TITAN EUROPE PLC ("Titan Europe" or "the Company" or "the Group")

"Manufacturers of "off-highway" wheels and undercarriages for the global Construction, Agricultural and Mining markets"

2007 Preliminary Results

Financial Highlights:

- Revenue up 4.8% to £385.8m (2006: £368.0m)
- Trading profit up 5.6% to £31.9m (2006: £30.2m)
- Profit from operations up 10.2% to £30.2m (2006: £27.4m)
- Profit before income tax up 49.3% to £21.5m (2006: £14.4m)
- Profit for the year up 85.7% to £14.3m (2006: £7.7m)
- Net cash inflow from operating activities up by 474.2% to £35.6m (2006: £6.2m)
- Basic earnings per share up 82.3% at 17.32p (2006: 9.50p)
- Basic earnings per share excluding exceptional items up 39.7% at 18.78p (2006: 13.44p)
- Proposed final dividend of 4.33p per ordinary share – total dividend for the year up 8.3% to 6.5p (2006: 6.0p)

"In a year during which our markets showed significant swings in sentiment and wide geographic variances Titan Europe has been able to produce increases to record levels in all of its major metrics. These have been achieved against a background of major weakening in the North American Construction market which has affected Titan Europe's Undercarriage business where revenues fell by nearly £20m. All our other geographical markets recorded increases."

"Titan Europe is the only global specialist manufacturer of both tracked and wheeled vehicle movement systems for the Construction, Agricultural and Mining Industries. This spread of markets exposes the Group to a wide range of trading environments and coupled with our worldwide presence puts the Group in a relatively strong position. Today we are experiencing growth in Mining products in South America, Australia and European markets, and agricultural wheels in the Continental European countries counterbalancing the slowdown in the Construction market mainly suffered in North America."

"Despite the uncertainty around the global economy the trading environment experienced in 2007 seems set to continue in 2008."

FULL STATEMENT ATTACHED

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Commercial Highlights:

- *In the Wheel division, increasing our presence in Australia, followed by the introduction of the new OVM product, has added significantly to revenue in the region and greatly increased our profile in the mining market. Similarly, in South America we have great expectations for the impact of the OVM wheel. In the future, we confidently expect to supply this product to major OEM customers.*

- *The project to develop the "Mining Service Centre" concept in Australia has moved rapidly, is successful and will generate additional sales and profits not only for wheels but also for undercarriage components. This concept will be expanded into South America and other mining markets.*

- *The Group's joint venture in Turkey for Agricultural Wheels, Titan Jantsa, is now operating fully and the main European OEM customers are beginning to benefit from a low cost/high quality product giving Titan Europe a solid and highly defensible position with the main European OEM's.*

- *In the Undercarriage division we experienced a major weakening in the North American Construction market where revenues fell by nearly £20m whereas all other geographical markets recorded increases.*

- *Whilst we are working very closely with key OEM customers of the Undercarriage division to strengthen our business relationship, we have concentrated on increasing our share in the after market by developing two concepts; "Daily Business" for European customers and the "Mining Service Centre" for mining areas. A "Second Brand" serving the price sensitive elements of the Undercarriage aftermarket developed in 2007 has been recently presented and well received by customers. This is now being rolled out.*

- *The key to future successes in the Undercarriage division are design excellence for OEM's combined with low cost manufacture. We are strengthening our design teams and further developing the Brazil/India/China strategy for product sourcing. This is in addition to the continuous drive to improve efficiency in our European plants.*

- *It is encouraging to see that all of our longer term projects relating to geographic and product diversification are proving successful and are now contributing significantly to Group results.*

The Board of Titan Europe is pleased to announce its unaudited preliminary results for the year ended 31 December 2007, expressed for the first time under International Financial Reporting Standards (IFRS) and prepared in accordance with the accounting policies as stated in the 30 June 2007 Interim Report. Comparative information and results disclosed in this report for the year ended 31 December 2006 have been restated. A full explanation of the principal changes in accounting policies and how the transition from UK GAAP to IFRS has affected the Group's income statement, balance sheet and net equity was published on 26 July 2007. A copy of that document can be viewed and downloaded from the Company's corporate website www.titaneurope.com by clicking on the news & events section.

