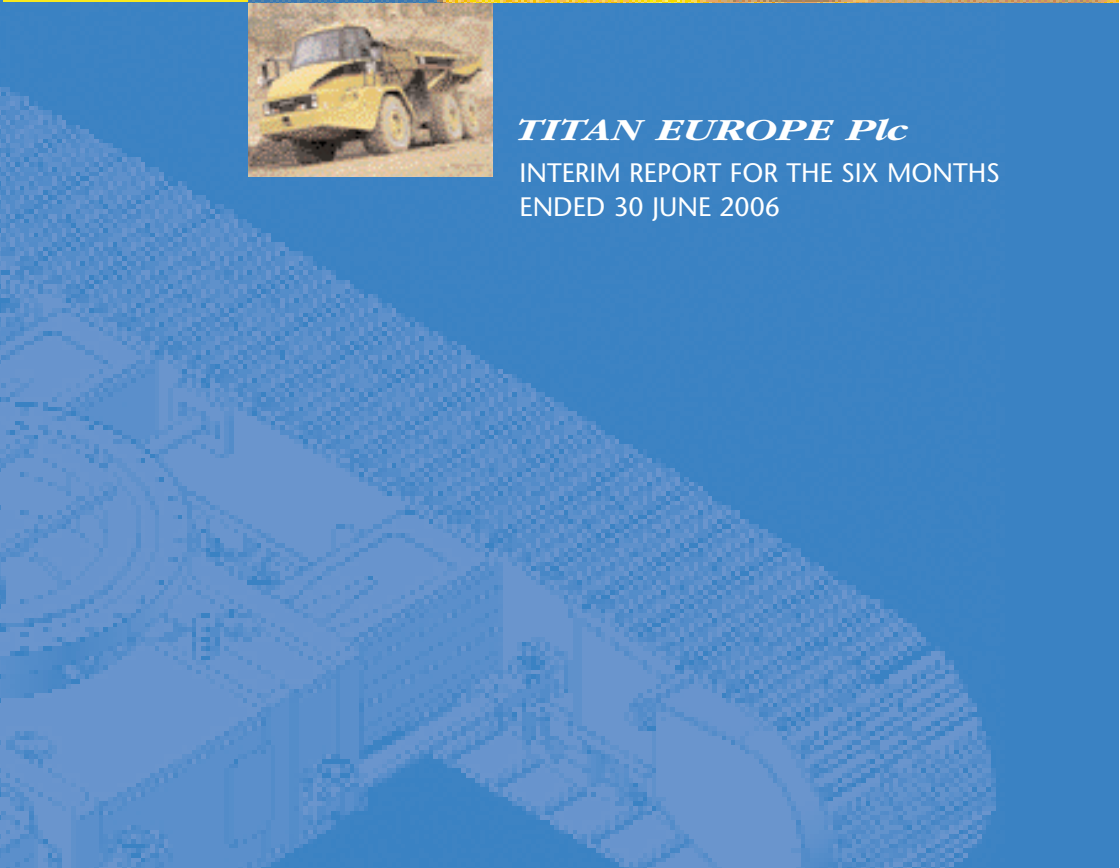


TITAN EUROPE Plc

INTERIM REPORT FOR THE SIX MONTHS
ENDED 30 JUNE 2006





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SUMMARY OF RESULTS AND HIGHLIGHTS

Highlights

Following the acquisition of the ITM Group:

- Turnover up 173.9%.
- Operating profit before goodwill amortisation and exceptional items up 151.4%.
- Operating profit up 104.2%.
- Profit before tax, goodwill amortisation and exceptional items up 44.4%.
- Interim dividend of 2.0p (2005: 1.75p).
- Integration of ITM Group meets expectations.

