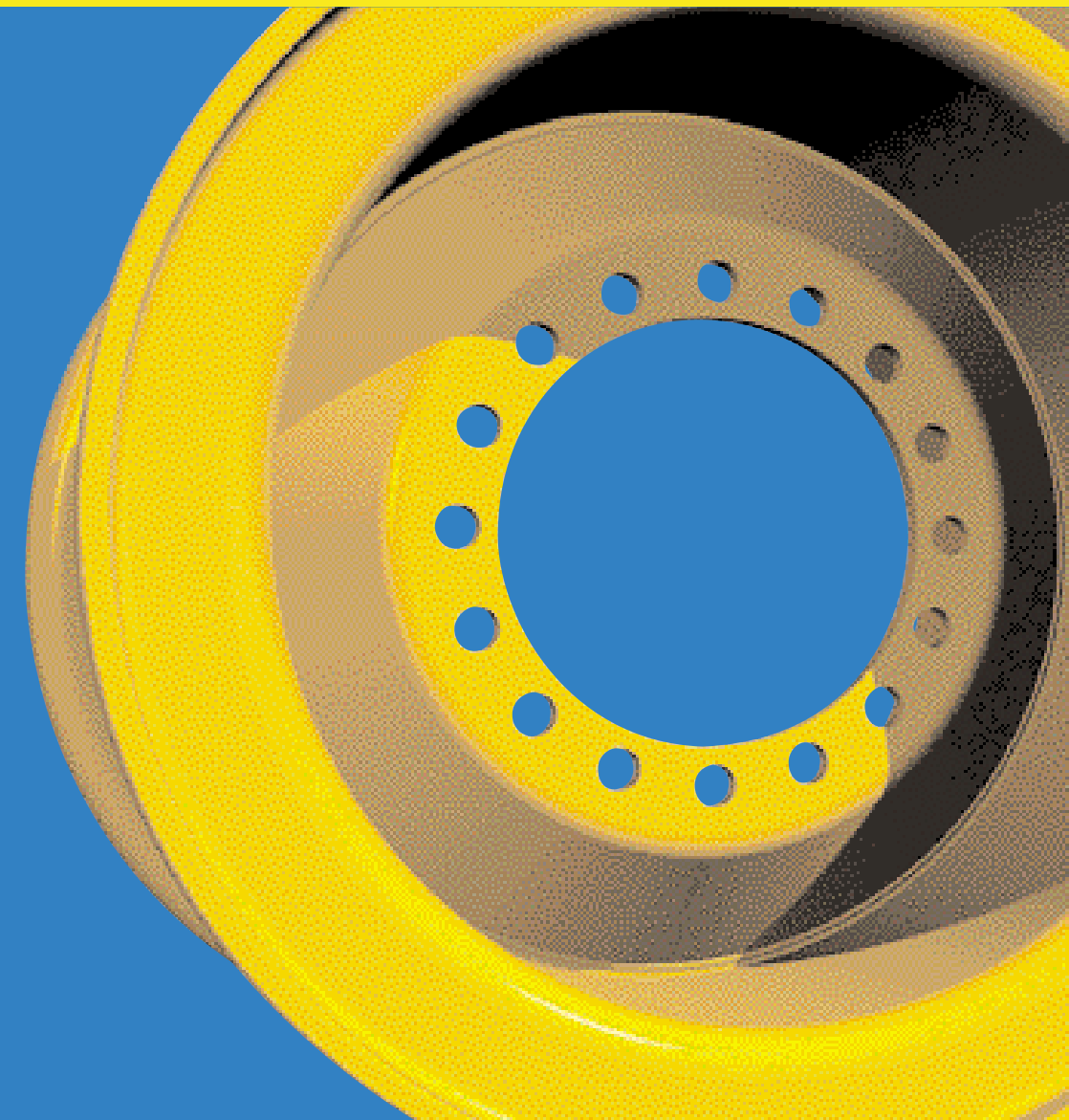




TITAN EUROPE PLC

Interim Report for the six months ended 30 June 2005



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SUMMARY OF RESULTS AND HIGHLIGHTS