Statement by Mike Akers, Chief Executive

Introduction

The Group is the only global specialist manufacturer of both tracked and wheeled vehicle movement systems for the Construction, Agricultural and Mining industries.

Revenue by geographical destination showed a decrease in North America by 24.6%, which has been more than compensated by increases in South America (+43.3%) , Rest of the World (+13.0%), Continental Europe (+12.4%) and the UK (+11.6%).

All our product markets also reflected healthy increases with Mining up 10.6%, whilst Agricultural and Construction grew at 8.4% and 3.7% respectively.

Results

In a year during which its markets showed significant swings in sentiment and wide geographic variances, Titan Europe has been able to produce increases to record levels in all of its major metrics. These have been achieved against a background of major weakening in the North American construction market which has affected Titan Europe's Undercarriage business where revenues fell by nearly £20m. All our other geographical markets recorded increases in revenue.

2007 Group trading showed significant improvement on 2006 with Revenue in 2007, including share of joint ventures, increasing by 5.5% to £388.5m (2006: £368.1m). The largest increase was achieved in the Wheel Division where revenue increased by 11.2% to £144.8m (2006: £130.2m). The Undercarriage Division recorded an increase of 2.4% to £243.6m (2006: £237.9m).

2007 Group trading profit increased 5.6% to £31.9m (2006: £30.2m) mainly as a result of higher volumes.

By Division trading profit from the Wheels Division increased by 11.5% to £10.7m (2006: £9.6m) whilst trading profit from the Undercarriage Division increased by 3.4% to £21.2m (2006: £20.5m). As a percentage of sales, trading profit in both divisions shows a slight increase year-on-year.

Profit before income tax in the period increased by 49.3% to £21.5m (2006: £14.4m). This is the mainly the result of reduced net interest expense as a consequence of the ITM EuroBond repurchase strategy carried out in 2006 when the Group also incurred bond redemption premium costs.

Profit after tax increased by 85.7% to £14.3m (2006: £7.7m). Profit on ordinary activities is expected to incur an effective taxation rate of 33.2%, which is better than our expectations.

Net cash inflow from operating activities was £35.6m (2006: £6.2m). The significant improvement is the result of a strong reduction in working capital.

Group net debt is broadly similar to last year at £120.2m (2006: £119.6m), however, this is significantly affected by the strengthening of the year-end exchange rate generating a translation impact as at 31 December 2007 of £10.3m (exchange movement reported in the reconciliation of cash flow to net debt). The Group's net debt as at 31 December 2007 at the 2006 year-end exchange rate would have been £109.9m.

Operations

Titan Europe is the only global specialist manufacturer of both tracked and wheeled vehicle movement systems for the Construction, Agricultural and Mining industries. This spread of markets exposes the Group to a wide range of trading environments and coupled with our worldwide presence puts the Group in a relatively strong position. Today we are experiencing growth in Mining products in South America, Australia and European markets, and agricultural wheels in the Continental European countries counterbalancing the slowdown in the Construction market mainly suffered in North America.

Wheels Division

Our Agricultural Wheel business started the 2007 year with weak order books but this situation changed rapidly creating a major over-demand from the OEM's on the division as they compensated for better than anticipated market conditions. The impact of this was excess cost as we endeavoured to meet the needs of our customers and as a consequence, as we indicated in our trading update in November 2007, our second half trading profit was lower than the first half.

A capital project to increase capacity for agricultural wheels was approved in the year which will allow us to meet the robust demand specifically for very large dimension wheels. This project will be completed in June 2008 and in addition to increasing capacity, will further enhance manufacturing efficiencies.

The European Earthmoving Wheel business was strong throughout the year and improved its performance not only in sales but also in profitability.

