued income	3,918	1,539	2,546
	6,452	2,856	4,515

#### 5. Reserves and retained earnings

	Share based payments reserve £'000	Other reserves £'000	Translation reserve £'000	Retained earnings £'000	Total £'000
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
<b>Balance at 30 June 2007</b>	<b>164</b>	<b>180</b>	<b>(43)</b>	<b>979</b>	<b>1,280</b>
Exchange differences on translation of overseas operations (Jul-Dec)	-	-	(36)	-	(36)
Share options expensed (Jul-Dec)	54	-	-	-	54
Net profit for the period (Jul-Dec)	-	-	-	211	211
Dividends paid (Jul-Dec)	-	-	-	(187)	(187)
<b>Balance at 31 December 2007</b>	<b>218</b>	<b>180</b>	<b>(79)</b>	<b>1,003</b>	<b>1,322</b>
<b>Balance at 1 January 2008</b>	<b>218</b>	<b>180</b>	<b>(79)</b>	<b>1,003</b>	<b>1,322</b>
Exchange differences on translation of overseas operations	-	-	(21)	-	(21)
Share options expensed	18	-	-	-	18
Net profit for the period	-	-	-	312	312
<b>Balance at 30 June 2008</b>	<b>236</b>	<b>180</b>	<b>(100)</b>	<b>1,315</b>	<b>1,631</b>

## 6. Segment information

The following is an analysis of the revenue and results for the period, analysed by geographical segment.

The Group comprises the following geographical segments:

United Kingdom  
Europe (ex. UK)  
Rest of World

	Revenue from external customers			Segment result			
	Six Months ended 30 June 2008	Six Months ended 30 June 2007	Year Ended 31 December 2007	Six months ended 30 June 2008	Six months ended 30 June 2007	Year ended 31 December 2007	
	£'000	£'000	£'000	£'000	£'000	£'000	
United Kingdom	6,566	4,257	9,351	232	361	627	
Europe (ex. UK)	1,899	1,071	2,734	289	(108)	28	
Rest of World	129	-	-	14	-	-	
<b>Total revenue:</b>	<b>8,594</b>	<b>5,328</b>	<b>12,085</b>				
				<b>Operating profit:</b>	<b>535</b>	<b>253</b>	<b>655</b>

## 7. Business combinations

On 14 May 2008, the group acquired 100% of the share capital of SeaCo Parts International Inc, a marine container parts retailer operating in the US. The acquired business contributed revenues of £129,000, and net profit of £14,000 to the group from 14 May 2008 to 30 June 2008. The cost of the acquisition was USD 250,000.

Details of net assets acquired and goodwill are as follows:

Purchase consideration:	\$'000	£'000
- Cash paid	250	126
- Direct costs relating to the acquisition	-	-
	<hr/>	<hr/>
Total purchase consideration	250	126
Book value of net assets acquired	(750)	(377)
Fair value adjustment	500	251
	<hr/>	<hr/>
Goodwill	-	-

A fair value adjustment was applied at the date of acquisition by management, to write down specific inventories to their fair value.

The assets and liabilities arising from the acquisition are as follows:

	Fair value \$' 000	Acquiree's carrying value \$' 000
Cash and balances at bank	91	91
Trade receivables	224	224
Other receivables	3	3
Inventories	174	174
Fixed assets	7	7
Total Assets	<hr/> 499	<hr/> 499
Trade payables	226	226
Other payables	23	23
Current liabilities	<hr/> 249	<hr/> 249
Net assets acquired	<hr/> 250	<hr/> 250

## 8. Availability of Interim Statements

A copy of Axis's interim statements is available from the Company's registered office at 15 Fenlock Court, Lower Road, Long Hanborough, Oxfordshire OX29 8LN, registered number 04980247 and is also available for download from the Company's website at [www.axisintermodal.com](http://www.axisintermodal.com).