Summary of Results for the six months ended 30 June 2005

Titan Europe's unaudited first half 2005 and 2004 summary results, expressed in UK GAAP, are as follows:

	Unaudited results for six months ended 30 June 2005 £'000	Unaudited results for six months ended 30 June 2004 £'000
Turnover	70,482	54,644
Operating profit including share of associate and before goodwill amortisation and exceptional items	6,822	5,286
Goodwill amortisation	(286)	(237)
Exceptional items	–	(991)
Operating profit including share of associate	6,536	4,058
Profit on ordinary activities before taxation, goodwill amortisation and exceptional items	6,386	4,825
Profit on ordinary activities before taxation	6,100	3,597
Tax on profit on ordinary activities	(2,380)	(1,963)
Profit after taxation	3,720	1,634

Highlights

- Turnover up 29.0%.
- Operating profit including share of associate and before goodwill amortisation and exceptional items up 29.1%.
- Operating profit including share of associate up 61.1%.
- Profit before tax, goodwill amortisation and exceptional items up 32.3%.
- Profit before tax up 69.6%.
- Basic EPS 9.48p (2004: 4.27p).
- Adjusted basic EPS excluding exceptional costs and goodwill amortisation 10.21p (2004: 7.48p).
- Proposed interim dividend of 1.75p (2004: 1.25p).

CHIEF EXECUTIVE'S REPORT

I am pleased to present the unaudited interim results for Titan Europe Plc ("Titan Europe") for the six months ended 30 June 2005.

Trading during the first half of 2005 continued the strong trend experienced during 2004.

All core market segments show sales growth against the corresponding period in the prior year:

- Sales of agricultural wheels and brakes were up 34.5%;
- Sales of construction wheels increased by 26.3%; and
- Sales of tyres were up 15.3%.

Our manufacturing operations have worked extremely hard to overcome the earlier impact of shortened lead-times created by steel supply difficulties combined with the high and sometimes unpredictable levels of customer demand. Some of this unpredictability has now abated and we expect to see a more normal manufacturing flow for the rest of the year.

The trading cycle in our market sector is always skewed towards the first half of the year as a result of factors such as the August and December manufacturing shutdowns in Europe and the pattern of customer stock adjustment for the year end. The normal demand cycle has been even more marked this year with exceptional levels in the first half. This effect was most pronounced in the agricultural market.

Turnover in the first half ended 30 June 2005 from Titan Andys Australia Pty Limited, ("Andys"), which Titan Europe acquired in September 2004, was £3.1m producing an operating profit of £0.3m.

During 2004, significant price increases were required to counteract the higher levels of input costs incurred on steel. These price increases were generally implemented in the second half of the year. Consequently, year-on-year sales growth during the first quarter

of 2005 increased significantly, partly reflecting the year-on-year sales price difference. For this reason, the anticipated sales uplift in the second half of 2005, due to pricing movements, will moderate. The combined effect of the timing of selling price and input cost increases has skewed profitability during the first half of 2005, however, we expect the impact of this to even out over the remainder of this financial year.

Profit on ordinary activities is expected to incur an effective taxation rate of 40%, which is in excess of the UK rate of corporation tax, reflecting our overseas entities which incur higher tax rates. The taxation rate at the half year of 39.1% is in line with expectations (2004: 54.6%). The exceptional costs arising in 2004 were disallowable for tax purposes and increased the effective tax rate for that year.

Net cash inflow from operating activities was £5.3m (2004: £8.1m). Our business is fundamentally cash generative. However this year, in order to manage the unpredictable levels of demand from our customers and irregular availability of supply, we have utilised cash to support higher than normal levels of steel stocks, to meet our customers' scheduling. We expect to recover this abnormal situation by the end of the second half of the year.

The Company intends to pay an interim dividend of 1.75p per 40p ordinary share (2004: 1.25p). This interim dividend will be paid on Friday 7 October 2005 to those shareholders on the register at the close of business on Friday 9 September 2005.