Summary of results for the six months ended 30 June 2006

Titan Europe's unaudited first half 2006 and 2005 summary results, expressed in UK GAAP, are as follows:

	Unaudited results for six months ended 30 June 2006	Unaudited results for six months ended 30 June 2005 Restated
	£'000	£'000
Turnover	193,064	70,482
Operating profit before goodwill amortisation and exceptional items	14,683	5,841
Goodwill amortisation	(1,217)	(183)
Exceptional items	(1,914)	—
Operating profit	11,552	5,658
Profit on ordinary activities before taxation, goodwill amortisation and exceptional items	9,121	6,316
Exceptional interest cost	(1,863)	—
Profit on ordinary activities before taxation	4,024	6,030
Tax on profit on ordinary activities	(2,081)	(2,359)
Profit after taxation	1,943	3,671

The fair value of assets and liabilities acquired with the ITM Group are still under review and changes to goodwill and goodwill amortisation are anticipated in the second half of the year.

CHIEF EXECUTIVE'S REPORT

I am pleased to announce the unaudited interim results for Titan Europe Plc ("Titan Europe") for the six months ended 30 June 2006, which includes for the first time the trading performance of the ITM Group ("ITM"), acquired on 29 December 2005.

Strategically, the ITM acquisition has proved highly successful. We are now more focused on the Construction and Mining sectors which are in the early stages of a strong cyclical upturn. With expansion in the World economy, we believe the growth cycle will be longer with a greater upturn than previously experienced. The acquisition of ITM has also enabled us to become a truly global player well able to meet the requirements of multi-national OEMs as well as providing additional opportunities to leverage benefits in low cost economies.

Integrating an acquisition as diverse as ITM has been and remains an exciting and challenging task. Considerable progress has been made on this in the first half of 2006. The steps we planned have been carried out in the expected timeframes. The initial projects we have been working on are:

- Closure of the ITM Group Italian Head Office, creating a new combined headquarters in Crespellano (Bologna);
- Closure of the ITM Castelvetro site with manufacturing relocating to other Italian sites;
- Closure of the Wheel facility in Holle, Germany with manufacturing relocating to the Intertractor facility in Gevelsberg; and
- Improving purchasing terms and returning to normal credit terms with ITM suppliers.

These are all proceeding satisfactorily. We are also very impressed by the enthusiasm of ITM management for change.

The acquisition of Titan Wheel and Rims Pty Limited ("Wheel and Rims"), acquired on 31 October 2005, has also proved to be strategically very successful. We remain optimistic about the prospects and potential for the patented 'quick change' giant earthmover wheels acquired with this business and these are currently under evaluation with several major OEMs for new fit as well as replacement wheels.

TRADING CONDITIONS

Trading during the first half of 2006 continued the trend experienced during 2005:

- The Construction and Mining sectors have continued to be strong leading to excellent sales in Germany, Australia and the USA for both Wheels and Undercarriage products; and
- The Agricultural sector has experienced a downturn when compared to previous years, and although it started the year slowly in the first quarter, it has returned to expected levels in the second quarter.

Turnover in the first half ended 30 June 2006 from ITM was £124.2 million producing an operating profit before exceptional items of £8.1 million (£9.1 million excluding goodwill amortisation and exceptional items). Turnover from Wheel and Rims was £1.7 million producing an operating profit of £0.1 million.

The new Turkish wheel factory is now producing for the domestic market and, we anticipate that over the next few months, we will have gained product approval for our Western European customers.

This current financial year will see the material / selling price cycle once again impact our performance. In the Agricultural sector in particular, this will result in overall profitability being skewed more towards the second half of the year. As widely reported within the manufacturing industry, we have continued to experience commodity price increases (predominantly steel) and our expectation is for further material

price increases over the next twelve months. Increasing energy prices will also have a strong impact on our business.

Trading foreign exchange losses at the half year were £1.3 million (2005: £0.3 million). This loss, which is partially unrealised, relates mainly to the exposure in Euro dominated companies on US Dollar sales. Most of our customer contracts are structured such that significant movements in exchange rates are compensated by our ability to adjust the sales prices. Nevertheless, we are investigating hedging opportunities to further mitigate this risk in future.

Profit on ordinary activities for the financial year is expected to incur an effective taxation rate of 40% (after adjusting for goodwill amortisation), which is in excess of the UK rate of corporation tax, reflecting our overseas entities which have higher tax rates. The taxation rate at the half year of 38.9% is in line with expectations (2005: 37.3%).