The patented OVM wheel is now offered as an aftermarket product in Australia and South America. The development of this product has been completed with a new range from 57" diameter to 63" diameter. Discussions with major OEM's are continuing very satisfactorily. Whilst OEM business may be coming on stream less quickly than forecast the expectation for the future is in no way diminished.

In March 2007, we acquired Aros del Pacifico SA located in Santiago, Chile and its subsidiary Aros del Pacifico SAC located in Lima, Peru. This business is now fully integrated within the Group, and now our Australian and Brazilian companies are focused in developing the "Mining Service Centre" strategy and further strengthening our position in the South American market.

Undercarriage Division

The Undercarriage division in general was stable; again the balance of different geographical and product markets has helped our business. South American and Asian demand continued to be relatively strong, whilst the aftermarket business suffered competition from Asian suppliers, particularly in the smaller product sizes.

The strength of the € to the US$ combined with the increase in steel and energy costs, mainly occurring in the second half of 2007 made business more difficult in North America, Asia and generally in the aftermarket compounded by difficulties in increasing prices to customers in this environment. Also the loss of sales in the North American Undercarriage market has caused follow-through reductions in manufacturing volume in our Italian manufacturing plants which has reduced variable margins. Against this background we have been able to maintain trading profitability in-line with last year's performance.

The "Mining Service Centre" strategy links also Undercarriage components to wheels. We have started to exploit our Australian presence and also we are working in replicating the same concept in Brazil and in South Africa.

To address the price sensitive nature of certain aftermarket culture we have developed a "Second Brand" strategy, which will be rolled out in 2008 with the benefit of this strategy coming through in 2009.

The Group continues to build on ITM's technological strength with stream lined processes, reduced material content and better product performance to keep our product ahead of competition.

Revenue by geographical destination and market (including share of joint venture)

	Year ended 31 December 2007 Unaudited £m	Year ended 31 December 2006 Unaudited £m
Destination		
UK	**24.1**	21.6
Europe	**221.3**	196.8
North America	**60.4**	80.1
South America	**19.2**	13.4
ROW	**63.5**	56.2
Total Revenue	**388.5**	368.1

	Year ended 31 December 2007 Unaudited £m	Year ended 31 December 2006 Unaudited £m
Market		
Agricultural	**79.8**	73.6
Construction	**242.1**	233.4
Mining	**63.4**	57.3
Other	**3.2**	3.8
Total Revenue	**388.5**	368.1

Revenue and trading profit by Division

	Year ended 31 December 2007 Unaudited £'000	Year ended 31 December 2006 Unaudited £'000
Division		
Revenue		
Wheels (including share of joint venture)	**144,824**	130,248
Undercarriages	**243,634**	237,899
Revenue including share of joint venture	**388,458**	368,147
Less share of joint venture	**(2,644)**	(141)
Group revenue	**385,814**	368,006
Trading profit		
Wheels (excluding share of joint venture)	**10,657**	9,636
As a percentage of revenue	**7.5%**	7.4%
Undercarriages	**21,212**	20,542
As a percentage of revenue	**8.7%**	8.6%
Group trading profit	**31,869**	30,178

Dividend

The Board is proposing, subject to shareholder approval, a final dividend of 4.33p per ordinary share. This together with the interim dividend of 2.17p makes a total for the year of 6.5p (2006: 6.00p). If approved by Shareholders at our Annual General Meeting in late May 2008, the final dividend will be paid on 6 June 2008 to Shareholders on the Register as at 9 May 2008.

2008 Outlook

Markets and environment

Despite the uncertainty around the global economy the trading environment experienced in 2007 seems set to continue in 2008.

The US market for Construction remains under continued pressure, and we do not anticipate any obvious relief from the difficult market conditions for our North American Undercarriage business – we have increased our marketing activity in this region and expect to improve our market share, but the benefits will probably not flow through until the beginning of 2009.

In addition we believe that the OEM Undercarriage Construction market in the other regions will remain relatively flat with some growth in Latin America. Following the “Second Brand” and the “Mining Service Centre” strategy initiatives, we expect growth in the aftermarket Undercarriage sector.