Mike Akers

Chief Executive

17 August 2005

CONSOLIDATED PROFIT AND LOSS ACCOUNT

		Six months ended 30 June 2005	Six months ended 30 June 2004	Year ended 31 December 2004 Restated Audited
	Note	Unaudited £'000	Unaudited £'000	Audited £'000
Turnover		70,482	54,644	107,120
Cost of sales		(57,206)	(44,518)	(88,025)
Gross profit		13,276	10,126	19,095
Distribution costs		(2,718)	(2,022)	(4,288)
Administrative expenses excluding exceptional costs		(4,933)	(3,849)	(7,376)
Exceptional administrative expenses	3	–	(991)	(1,440)
Administrative expenses		(4,933)	(4,840)	(8,816)
Other operating income		103	77	428
Operating profit		5,728	3,341	6,419
Share of operating profit of associate		808	717	1,712
Total operating profit including share of associate		6,536	4,058	8,131
Net interest payable and similar charges		(436)	(461)	(895)
Profit on ordinary activities before taxation		6,100	3,597	7,236
Tax on profit on ordinary activities	4	(2,380)	(1,963)	(3,865)
Profit for the financial period		3,720	1,634	3,371
Dividends	5	(981)	–	(478)
Retained profit for the financial period		2,739	1,634	2,893
Earnings per 40p ordinary share				
Basic earnings per share	2	9.48p	4.27p	8.74p
Adjusted basic earnings per share excluding goodwill amortisation and exceptional costs	2	10.21p	7.48p	13.84p
Diluted earnings per share	2	9.33p	4.23p	8.64p
Adjusted diluted earnings per share excluding goodwill amortisation and exceptional costs	2	10.04p	7.42p	13.68p

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

		Six months ended 30 June 2005 Unaudited £'000	Six months ended 30 June 31 2004 Unaudited £'000	Year ended 31 December 2004 Audited £'000
	Note			
Profit for the financial period		3,720	1,634	3,371
Movement in translation adjustment		(476)	(1,094)	144
		3,244	540	3,515
Prior period adjustment	5	981	–	–
Total gains recognised since last financial statements		4,225	540	3,515

GROUP RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

		Six months ended 30 June 2005 Unaudited £'000	Six months ended 30 June 31 2004 Unaudited £'000	Year ended 31 December 2004 Restated Audited £'000
Profit for the financial period		3,720	1,634	3,371
Dividends		(981)	–	(478)
		2,739	1,634	2,893
Nominal value of ordinary shares issued for the acquisition of Titan Andys Australia Pty Limited		–	–	392
Premium (net of issue expenses) on ordinary shares issued for the acquisition of Titan Andys Australia Pty Limited		–	–	1,112
Movement in translation adjustment		(476)	(1,094)	144
Shareholders funds at beginning of the period (£53,291,000 before prior period adjustment)		54,272	49,731	49,731
Shareholders' funds at the end of the period		56,535	50,271	54,272

GROUP BALANCE SHEET

	30 June 2005	30 June 2004	31 December 2004
	Unaudited	Unaudited	Restated Audited
	£'000	£'000	£'000
Fixed Assets			
Intangible assets			
Goodwill	5,284	3,832	5,465
Other intangible assets	317	202	125
	5,601	4,034	5,590
Tangible fixed assets	33,253	30,844	33,877
Investments			
Other investments	–	165	–
Share of net assets of associated undertaking	5,678	4,464	4,909
Goodwill arising on the acquisition of associated undertaking	2,914	3,122	3,018
Total share of associated undertaking	8,592	7,586	7,927
Total fixed assets	47,446	42,629	47,394
Current assets			
Stock	27,700	19,620	25,076
Debtors	38,205	32,039	31,670
Cash at bank and in hand	11,945	7,032	7,024
	77,850	58,691	63,770
Creditors: amounts falling due within one year	(47,487)	(30,450)	(36,590)
Net current assets	30,363	28,241	27,180
Total assets less current liabilities	77,809	70,870	74,574
Creditors: amounts falling due after more than one year	(14,802)	(15,838)	(15,064)
Provisions for liabilities and charges	(6,472)	(4,761)	(5,238)
Net assets	56,535	50,271	54,272
Capital and Reserves			
Called up share capital	15,692	15,300	15,692
Share premium account	11,112	10,000	11,112
Profit and loss account	23,273	18,513	21,010
Other reserves	6,458	6,458	6,458
Equity shareholders' funds	56,535	50,271	54,272