Net cash inflow from operating activities was £6.9 million (2005: £5.3 million). This inflow is after settling £9.3 million (€13.5 million) of overdue invoices acquired with ITM on completion of the acquisition. Suppliers have now been brought in line with Titan Europe's normal credit terms. During the first half of 2006, we have repurchased approximately half of the outstanding ITM bond of €100 million. This has generated an exceptional cost in the profit and loss account of £1.9 million which relates to the premium paid on the repurchase of the bond over the fair value at the date of acquisition. (See note 3 of the Interim Report for further details.) This repurchase strategy will lead to significant interest savings in the future.

FUTURE

We believe the overall consolidation of the off-highway wheels, tyres and undercarriage industry is set to continue.

The markets in which we operate continue to offer a number of exciting opportunities for growth, both organically and through acquisition. There remains the prospect of smaller acquisitions to further develop our Group.

We look forward to updating shareholders at the end of the financial year on our progress.

INTERIM DIVIDEND

The Company intends to pay an interim dividend of 2.0p per 40p ordinary share (2005: 1.75p), an increase of 14.3%. This dividend will be paid on Friday 6 October 2006, to shareholders on the Register as at the close of business on Friday 8 September 2006.



Mike Akers

Chief Executive
6 September 2006

CONSOLIDATED PROFIT AND LOSS ACCOUNT

		Six months ended 30 June 2006	Six months ended 30 June 2005 Restated Unaudited £'000	Year ended 31 December 2005 Restated Audited £'000
Continuing Operations	Note	Unaudited £'000		
Turnover		193,064	70,482	127,870
Cost of sales		(160,002)	(57,206)	(105,025)
Gross profit		33,062	13,276	22,845
Distribution costs		(7,108)	(2,718)	(4,979)
Administrative expenses excluding exceptional costs		(13,587)	(5,003)	(9,177)
Exceptional administrative expenses	3	(1,914)	—	—
Administrative expenses		(15,501)	(5,003)	(9,177)
Other operating income		1,099	103	166
Operating profit		11,552	5,658	8,855
Share of operating profit of associate and joint venture		975	808	1,242
Total operating profit including share of associate and joint venture		12,527	6,466	10,097
Net interest payable and similar charges excluding exceptional costs		(6,640)	(436)	(956)
Exceptional interest cost	3	(1,863)	—	(328)
Net interest payable and similar charges		(8,503)	(436)	(1,284)
Other finance costs		—	—	(6)
Profit on ordinary activities before taxation		4,024	6,030	8,807
Tax on profit on ordinary activities	4	(2,081)	(2,359)	(3,632)
Profit on ordinary activities after taxation		1,943	3,671	5,175
Minority interest		11	—	—
Profit for the financial period		1,954	3,671	5,175
Dividends		(1,471)	(981)	(1,667)
Retained profit for the financial period		483	2,690	3,508
Earnings per 40p ordinary share				
Basic earnings per share	2	2.41p	9.36p	13.11p
Adjusted basic earnings per share excluding goodwill amortisation and exceptional costs	2	8.71p	10.09p	15.39p
Diluted earnings per share	2	2.38p	9.20p	12.84p
Adjusted diluted earnings per share excluding goodwill amortisation and exceptional costs	2	8.59p	9.92p	15.07p

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Six months ended 30 June 2006	Six months ended 30 June 2005	Year ended 31 December 2005
	Unaudited £'000	Restated Unaudited £'000	Restated Audited £'000
	Note		
Profit for the financial period	1,954	3,671	5,175
Movement in translation adjustment	(1,739)	(476)	67
	215	3,195	5,242
Prior period adjustment	73	(155)	(155)
Total gains recognised since last financial statements	288	3,040	5,087