The Earthmoving Wheel business supplying wheels for infrastructure and mining continues to be very strong both in Europe and in Australasia and we are very encouraged with the growing interest in our giant Earthmoving OVM wheels.

We believe that the Agricultural market will continue its growth, benefiting from healthy commodity prices and demand for renewable fuels.

The whole market for all of Titan Europe's products is again faced with a difficult and unpredictable future on steel supply. Signs of weakness in the market have been met with cuts in supply volumes and we now see the probability of a return to 2004 conditions with steel on allocation and significant price increases being imposed, sometimes in breach of existing arrangements. These circumstances are always difficult but we are confident that our team is as well positioned as any to manage this aspect of our business.

Post year end events

- ITM Bond

In January 2008 the Group repaid the outstanding 12% ITM EuroBond of €45.9m using a long-term irrevocable agreed 5.5% loan facility. This will reduce the interest charge going forward.

- Early stage discussions

On 6 February 2008, in response to movement in its share price, the Group confirmed that the Board had received an approach which may or may not lead to an Offer being made for the Company. These discussions remain ongoing and shareholders will be kept informed as appropriate. Shareholders should note, however, that there can be no assurance that an Offer will be forthcoming.

- Litigation

On 19 March 2008, Titan Europe Plc signed a Settlement Agreement with the former owners of ITM group and their associates. This agreement relates to various legal actions and claims between the parties. Under the Settlement Agreement the parties agreed to compromise the proceedings and discontinue the claims on the following terms: all Titan Europe's costs were met by the other party and, as a reduction in the 2005 purchase consideration of the ITM group, a manufacturing facility, currently used by Titan Europe but owned by the other party, was transferred to Titan Europe ownership. This will generate a reduction in the purchase price of ITM which will be recorded in 2008 as a reduction in the Group's goodwill.

Consolidated income statement
For the year ended 31 December 2007

	Note	**Unaudited 2007 £'000**	Unaudited 2006 £'000
Revenue		**385,814**	368,006
Trading profit		**31,869**	30,178
Post-employment scheme curtailment	4	**1,258**	-
Restructuring and rationalisation costs		**-**	(2,626)
Movement on fair value of forward foreign exchange contracts	5	**(2,913)**	(181)
Profit from operations		**30,214**	27,371
Financing costs	6	**(8,911)**	(11,252)
Bond premium redemption costs		**(24)**	(1,951)
Finance charges	7	**(1,004)**	(326)
Other finance charges	8	**(301)**	(684)
Net financing costs		**(10,240)**	(14,213)
Share of profit of associate and joint venture		**1,501**	1,198
Profit before income tax		**21,475**	14,356
Income tax expense	9	**(7,133)**	(6,663)
Profit for the year		**14,342**	7,693
Attributable to:			
Equity holders of the company		**14,342**	7,693
Minority interest		-	9
		14,342	7,702
Earnings per 40p ordinary share			
Basic	3	**17.32p**	9.50p
Diluted	3	**17.13p**	9.39p
Basic excluding exceptional items *	3	**18.78p**	13.44p
Diluted excluding exceptional items *	3	**18.58p**	13.29p
Dividends			
Payments to shareholders	12	**5,110**	3,091

*This excludes post-employment scheme curtailment, restructuring and rationalisation costs, movement on fair value of forward foreign exchange contracts and bond premium redemption costs.

Statement of recognised income and expense

For the year ended 31 December 2007

	Unaudited	Unaudi
	2007	2006
	£'000	£'000
Net actuarial gains on pension liabilities	**292**	232
Tax on net actuarial gains on pension liabilities	**(170)**	(86)
Hedge accounting on financial instruments	**346**	290
Movement in translation adjustment	**6,752**	(3,982)
Net income recognised directly in equity	**7,220**	(3,546)
Profit for the year	**14,342**	7,693
Total recognised income for the year	**21,562**	4,147
Attributable to:		
Equity holders of the company	**21,562**	4,147
Minority interest	**-**	9
	21,562	4,156