CONSOLIDATED CASH FLOW STATEMENT

		Six months ended 30 June 2005 Unaudited £'000	Six months ended 30 June 31 2004 Unaudited £'000	Year ended December 2004 Audited £'000
	Note			
Net cash inflow from operating activities	7	5,312	8,123	14,053
Dividends received from interest in associated undertaking		191	124	228
Returns on investments and servicing of finance				
Interest received		90	169	202
Interest paid		(231)	(413)	(605)
Interest element of finance lease payments		(258)	(220)	(497)
Net cash outflow from returns on investments and servicing of finance		(399)	(464)	(900)
Taxation		(2,686)	(1,156)	(2,118)
Capital expenditure and financial investment				
Purchase of tangible fixed assets		(2,547)	(1,457)	(3,849)
Purchase of intangible fixed assets		(193)	(15)	(53)
Sale of tangible fixed assets		78	47	44
Sale of intangible fixed assets		–	–	–
Net cash outflow for capital expenditure and financial investment		(2,662)	(1,425)	(3,858)
Acquisitions				
Purchase of subsidiary undertakings	9	–	(139)	(3,671)
Net overdrafts acquired with subsidiary undertakings		–	–	–
Net cash outflow for acquisitions		–	(139)	(3,671)
Equity dividends paid to shareholders		(981)	–	(478)
Net cash (outflow)/inflow before financing		(1,225)	5,063	3,256
Financing				
Capital element of finance lease borrowings		(783)	(802)	(1,210)
(Increase)/reduction in borrowings		(143)	5,397	6,149
Net cash (outflow)/inflow from financing		(926)	4,595	4,939
(Decrease)/increase in net cash		(2,151)	9,658	8,195

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 2005 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 2004, apart from the adoption of FRS21 'Events after the balance sheet date' which has resulted in dividends proposed at the balance sheet dates not being recognised as a liability. The comparative information for the year ended 31 December 2004 has been extracted from the audited financial statements, which included an unqualified audit report and has been adjusted for the adoption of FRS21 (see note 5).

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 2005	Six months ended 30 June 2004	Year ended 31 December 2004
Weighted average number	Unaudited	Unaudited	Audited
Basic earnings per share denominator	39,230,000	38,250,000	38,552,568
Issuable on conversation of options	659,235	346,667	455,000
Diluted earnings per share denominator	39,889,235	38,596,667	39,007,568

The earnings to which this has been applied are:

	£'000	£'000	£'000
Earnings attributable to ordinary shareholders	3,720	1,634	3,371
Goodwill amortisation	286	237	525
Exceptional costs	–	991	1,440
Earnings attributable to ordinary shareholders excluding goodwill, amortisation and exceptional costs	4,006	2,862	5,336
Basic earnings per share	9.48p	4.27p	8.74p
Adjusted basic earnings per share excluding goodwill amortisation and exceptional costs	10.21p	7.48p	13.84p
Diluted earnings per share	9.33p	4.23p	8.64p
Adjusted diluted earnings per share excluding goodwill amortisation and exceptional costs	10.04p	7.42p	13.68p

3. Exceptional costs

Exceptional costs arising in 2004 relate to the costs associated with the Listing process for admission to the AIM market of the London Stock Exchange of £877,000 and reorganisation costs relating to the French operation of £114,000.

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%, 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 exceptional costs arising in 2004 were disallowable for tax purposes and increased the effective tax rate for that year.