GROUP RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Six months ended 30 June 2006	Six months ended 30 June 2005	Year ended 31 December 2005
	Unaudited £'000	Restated Unaudited £'000	Restated Audited £'000
Profit for the financial period	1,954	3,671	5,175
Dividends	(1,471)	(981)	(1,667)
	483	2,690	3,508
Nominal value of ordinary shares issued for the acquisition of the ITM Group	—	—	16,704
Premium (net of issue expenses) on ordinary shares issued for the acquisition of the ITM Group	(103)	—	62,779
Movement in translation adjustment	(1,739)	(476)	67
Adjustment in respect of employee share schemes	173	70	139
Shareholders' funds at beginning of the period (£53,291,000 before prior year adjustments of £857,000)	137,345	54,148	54,148
Shareholders' funds at the end of the period	136,159	56,432	137,345

GROUP BALANCE SHEET

	30 June 2006	30 June 2005	31 December 2005
	Unaudited £'000	Restated £'000	Restated Audited £'000
Fixed assets			
Intangible assets			
Goodwill	45,371	5,284	45,895
Other intangible assets	2,267	317	2,255
	47,638	5,601	48,150
Tangible fixed assets	140,638	33,253	147,605
Investments			
Other investments	695	—	695
Share of net assets of associated undertaking	6,254	5,678	6,073
Goodwill arising on the acquisition of associated undertaking	2,768	2,914	2,811
Total share of associated undertaking	9,022	8,592	8,884
Total fixed assets	197,993	47,446	205,334
Current assets			
Stock	85,154	27,700	80,802
Debtors	119,198	38,257	170,136
Investments	1,276	—	1,418
Cash at bank and in hand	16,111	11,945	77,874
	221,739	77,902	330,230
Creditors: amounts falling due within one year	(121,023)	(47,487)	(233,050)
Net current assets	100,716	30,415	97,180
Total assets less current liabilities	298,709	77,861	302,514
Creditors: amounts falling due after more than one year	(131,022)	(14,802)	(134,665)
Provisions for liabilities and charges	(29,732)	(6,472)	(28,601)
Net assets excluding pension liabilities	137,955	56,587	139,248
Pension liabilities	(1,413)	(155)	(1,406)
Net assets including pension liabilities	136,542	56,432	137,842
Capital and reserves			
Called up share capital	32,396	15,692	32,396
Share premium account	73,788	11,112	73,891
Profit and loss account	23,517	23,170	24,600
Other reserves	6,458	6,458	6,458
Equity shareholders' funds	136,159	56,432	137,345
Equity minority interests	383	—	497
Capital employed	136,542	56,432	137,842

CONSOLIDATED CASH FLOW STATEMENT

		Six months ended 30 June 2006 Unaudited £'000	Six months ended 30 June 2005 Unaudited £'000	Year ended 31 December 2005 Audited £'000
	Note			
Net cash inflow from operating activities	7	6,874	5,312	8,726
Dividends received from interest in associated undertaking		281	191	192
Returns on investments and servicing of finance				
Interest received		876	90	126
Interest paid		(9,394)	(231)	(795)
Interest element of finance lease payments		(190)	(258)	(532)
Net cash outflow from returns on investments and servicing of finance		(8,708)	(399)	(1,201)
Taxation		(2,235)	(2,686)	(4,312)
Capital expenditure and financial investment				
Purchase of tangible fixed assets		(5,481)	(2,547)	(6,928)
Purchase of intangible fixed assets		(140)	(193)	(1,851)
Sale of tangible fixed assets		2,122	78	98
Sale of intangible fixed assets		4	—	1
Net cash outflow for capital expenditure and financial investment		(3,495)	(2,662)	(8,680)
Acquisitions				
Purchase of subsidiary undertakings	9	(1,347)	—	(1,849)
Net overdrafts acquired with subsidiary undertakings		—	—	(17,011)
Net cash outflow for acquisitions		(1,347)	—	(18,860)
Equity dividends paid to shareholders		(1,471)	(981)	(1,667)
Net cash outflow before use of liquid resources and financing		(10,101)	(1,225)	(25,802)
Management of liquid resources				
Reduction/(increase) in short-term deposits with banks		146	—	(42)
Net cash outflow from management of liquid resources		146	—	(42)
Financing				
Capital element of finance lease borrowings		(1,279)	(783)	(1,983)
Issue of ordinary share capital		65,963	—	—
(Reduction)/increase in borrowings		(83,109)	(143)	63,768
Net cash (outflow)/inflow from financing		(18,425)	(926)	61,785
(Decrease)/increase in net cash		(28,380)	(2,151)	35,941