Consolidated Balance sheet

As at 31 December 2007

	Unaudited 2007 £'000	Unaudited 2006 £'000
ASSETS		
Non-current assets		
Property, plant and equipment	**140,021**	124,637
Intangible assets	**55,437**	54,487
Investments	**15,430**	11,035
Deferred taxes	**26,409**	25,347
Derivative financial instruments	**78**	35
Trade and other receivables	**963**	1,925
Total non-current assets	**238,338**	217,466
Current assets		
Inventories	**98,489**	92,856
Trade and other receivables	**83,627**	91,652
Income tax recoverable	**854**	605
Derivative financial instruments	**307**	424
Cash and cash equivalents	**39,643**	16,986
Total current assets	**222,920**	202,523
Total assets	**461,258**	419,989
LIABILITIES		
Non-current liabilities		
Borrowings *	**82,984**	124,127
Trade and other payables	**3,513**	1,255
Income tax and other tax payable	**5**	368
Derivative financial instruments	**94**	113
Deferred taxes	**18,788**	15,087
Employee benefits	**12,724**	14,871
Provisions	**1,213**	749
Total non-current liabilities	**119,321**	156,570
Current liabilities		
Borrowings *	**77,365**	13,798
Trade and other payables	**93,534**	95,988
Income tax and other tax payable	**6,029**	6,199
Derivative financial instruments	**2,948**	75
Employee benefits	**1,197**	1,476
Provisions	**1,453**	3,167
Total current liabilities	**182,526**	120,703
Total liabilities	**301,847**	277,273
Net assets	**159,411**	142,716
Equity		
Issued share capital	**33,128**	33,128
Share premium account	**77,112**	77,112
Other reserves	**6,458**	6,458
Retained earnings	**42,713**	26,018
Total shareholders' equity	**159,411**	142,716

* The movement from greater than one year to less than one year mainly relates to the Eurobond which was repaid on 22 January 2008 using a long term irrevocable agreed loan facility expiring in 2013.

Consolidated cash flow statement
For the year ended 31 December 2007

	Unaudited 2007 £'000	Unaudited 2006 £'000
Profit for the period	**14,342**	7,693
Adjustments for:		
Depreciation	**12,999**	14,003
Amortisation	**436**	237
Profit on sale of property, plant and equipment	**(184)**	(1,147)
Forward foreign exchange contracts	**2,913**	181
Net finance expense	**10,647**	13,488
Net foreign exchange (gains)/losses	**(619)**	725
Share of profit of associates and joint venture	**(1,501)**	(1,201)
Income tax expense	**7,133**	6,663
Operating cash flow before changes in working capital	**46,166**	40,642
Decrease/(increase) in inventories	**1,936**	(16,237)
Decrease/(increase) in trade and other receivables	**15,672**	(3,621)
(Decrease)/increase in trade and other payables	**(8,605)**	3,882
Decrease in provisions and employee benefits	**(5,128)**	(80)
Financial derivatives	**212**	(758)
Other non-cash changes	**151**	-
Cash generated from operations	**50,404**	23,828
Interest paid	**(10,220)**	(12,890)
Income taxes paid	**(4,610)**	(4,700)
Net cash from operating activities	**35,574**	6,238
Proceeds from sales of property, plant and equipment	**660**	3,286
Proceeds from sales of intangible assets	**-**	-
Dividends received	**266**	281
Acquisition of subsidiary, net of cash acquired	**(1,319)**	(3,319)
Investments in joint venture	**(2,779)**	(780)
Sale of other investments	**650**	-
Purchases of property, plant and equipment	**(15,932)**	(13,037)
Purchases of intangible assets	**(523)**	(197)
Net cash used in investing activities	**(18,977)**	(13,766)
Cash flows from financing activities		
Proceeds from the issue of share capital	**-**	69,916
Increase in/(repayment of) borrowings	**4,040**	(86,162)
Payment of finance lease liabilities	**(2,588)**	(1,954)
Dividends paid	**(5,110)**	(3,091)
Other movement on reserves	**468**	191
Net cash generated from financing activities	**(3,190)**	(21,100)
Net increase/(decrease) in cash and cash equivalents	**13,407**	(28,628)
Cash and cash equivalents at beginning of year	**11,071**	40,507
Effect of exchange rate fluctuations on cash held	**1,797**	(808)
Cash and cash equivalents at period end	**26,275**	11,071

Notes to the Preliminary Announcement

1. Transition to IFRS

The attached preliminary financial statements are the first full year Group statements following the adoption of International Financial Reporting Standards as adopted by the European Union (“adopted IFRS”).