5. Dividends

	Six months ended 30 June 2005	Six months ended 30 June 2004	Year ended 31 December 2004
	Unaudited £'000	Unaudited £'000	Restated Audited £'000
Interim paid 1.25p per 40p ordinary share	–	–	478
Final paid 2.50p per 40p ordinary share	981	–	–
	981	–	478

Following the adoption of FRS21, the dividends charged in each period reflect only those paid, rather than those paid and proposed as previously permitted under UK GAAP. As a result, the dividend charged for the year ended 31 December 2004 has been restated to remove the final dividend of £981,000 payable at the year end from the profit and loss account and creditors. Opening reserves for the half year to 30 June 2005 have been increased by £981,000 accordingly. This dividend has then been reflected in the profit and loss account for the six months ended 30 June 2005 when paid.

6. Reconciliation to net debt

	Six months ended 30 June 2005	Six months ended 30 June 2004	Year ended 31 December 2004
	Unaudited £'000	Unaudited £'000	Audited £'000
Net debt at 1 January	(16,295)	(19,224)	(19,224)
(Decrease)/increase in cash	(2,151)	9,658	8,195
Movements in borrowings	926	(4,595)	(4,939)
Other non-cash changes	(367)	(55)	(567)
Exchange adjustments	399	747	240
Net debt at end of the period	(17,488)	(13,469)	(16,295)

NOTES TO THE INTERIM ACCOUNTS CONTINUED

7. Cash flow from operating activities

	Six months ended 30 June 2005 Unaudited £'000	Six months ended 30 June 2004 Unaudited £'000	Year ended 31 December 2004 Audited £'000
Operating profit	5,728	3,341	6,419
Depreciation of tangible fixed assets	2,660	2,471	4,838
(Profit)/loss on disposal of fixed assets	(18)	(10)	60
Amortisation of intangible fixed assets	215	190	388
Increase/(decrease) in stocks	(3,224)	237	(2,290)
Increase in debtors	(6,618)	(6,564)	(1,887)
Increase in creditors	6,216	8,444	6,370
Increase in provisions	353	14	155
Net cash inflow from continuing operations	5,312	8,123	14,053

8. Reconciliation of movements in net debt

	At 1 January 2005 £'000	Cash flow £'000	Other non-cash changes £'000	Exchange movements £'000	At 30 June 2005 £'000
Cash at bank and in hand	7,024	5,142	–	(221)	11,945
Overdrafts	(3,389)	(7,293)	–	77	(10,605)
Debt due after one year	–	(132)	–	(4)	(136)
Debt due within one year	(1,385)	(9)	–	(17)	(1,411)
Finance leases due after one year	(10,061)	156	(227)	443	(9,689)
Finance leases due within one year	(2,013)	794	(103)	71	(1,251)
Loans from related companies	(6,471)	117	(37)	50	(6,341)
	(16,295)	(1,225)	(367)	399	(17,488)

9. Purchase of subsidiary undertaking

On 10 September 2004 Titan Europe Plc acquired the total share capital of Titan Andys Australia Pty Limited, a company involved in the manufacture and distribution of wheels and of underbody equipment and other parts for agricultural vehicles and machinery. The 2004 cash flow shows, under "purchase of subsidiary undertakings," the costs incurred as at 30 June 2004 for this acquisition.

INDEPENDENT REVIEW REPORT TO TITAN EUROPE PLC

Introduction

We have been instructed by the company to review the financial information which comprises the consolidated profit and loss account, group statement of total recognised gains and losses, group reconciliation of movement in shareholders' funds, group balance sheet, consolidated cash flow statement and the related notes that have been reviewed. 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

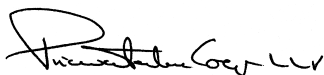
The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

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 group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. 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 performed in accordance with United Kingdom Auditing Standards and therefore provides a lower level of assurance than an audit. 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 Listing Rules of the Financial Services Authority 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 2005.



PricewaterhouseCoopers LLP

Chartered Accountants

Birmingham

17 August 2005

COMPANY DETAILS AND ADVISERS

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