NOTES TO THE INTERIM ACCOUNTS

1. Basis of preparation

The interim accounts are unaudited but have been reviewed by the auditors and their independent review report is set out on page 11. The interim accounts are not full accounts within the meaning of section 240 of the Companies Act 1985.

The interim accounts to 30 June 2006 have been prepared in accordance with UK GAAP and in line with the accounting policies adopted in the group financial statements for the year ended 31 December 2005, apart from the adoption of FRS20 'Share based payments' which has resulted in a charge for share based payments being recognised in the profit and loss account and credited through the Group reconciliation in shareholders' funds. The fair values ascribed to the ITM Group acquisition are provisional. During the second half of 2006, management will continue to assess the assets and liabilities acquired as they are integrated into the Titan Europe Group. The comparative information for the year ended 31 December 2005 has been extracted from the audited financial statements, which included an unqualified audit report.

2. Earnings per share

Basic earnings per ordinary share is calculated by dividing earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

The weighted average number of shares in issue used in the basic earnings per share calculation may be reconciled to the number used in the diluted earnings per ordinary share calculation as follows:

	Six months ended 30 June 2006 Unaudited	Six months ended 30 June 2005 Unaudited	Year ended 31 December 2005 Audited
Weighted average number			
Basic earnings per share denominator	80,989,000	39,230,000	39,458,816
Issuable on conversation of options	1,088,613	659,235	839,430
Diluted earnings per share denominator	82,077,613	39,889,235	40,298,246

The earnings to which this has been applied are:

	£'000	£'000	£'000
Earnings attributable to ordinary shareholders	1,954	3,671	5,175
Goodwill amortisation	1,320	286	568
Exceptional costs	3,777	—	328

Earnings attributable to ordinary shareholders excluding goodwill amortisation and exceptional costs

	7,051	3,957	6,071
Basic earnings per share	2.41p	9.36p	13.11p
Adjusted basic earnings per share excluding goodwill amortisation and exceptional costs	8.71p	10.09p	15.39p
Diluted earnings per share	2.38p	9.20p	12.84p
Adjusted diluted earnings per share excluding goodwill amortisation and exceptional costs	8.59p	9.92p	15.07p

NOTES TO THE INTERIM ACCOUNTS (continued)

3. Exceptional costs

The exceptional administrative expenses of £1,914,000 consist of a provision of £1,734,000 created to cover the costs of closing the ITM manufacturing site at Castelvetro and relocating production to other Italian facilities and the closure of the ITM Head Office, creating a new combined headquarters in Crespallano (Bologna). A further £180,000 of exceptional costs have been incurred on the integration of the ITM Group into the Titan Europe Group.

The exceptional interest costs of £1,863,000 relate to the premium paid over the fair value at acquisition on the repurchase of €45,564,000 of the Eurobond issued by a subsidiary undertaking, Itattractor ITM SA.

The exceptional interest charge in 2005 of £328,000 relates to certain finance costs associated with the acquisition of the ITM Group.

4. Tax on profit on ordinary activities

The tax on profit on ordinary activities is expected to give rise to an effective rate of approximately 40% (after adjusting for goodwill), which is in excess of the UK rate of corporation tax. This is due to the impact of our overseas entities suffering higher tax rates.

The effective tax rate in 2006 at 38.9% after adjusting for goodwill amortisation (2005: 37.3%) is in line with expectations.