The transition date for the Group’s application of adopted IFRS was 1 January 2006 and the comparative figures for 31 December 2006 have been restated accordingly.

As a result of further review of the transition to IFRS the following adjustments have been made to the restated 31 December 2006 comparatives:-

- Recognition of a deferred tax liability in Australia. The impact of this is to reduce net assets by £306,000 as at the transition date. The impact on the 2006 income statement is a deferred tax credit of £88,000 and on the balance sheet a decrease in net assets of £229,000.

- Recognition of adjustments in respect of the associate (Wheels India). The impact of this is to increase net assets by £510,000 as at the transition date. The impact on the 2006 income statement is a reduction in the associate income of £93,000 and on the balance sheet an increase in net assets of £366,000. Furthermore the income tax of £561,000 on the associate has been reclassified from income tax expense to share of profit of associate and joint venture as well as the reclassification of the write-back of associate goodwill amortisation of £207,000 from operating expenses to share of profit of associate and joint venture.

- Recognition of a deferred tax liability in respect of depreciation adjustments. The impact of this is to reduce net assets at the transition date by £2,412,000. The impact on the 2006 income statement is a net deferred tax charge of £144,000 and on the balance sheet a decrease in net assets of £2,556,000.

- Reclassification of an amount of £1,595,000 of receivables from non-current to current.

2. Basis of preparation

The financial information set out in this announcement does not constitute Statutory Accounts within the meaning of Section 240 (5) of the Companies Act 1985. The statutory accounts have not been delivered to the Registrar of Companies but will be delivered in due course.

The comparative figures for the year ended 31 December 2006 are not the Group’s statutory accounts for that financial year. The statutory accounts for the year ended 31 December 2006, prepared under UK GAAP, have been reported on by the Group’s auditors and delivered to the Registrar of Companies. The auditors’ report was unqualified and did not contain a statement under section 237 (2) or (3) of the Companies Act 1985.

3. Earnings per share

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:-

Notes to the Preliminary Announcement (continued)

Weighted average number	**Year ended 31 December 2007 Unaudited**	Year ended 31 December 2006 Unaudited
Basic earnings per share denominator	**82,820,624**	80,999,036
Issuable on conversion of options	**890,559**	892,287
Diluted earnings per share denominator	**83,711,183**	81,891,323

The earnings to which this has been applied are as follows:

	Year ended 31 December 2007 Unaudited £'000	Year ended 31 December 2006 Unaudited £'000
Earnings attributable to ordinary shareholders	**14,342**	7,693
Exceptional items (net of tax):		
Restructuring and rationalisation costs	**-**	1,759
Bond redemption costs	**17**	1,308
Post-employment scheme curtailment	**(843)**	-
Movement on fair value of forward foreign exchange contracts	**2,039**	127
Earnings attributable to ordinary shareholders excluding exceptional costs	**15,555**	10,887

4. Post employment scheme curtailment

The amount of £1,258,000 relates to the reduction in liability of the Italian post employment scheme as a result of a change in law.

5. Movement on fair value of forward foreign exchange contracts

Certain forward foreign exchange contracts are in place in the UK to cover adverse movements in the Euro to Sterling currencies on revenues generated in the UK which are denominated in Euros. Due to the nature of these contracts and the significant devaluation of Sterling against the Euro prior to the year-end there is a fair value adjustment of £2,913,000.