5. Dividends

	Six months ended 30 June 2006 Unaudited £'000	Six months ended 30 June 2005 Unaudited £'000	Year ended 31 December 2005 Audited £'000
Interim paid nil p (2005: 1.75p) per 40p ordinary share	—	—	686
Final paid 3.75p (2005: 2.50p) per 40p ordinary share	1,471	981	981
	1,471	981	1,667

6. Reconciliation to net debt

	Six months ended 30 June 2006 Unaudited £'000	Six months ended 30 June 2005 Unaudited £'000	Year ended 31 December 2005 Audited £'000
Net debt at 1 January	(179,439)	(16,295)	(16,295)
(Decrease)/increase in cash	(28,380)	(2,151)	35,941
Movements in borrowings	84,388	926	(61,785)
Movement in liquid resources	(146)	—	42
Acquisitions	—	—	(139,825)
Other non-cash changes	(3,269)	(367)	1,249
Exchange adjustments	77	399	1,234
Net debt at end of the period	(126,769)	(17,488)	(179,439)

NOTES TO THE INTERIM ACCOUNTS CONTINUED

7. Cash flow from operating activities

	Six months ended 30 June 2006 Unaudited £'000	Six months ended 30 June 2005 Restated Unaudited £'000	Year ended 31 December 2005 Restated Audited £'000
Operating profit	11,552	5,658	8,855
Depreciation of tangible fixed assets	8,349	2,660	5,172
(Profit)/loss on disposal of fixed assets	(167)	(18)	(27)
Amortisation of intangible fixed assets	1,340	215	430
Increase in stocks	(5,536)	(3,224)	(2,699)
Increase in debtors	(8,360)	(6,618)	(2,012)
(Decrease)/increase in creditors	(1,322)	6,216	322
Increase in provisions	1,663	353	506
Other non cash changes	(645)	70	(1,821)
Net cash inflow from continuing operations	6,874	5,312	8,726

8. Reconciliation of movement in net debt

	At 1 January 2006 £'000	Cash flow £'000	Other non-cash changes £'000	Exchange movements £'000	At 30 June 2006 £'000
Cash at bank and in hand	77,874	(61,482)	(27)	(254)	16,111
Overdrafts	(37,367)	33,102	(210)	(7)	(4,482)
Debt due after one year	(116,185)	7,116	(2,934)	(272)	(112,275)
Debt due within one year	(88,516)	75,879	172	640	(11,825)
Finance leases due after one year	(9,975)	97	9	(29)	(9,898)
Finance leases due within one year	(2,468)	1,182	(242)	(1)	(1,529)
Liquid resources	1,418	(146)	1	3	1,276
Loans from related companies	(4,220)	114	(38)	(3)	(4,147)
	(179,439)	55,862	(3,269)	77	(126,769)

9. Purchase of subsidiary undertaking

On 29 December 2005 Titan Europe Plc acquired the total share capital of the ITM Group. The purchase of subsidiary undertakings of £1,347,000 relates to the payment of costs accrued on this acquisition as at 31 December 2005.

10. Post balance sheet event

On 5 July 2006, the Group announced its intention to close our wheel manufacturing facility in Holle, Germany and to relocate production to our Intertractor site in Gevelsberg, Germany.

INDEPENDENT REVIEW REPORT TO TITAN EUROPE Plc

Introduction

We have been instructed by the director's of Titan Europe Plc (the "Company") to review the financial information for the six months ended 30 June 2006 which comprises the interim group balance sheet as at 30 June 2006 and the related interim consolidated profit and loss account, group statement of total recognised gains and losses and group reconciliation of movements in shareholders' funds for the six months then ended and the related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the Alternative Investment Market ("AIM") rules and ensuring that the accounting policies and presentation applied to the interim figures are consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

This interim report has been prepared in accordance with the basis set out in Note 1.

The maintenance and integrity of the Company's web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim report since it was initially presented on the web site.

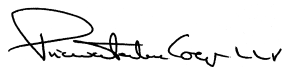
Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the disclosed accounting policies have been applied. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance. Accordingly we do not express an audit opinion on the financial information. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the assisting the directors in their ongoing stewardship of the Company and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2006.



PricewaterhouseCoopers LLP
Chartered Accountants
Birmingham
6 September 2006

COMPANY DETAILS AND ADVISERS

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