As the relative strength of the Euro against Sterling continues to increase during 2008 there is a further risk that the fair value of these contracts will deteriorate. The Group has put a further put option contract into place to limit this exposure.

Notes to the Preliminary Announcement (continued)

6. Financing expenses

	Year ended 31 December 2007 Unaudited £'000	Year ended 31 December 2006 Unaudited £'000
Net interest expense	**(9,530)**	(10,527)
Finance foreign exchange income/(expense)	**619**	(725)
	(8,911)	(11,252)

7. Finance charges

	Year ended 31 December 2007 Unaudited £'000	Year ended 31 December 2006 Unaudited £'000
Interest on defined benefit pension plan and long term employee benefits	**(676)**	(661)
Net (loss)/profit on re-measurement of derivatives to fair value	**(328)**	335
	(1,004)	(326)

8. Other finance charges

	Year ended 31 December 2007 Unaudited £'000	Year ended 31 December 2006 Unaudited £'000
Unwinding of the fair value adjustment on the Accordo Quadro loans	**(1,151)**	(1,158)
Unwinding of fair value adjustments on the ITM EuroBond	**850**	474
	(301)	(684)

9. Income tax expense

	Year ended 31 December 2007 Unaudited £'000	Year ended 31 December 2006 Unaudited £'000
Current Tax :		
UK corporation tax	**759**	**203**
Foreign corporation tax	**3,193**	**5,695**
Prior year adjustments	**(32)**	**(274)**
	3,920	**5,624**
Deferred tax :		
Origination and reversal of temporary differences	**3,213**	**1,039**
Income tax expense	**7,133**	**6,663**

The tax on profit on ordinary activities equates to an effective rate of approximately 33.2%, 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 but is in line with the Group's expectations for 2007.

Notes to the Preliminary Announcement (continued)

10. Reconciliation of cash flow to net debt

	Unaudited At 1 January 2007	Cash flow	Acquisition	Other non-cash changes	Exchange movements	**Unaudited At 31 December 2007**
	£000	£000	£000	£000	£000	**£000**
Cash at bank and in hand	16,986	20,493	23	-	2,141	**39,643**
Overdrafts	(5,915)	(7,102)	(7)	-	(344)	**(13,368)**
	11,071	13,391	16	-	1,797	**26,275**
Borrowings due after one year	(115,042)	46,433	-	(637)	(7,214)	**(76,460)**
Borrowings due within one year	(5,060)	(50,505)	30	(5)	(4,008)	**(59,548)**
Finance leases due after one year	(9,085)	3,518	-	(396)	(561)	**(6,524)**
Finance leases due within one year	(2,823)	(930)	(8)	(344)	(344)	**(4,449)**
Liquid resources	1,393	(948)	2	-	60	**507**
Loans from related companies	(32)	32	-	-	-	**-**
Net debt at 31 December	(119,578)	10,991	40	(1,382)	(10,270)	**(120,199)**

11. Reconciliation to net debt

	Year ended 31 December 2007 Unaudited £'000	Year ended 31 December 2006 Unaudited £'000
Net debt at 1 January	**(119,578)**	(179,439)
Increase/(decrease) in cash	**13,391**	(28,628)
Movements in borrowings	**(1,452)**	87,540
Movement in liquid resources	**(948)**	8
Acquisitions	**40**	-
Other non-cash changes	**(1,382)**	(2,187)
Exchange adjustments	**(10,270)**	3,128
Net debt at 31 December	**(120,199)**	(119,578)

12. Dividends

	Year ended 31 December 2007 Unaudited £'000	Year ended 31 December 2006 Unaudited £'000
Equity – Ordinary		
Interim paid: 2.17p (2006: 2.00p) per 40p share	**1,797**	1,620
Final paid: 4.00p (2006: 3.75p) per 40p share	**3,313**	1,471
	5,110	3,091

For further information please contact

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This press release contains forward looking statements which are made in good faith based on the information available at the time of its approval. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a number of risks and uncertainties that are inherent in any forward looking statement which could cause actual results to differ materially from those currently anticipated.